AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

The President's News Conference
January 28, 1997

The President. Good afternoon. Please be seated. Before I take your questions, I would like to make a brief statement about the balanced budget that I will send to Congress next week.

This budget shows that we can meet two of our most crucial national priorities at the same time. It proves we can protect our children from a future burdened by reckless debt even as we give them the educational opportunities they need to make the most of the 21st century.

The budget finally moves us beyond the false choices that have held us back for too long and shows that we can cut our debt and invest in our children. The budget will help to renew our public schools. It will expand Head Start, help rebuild crumbling classrooms. It will double funding for public charter schools, giving parents more choice in how they educate their children. It will increase funding for Goals 2000 by 26 percent. And it will help our students to reach high standards and master the basics of reading, writing, math, and science.

It will also enable us to connect our schools and our libraries to the information superhighway. The budget more than doubles our investment in technology to hook our children up to computers and the Internet, and it increases by a third our investment in partnerships with teachers and industries to develop quality educational programming and technology. In short, the budget will connect our children to the best educational technology in the world.

It will also open the doors of college education wider than ever before. I'd like to take a minute now simply to outline our unprecedented commitment to higher education. With this budget, national support for college education in the year 2002 will be more than double what it was on the day I first took office, going from $24 billion to $58 billion per year. The budget will fully pay for a $1,500-a-year tuition tax credit, a HOPE scholarship for the first 2 years of college, to make the typical community college affordable for every American and to achieve our goal of making 2 years of college education as universal as a high school diploma is today.

It will also allow a working family to deduct up to $10,000 a year for taxes for the cost of any college tuition or job training. And with our special IRA for education, most parents will be able to save for college tuition without ever paying a penny in taxes.

In addition, my balanced budget takes further steps to widen the circle of educational opportunity. It provides a 25 percent increase in funding for Pell grants, the largest increase in the maximum scholarship in 20 years, so that over 4 million students will get up to $3,000 a year. We'll make 130,000 more students eligible for these scholarships, and we will open the scholarships to 218,000 older, low income Americans who want to go to college.

Second, under the balanced budget we will present, we will continue to reform our student loan programs to make college loans easier for students to get and easier to pay back. We will cut interest rates on loans to students while they're in school. We will cut loan fees for 4 million low and middle income students in half. Fees on 2½ million more will be cut by 25 percent. Taken together, these two steps will save American families $2.6 billion over 5 years.

Third, we will increase funding again for work-study positions for students. That will take us, over about a 3-year period, from 700,000 work-study positions to 1 million work-study positions per year. And it will help us to meet our goal of getting 100,000 of those work-study students to participate as tutors in our initiative to make sure that all of our 8-year-olds can read independently.

To encourage community service, we will also provide tax incentives to encourage loan forgiveness for students who, after college, choose professions that give something back, people who use their education to work as teachers, in homeless shelters, as doctors in remote rural areas.

All together, these proposals will move us much closer to our clear national goal: an America where every 8-year-old can read, where every 12-year-old can log on to the Internet, where every 18-year-old can go to college, where all Americans will have the knowledge

they need to meet the challenges of the 21st century. I am very proud of this budget.

Finally, let me say a word about campaign finance reform. We all know we need to find a new way to finance our campaigns and to bring the aggregate spending levels under control. Anyone who is involved in politics must accept responsibility for this problem and take responsibility to repair it. That is true for me and true for others as well.

Last week, I met with Senators John McCain and Russ Feingold, and Representatives Chris Shays and Marty Meehan. They have introduced tough, balanced, credible, bipartisan campaign finance reform legislation. I pledged my support to them. I pledge it again today. I pledge to do all I can to help them pass this legislation. Any legislation we pass should be bipartisan, should limit spending, and should leave the playing field level between parties and between incumbents and challengers.

This is our best chance in a generation to give the American people campaigns that are worthy of the world's oldest continuous democracy. I call on the members of both parties to work with us to get the job done.

Helen [Helen Thomas, United Press International].

Campaign Finance Reform

Q. Mr. President, my question ties into that. What should the American people think of a Presidential campaign in which a day at the White House is sold for $250,000 a couple and the Republican Party sells a season ticket of access to Capitol Hill for $250,000?

The President. Well, first, let me say I dispute a little bit the characterization there. I can't speak for the Republicans; they'll have to speak for themselves. But the people who were there on the day in question were not charged a fee. Some of them were our contributors—had contributed in the past—they had raised money for me in the past. Some of them had not. And so I don't think it's quite an accurate characterization.

But I will say this: If you look at the money that was raised and spent not only by the parties and their respective campaign committees in the Senate and House but also by all these independent—apparently independent third-party committees and you look at the exponential cost of the campaigns related to communications, surely we can use this opportunity to make something positive come out of this.

I mean, I think that all of us—as I said, again—every one of us who has participated in this system, even if we did it because we thought we had to do it to survive or to just keep up, has to take some responsibility for its excess, and I take mine. But we have got to do something about it. And the only way we can do anything about it is to pass the legislation, the McCain-Feingold bill or some acceptable variation thereof.

Terry [Terence Hunt, Associated Press].

Q. Mr. President, with all the focus on the Democrat fundraising right now, why are you attending a million-dollar fundraiser tonight? What kind of an image do you think this leaves? And why do these donors make these big-money contributions? What do they get in return?

The President. Well, first of all, under all conceivable campaign finance reform scenarios, it will still be necessary for the parties to raise some money. And neither party has the capacity to raise all their money from direct mail campaigns and contributions of $100 or less. The Business Council, the group that is having this fundraiser tonight, is one that would be quite consistent with the McCain-Feingold bill, were it to pass. And I, frankly, am very appreciative of the fact that these folks have been willing to come and help us and that we have increased the ranks of particularly younger, more entrepreneurial people in the Democratic Party supporting us. So I think it's an important thing to do. I don't think there's anything wrong with raising money for the political process. The problem is, it is the volume of money, the amount of money, the time it takes to raise, the inevitable questions that are raised.

Now, I can tell you what they get from me. I don't know—you have to ask them what they expect. What they get from me, I think, is a respectful hearing if they have some concern about issues. I think it's a good thing when contributors care about the country and have some particular area of expertise they want to contribute. But nobody buys a guaranteed result, nor should they ever. They should get a respectful hearing, and the President should do what's right for the country.

Wolf [Wolf Blitzer, CNN].

Taxes

Q. Mr. President, in your new budget that you'll submit next week to Congress there will be tax cut proposals, including some of the education tax cut proposals you outlined today. But there also, presumably, will be some tax increases in the form of what you would describe as corporate welfare, getting rid of some of the tax breaks that big business have now. Some Republicans are already suggesting that netwise, your budget proposal will have a net increase in taxes as opposed to a net decrease. Is that a fair assessment of your budget?

The President. No. I believe that's incorrect. And let me say, I also believe—and again, I'm speaking from memory now; I have not discussed this with Mr. Raines in the last several weeks. But I believe that—number one, I believe it's incorrect, that we do have a net tax cut. Number two——

Q. Tax increase.

The President. No, we have a net tax cut. Number two, I believe that virtually all of the corporate loophole closings that we have in this budget are ones that we had discussed with and reached at least general agreement on with the congressional leadership back during the budget negotiations, when we were having them last year. I believe that to be the case. And if it's not, I'll stand corrected, but that's accurate.

Yes, Gene [Gene Gibbons, Reuters].

President Boris Yeltsin of Russia

Q. Mr. President, Boris Yeltsin has been out of work for more than 6 months now because of his health problems. How has that affected your ability to do business with the Russian Government? And a related question: How will Yeltsin's health problems affect the timing and location of the next U.S.-Soviet summit, which had been set for March?

The President. Well, first, let me make the most important statement I think I can make to your question, which is, I have no private information that is inconsistent with the public statements of the Russian Government on President Yeltsin's health. I have no reason to believe, based on any information I have, that his condition is any different from what the Russian Government has said it is—first thing.

Secondly, I had been very impressed by the extent to which President Yeltsin made appropriate delegations to Mr. Chernomyrdin during the period of his convalescence leading up to the surgery and then in this period after the surgery when he developed his illness. And the Vice President and Mr. Chernomyrdin are going to meet pretty soon, and their ongoing relationship—we have a huge, full agenda. And we have been given no impression by the Russians that we aren't still going to have the Yeltsin-Clinton meeting in the March timeframe.

I think it's very important—you know, we have to work through the NATO-Russia relationship in connection with expansion and other issues. We have a lot of other security issues. We have to deal with the START II issues, with where we go after START II. We have a lot of economic issues that are still to be resolved. And so I think we'll go right on, and I expect to have that meeting in March. And I expect it to be an important one and, I hope, a successful one.

Mr. Donvan [John Donvan, ABC News].

Bipartisanship

Q. Mr. President, in your Inaugural Address 8 days ago, you outlined some quite lofty goals, for example, the education proposals you were speaking about today. But in the days since, many questions in the press and in Congress have focused on issues like campaign fundraising. My question is whether you are worried that the well is being poisoned even now for the realization of these goals before you can even get out of the gate, particularly on the issue of bipartisanship?

The President. No. But all I can do is speak for myself. I have tried to conduct the Presidency and to guard my words in a way that would make it clear that I intend to follow through on my commitment to try to establish a working partnership and a dynamic center, not a stable, stale one but a dynamic one, with people in both parties. I think we will have to continue to work on that.

As these—you know, just a few days ago, there were—when someone asked me if I thought that in the House the issue over the Speaker would poison the well, and I didn't, and I don't. I don't think it has. I just think that when matters come up that have to be dealt with, they need to be dealt with and disposed of. But the American people expect us to focus on how we can lift their lives and improve our conditions and move our people

together and deal with the things that are before us. And I think if we do that and do it in a good-faith way, we'll be able to go forward.

Now, I'm very encouraged—let me just say this—the most encouraging thing has been, to me, the way that my budget proposals have been received. Even in criticism they have not been rejected outright. You know, 4 years ago when I came here, nobody in Congress took a President's budget seriously. They said, ''Oh, his budget scenario is always rosy. The numbers are always cooked.'' And we now have 4 years in a row when I have presented conservative budget figures, when we've brought the deficit down by over 60 percent, and when, now, both sides are keeping their powder dry enough to create the possibility we can reach a balanced budget agreement. So, on balance, I'm still quite hopeful.

Peter [Peter Maer, NBC Mutual Radio].

Terrorist Attack in Dhahran, Saudi Arabia

Q. Mr. President, both your Attorney General and the FBI Director recently expressed concerns about the level of cooperation from Saudi Arabia into the investigation into the bombing that killed 19 American soldiers last year. What's your assessment of their level of cooperation, and do you have confidence in the security of the U.S. men who are still on duty there?

The President. Let me answer the second question first. We have worked very hard, as you know, since the Khobar incident, to enhance the security of our Armed Forces personnel in Saudi Arabia. In that endeavor, we have received the cooperation of the Saudi Government. We have relocated a large number of people. We have done a lot of work. We've invested a lot of money; so have they. And we believe that there is no such thing as a risk-free world, but we believe that our Armed Forces are more secure today. And we feel good about that.

On the investigation, clearly, for our point of view, in our Government, the FBI is in charge of that. They have sought the answers to some more questions. The Saudi Government has assured us from the very highest levels that they would get answers for those questions, and so I expect that to happen. And that's all I can tell you at this time. The process is ongoing. The investigation is ongoing. The relationship is ongoing.

As you can imagine, this creates—an investigation of this kind raises all kinds of complex questions about cooperation against sovereignty, about what other interests of that nation might be in play. But I'm confident that in the end they will do what I have been assured personally by the highest levels of the Saudi Government they should do.

Q. So you're satisfied with the level to this date?

The President. Well, it's still in process. We have to see if it comes out all right. But we still have—there are further requests for information that are ongoing. We'll see how it comes out.

Yes, Mr. Neikirk [Bill Neikirk, Chicago Tribune].

Hong Kong

Q. Mr. President, the Chinese have been making a lot of noises about clamping down on civil liberties in Hong Kong. How concerned are you about this, and will this upset our relationship in any way?

The President. Well, it wouldn't help anything. I'm concerned about it, and I think the—we don't know yet what's going to happen. But the Chinese have basically said that it would be a part of China, but its system would be left intact. And I think there may be some ambivalence about what it means to leave their system intact. And I think maybe some would assume that you could impose political uniformity on Hong Kong and leave its economic vibrancy intact. It really is, in some ways, almost a perfect open market, you know. And I don't know if that's true or not. It's a complex society.

I think anyone who has ever been to Hong Kong more than once—and I've been there on several occasions in my life—probably leaves with the feeling I have, that you could go there a thousand times and you might not ever understand it all. It's a complicated society. And I'm not so sure that it can exist, with all of its potential to help China modernize its own economy and open opportunities for its own people, if the civil liberties of the people are crushed.

So I think it would be wrong on its own merits, but I think it might wind up being less useful to China. So I would hope very much that they would look for ways to maximize the continuation not only of the economic system but of the personal freedoms that the people

of Hong Kong have enjoyed in making it such an economic engine.

Yes.

Webster Hubbell and the Lippo Group

Q. Mr. President, the Lippo Group hired your friend Webb Hubbell after he resigned in a scandal from the Justice Department and just a few months before he went to jail for embezzlement. So far, no one has been able to determine what kind of work he was doing or why he was paid a sum reportedly in excess of $200,000. Does anything about this arrangement strike you as unusual or suspicious? And given that there have been public suggestions this money was offered to encourage his silence before the Whitewater investigator, have you taken any steps yourself to assure yourself that this is not the case?

The President. First of all, I didn't know about it. To the best of my recollection, I didn't know anything about his having that job until I read about it in the press. And I can't imagine who could have ever arranged to do something improper like that and no one around here to know about it. It was just not—we did not know anything about it, and I can tell you categorically that that did not happen. I knew nothing about it, none of us did, before it happened. And I didn't personally know anything about it until I read about it in the press.

So I don't think—I think when somebody makes a charge like that, there ought to be some burden on them to come forward with some evidence to substantiate their charge instead of saying, "We'll make a charge; see if you can disprove it." That's not the way things work, and that's a pretty irresponsible charge to make without knowing—having some evidence of it. And I'm just telling you it's not so.

Yes, Rita [Rita Braver, CBS News].

Campaign Finance and White House Access

Q. Back on this issue of fundraising. You've talked about it maybe in general terms, but specifically last week the White House put out a list of coffees. It showed that at one coffee that included the Comptroller of the Currency, the Secretary of the Treasury, there were people who—bankers who had contributed something like $325,000. You attended that coffee. There was another coffee with another regulator of the Consumer Product Safety Commission; something like $500,000 was contributed by people who were at that coffee. And I wondered if, in retrospect, you had any feelings about, number one, regulators being at political coffees, and also your own participation. Obviously, you're not going to be doing this again for your own reelection, but is this something that you have decided you will continue doing, and what have you come to in your own mind on this issue?

The President. I have a different opinion about my participation and the regulators' participation. First, let me tell you about—I can only comment on the first instance you mentioned, the bankers meeting. I think it is an appropriate thing and can be a good thing for the President and for the Secretary of Treasury to meet with a group of bankers and listen to them and listen to their concerns and, if they have certain issues, to explore those issues.

I can tell you categorically that no decision ever came out of any of those coffees where I or anyone else said, "This person is a contributor of ours; do what they asked us to do." But I think those meetings are good. I think the President should keep in touch with people. I think he should listen to people. I never learn very much when I'm talking, and I normally learn something when I'm listening. So I think that they're good.

In retrospect, since the DNC sponsored it, I do not think the Comptroller of the Currency should have been there. I agree with Mr. Ludwig, and he should have been told who was sponsoring it, and it would have been better had he not come. I agree with that. But I think there is a distinction to be made between the President meeting with people, listening to them, and then, at least if they raise some serious issues, having them looked into. But I never made a decision for anybody because they were contributors of mine. I don't—but I do think it's important to listen to people.

But you're right—or he was right, it would have been better if he had not been there. Regulators should not come to meetings that are sponsored—have any kind of political sponsorship, I don't think.

Q. So you intend to keep going with these coffees, sir? Do you intend to keep going with these coffees?

The President. I don't know. But I can tell you—well, I intend to keep going with coffees. I don't know whether they'll be sponsored by

the DNC or whether we'll just bring them in through our own regular offices. But I also had lots and lots and lots of coffees over the last 4 years that had nothing to do with the DNC, where a lot of people came were not contributors or even active supporters of mine, but they were from different walks of life around the country. And I found them very helpful, where I would just sit down and talk for 4 or 5 minutes and then listen for an hour or so and maybe ask questions based on whatever people had to say to me.

I think it's an effective way for the President to hear firsthand how the operations of the Government or developments in the country are affecting people. So I think that the coffees themselves are a very good device. But I do believe, particularly if sponsored by a political party, it's not appropriate for the regulator to be there.

Social Security and the Budget

Q. Thank you, Mr. President. A number of Democrats in Congress oppose a balanced budget amendment to the Constitution unless the Government promises to stop spending surplus Social Security funds, borrowing and spending them. Would you—though you oppose an amendment, you will propose a balanced budget; will you stop using surplus Social Security funds?

The President. Well, the using—the funds that are collected on Social Security are going to be invested in some way. When you say ''using,'' what they do, they cover the deficit by basically being sold for Government securities. Social Security is not, therefore, in effect separated from the Government. But those securities will come back with interest to the Government later on. And by then, what will have to happen is, when we start running short of money 20 years or so from now, the Government will have to have been on a balanced budget for some years by then, so that when the bonds are repaid, they can be used to pay Social Security.

We couldn't right now, neither the Republicans nor I and the Congress, could produce a balanced budget tomorrow that could pass, if you said the Social Security funds cannot be counted, if you will, as part of the budget.

But let me say—you raise an interesting question, however, which is why I don't favor this amendment—I've given the Congress a plan to balance the budget. I've made it clear that we will work with them to meet the Congressional Budget Office budgetary projections. And we're going to do this. And now they know that I have credibility because we've worked on it for 4 years and we've done almost two-thirds of the work.

When you amend the Constitution, you do it forever. No one can foresee the circumstances that will come a generation from now or 50 years from now or even 10 years from now. And the way I read the amendment, it would almost certainly require after a budget is passed, if the economic estimates turn out to be wrong, the executive branch, the President, the Treasury Department, to impound Social Security checks or to turn it over to courts to decide what to be done. And it would put us in a position, in my view, of doing things that are counterproductive.

The Congress—[*inaudible*]—is about to vote on this—the House is—against a background of 4 years of stable growth and 4 years of declining deficits. But we don't know what external factors in the world might be brought to bear on our country in the next 10 or 15 years that might have terribly counterproductive impulses if we were cutting aid to children and raising taxes in the teeth of a big recession or we were impounding Social Security checks or something of that kind. I just think that the Congress has an obligation to think of what could happen here in the future and ask themselves whether they really want to straitjacket the United States.

What we ought to do is follow prudent policies, balance the budget, and go forward. But we shouldn't compromise what might happen 10, 15 years from now with an amendment to the Constitution. I think it's bad economic policy and bad policy. And I think we're going to wind up with some decisions in the courts and some decisions on Social Security and aid to kids and other things that future generations won't be very grateful to us for just because it seemed so popular now because we haven't balanced the budget since 1969.

Q. If I may, Mr. President, could I just follow up? Mr. President, could I just follow up on one thing? There are a number of reform plans around that would give people part of their taxes back to put into private accounts. If it was only part of their taxes and some sort of safety net was preserved, would you favor some private accounts out of Social Security tax money?

The President. Well, first of all, I would favor nothing that would compromise the integrity of the system. Secondly, even the Social Security Advisory Commission couldn't agree on that, so I can't make a decision on that, to support something like that, without knowing more about it.

There are two different options that were recommended—or three different ones—and I just—I think that what we need to do, as I've said before, we need to make some changes in Social Security to lengthen its life a little bit. We don't want to start getting in trouble in 2019; it ought to have a longer lifespan than that. And we ought to do it through a bipartisan process that is either like the one that was done in 1983 or that at least consults all the people who will be affected by it. And I think that if we start now, we can make modest changes that won't be too burdensome to anybody, that will secure Social Security for another 50 years. And I think that's what we ought to be doing.

District of Columbia

Q. Mr. President, I wonder if we could just shift the focus briefly to something you've become much more interested in lately, the troubled Capital City here. The District of Columbia Congresswoman has reintroduced her wide-ranging tax cut plan today, which offers relief on the Federal level for everybody, and the working poor would indeed be eliminated, as you know. She is also saying today that she wants your help on this and she thinks that her tax plan should be included in your new DC recovery plan, that the one cannot work without the other, and that time is fast slipping out for the Capital City, that action needs to be taken soon or we're going to go down the tubes.

The President. Well, let me say, I believe that we should have a three-point plan. One is the thing that Congresswoman Norton and I agree on, that we should have the Federal Government assume those things that are now burdening the District of Columbia that in every other place in the country those costs are borne by State governments, not local governments. You can't expect any city to function and be successful if they have to pay the State's cost as well as the city's cost, raise taxes when people can go right across the Potomac River or right up the road into Maryland and have the same cost borne in a different way. So I think that responsibility shift is important.

Secondly, I think the Federal Government needs a more disciplined effort to see what else we can do within the resources we now have to help DC in law enforcement, in education, in transportation, right across—and housing and homelessness.

Thirdly, I think there needs to be an economic incentive in the form of tax relief. Now, I haven't seen what Congresswoman Norton introduced today. The last time this came up, the folks at Treasury and OMB thought that the proposal was more costly than we could afford. But I intend to make one, and I think it will be a significant incentive for people to invest in DC and to help to grow the economy here. I think that's a very important component. So I agree with her on the general point. I just have to see the specifics before I can make a commitment.

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

Q. I wonder if I could just follow up?

China and Human Rights

Q. Your annual human rights report is about to come out this week. It's reported that it will say there are no active dissidents in China. They're either all exiled, or they're in jail. Does this mean that your policy of constructive engagement has failed to get the kind of results you wanted to get on China's human rights behavior?

The President. It means that we have not made the progress in human rights that I think—that I had hoped to make, yes. But it does not mean that if we had followed a policy of isolating ourselves from China, when no one else in the world was prepared to do that, that we would have gotten better results. And I think—I still believe, over the long run, being engaged with China, working with them where we can agree—which helps us on a whole range of security issues that directly bear on the welfare of the American people, like the problems on the Korean Peninsula—and continuing to be honest and forthright and insistent where we disagree has the greatest likelihood of having a positive impact on China.

Keep in mind, the time horizon here for how we judge them has to be broadened a little bit. They tend to look at things in a long-time horizon. They're going through some significant

changes themselves within their country, economic and political changes. And I believe that the impulses of the society and the nature of the economic change will work together, along with the availability of information from the outside world, to increase the sphere of liberty over time. I don't think there is any way that anyone who disagrees with that in China can hold back that, just as eventually the Berlin Wall fell. I just think it's inevitable. And I regret that we haven't had more progress there more quickly, but I still believe that the policy we're following is the correct one.

Jim [Jim Miklaszewski, NBC News].

Campaign Finance Reform

Q. Mr. President, some lawmakers on Capitol Hill still think it would be a good idea to appoint an independent counsel to investigate some of the campaign fundraising that occurred last year. And at the same time—what's your latest thinking on that? And at the same time, if I may, you often decry what you call a cynicism that you believe is pervasive in Washington, but given the amounts of money that were raised last year, the way they were raised, and some of the explanations for the way they were raised, isn't the public entitled to a little bit of healthy skepticism, if not cynicism, about the entire process?

The President. Well, to answer your first question, I'm going to take Bob Dole's advice because that's a decision for the Attorney General to make. And to answer your second question, yes, healthy skepticism is warranted. But keep in mind, I would say to the skeptics, the vast majority—indeed, a huge percentage, way, way over 90 percent—I don't know what it would be—the vast majority of the money that was raised by both the Democrats and the Republicans was raised in a perfectly lawful fashion, completely consistent with the requirements of the law. The vast majority of the people who gave money to both the Democrats and the Republicans were people who believed passionately in the course that those two parties were pursuing and the candidates and what they were trying to do—and to their House committees and the Senate committees.

The problem is that the margins create great problems because of the sheer volume of money that is being raised today. As I said before, it's too much money, takes too much time to raise, raises too many questions. And the cynicism is well—and the skepticism is well-founded. If it becomes cynicism, then it removes the incentive on the part of the Congress to pass campaign finance reform because cynics will say it won't make any difference anyway.

If you look at the present campaign laws, I think you can make a compelling case. I have not heard this point made, but I believe it to be true. I believe when these reforms arose out of the Watergate thing back in the mid-seventies, I think they worked pretty well for several years. I believe they elevated the reputation of politics, and I think the reforms worked pretty well. What happened is, no system in a world changing like ours can be maintained indefinitely, because the economy changes and particularly—look at how your work has changed. When you travel with me, you carry these little computers around, and you run these pictures up on computers, and you send them from the plane somewhere else. I mean, just think of all the things that have changed. This system has not been fixed in over 20 years. During that 20 years, there has been an explosion in ways of communicating with people and an exponential increase in the cost of communicating. And a system which I would argue to you really worked pretty well, after it was passed in '74 and going forward, has been overtaken by events.

So, cynical, no; healthy skepticism, you bet. We should always be skeptical. But we need to change the system. It's got to be—it's just outdated.

Ellen [Ellen Ratner, Talk Radio News Service].

Welfare Reform

Q. Mr. President, what specific mechanisms do you plan on working with the private sector in terms of creating more welfare jobs for people who are on welfare?

The President. Primarily two. One, I will offer a special tax incentive—there was a story about it today, I think, in the New York Times—a special tax incentive that'll be a 50 percent credit for up to $10,000 a year in pay for people who are clearly, provably hired from welfare and put into new jobs.

Secondly, we have given the States—and there was a story, I think, in the Post today talking about how a lot of the States are trying to push this down to the community level. That's

good. That's not bad, that's good, as long as they give the communities the means they need.

The second thing is that every community should know that the employers in that community, if they hire people from welfare to work, can get what used to be the welfare check for at least a year to use as an employment and training subsidy. Why? The welfare rolls have gone down 2.1 million in the last 4 years; it's the biggest drop in history. I think a fair reading of it would say about half of this decline came from an improved economy and about half of it came from intensified efforts to move people from welfare to work. Now, I don't have any scientific division, but anyway, there's some division there.

The rest of the people that are on welfare now, by and large, are people who will be more difficult to move from welfare to work and have stay there. So I think we're going to have to give some incentives. But if it works and if every community in the country would set up an employment council and turn this into a family and an employment program like Kansas City has and all employers have those two incentives, I think we'll be able to meet the requirements of this welfare reform bill in a way that will be good for the people on welfare and good for their kids.

Kathy [Kathy Lewis, Dallas Morning News].

Legal Immigrants and the Budget

Q. Mr. President, the chairman of the House Ways and Means Committee over the weekend laid down some markers for what he thinks would create chances for your budget to be alive on arrival on the Hill. On welfare, one of the things he mentioned was increased spending for legal immigrants, and he said he hoped you wouldn't insist on it. How do you deal with that in your budget, and will you continue to insist on it?

The President. Well, let me say, I like Mr. Archer very much, and we've had a good relationship, and I appreciate what he said about me meeting him halfway on Medicare. But there have been reports in the last couple of days about Republican Governors with high immigrant populations coming back to their Republican congressional leaders and saying, "Please reconsider this."

My budget will contain funds and propose changes consistent with the promises I made when I signed the welfare reform bill and when I campaigned to the American people on this issue. I believe that the bill is counterproductive in the way it treats legal immigrants who through no fault of their own wind up in desperate circumstances and in other ways that I think are not good for families and children.

So I will propose some changes. And I hope that when we get all through here—again, I hope this will be treated just like the budget issue—I would ask our friends on the Republican side and the Democrats who care as passionately about this as I do to keep our powder dry. Let us make our case on the merits. Let them hear from the Republican Governors of places like Texas and New York that have these huge immigrant populations of good people that are making great contributions to this country, that are working like crazy and making this a better place, and listen to the practical impact of the law that's now there on the immigrant population. And I'm not sure we can't get some changes. I'm very hopeful that we can, and I'm going to give it my very best effort.

Q. Mr. President——

The President. Wait a minute, I'll take a couple of more. Just a minute.

Deborah [Deborah Mathis, Gannett News Service]. No, no, Sarah's [Sarah McClendon, McClendon News Service] next. Let Deborah talk.

Go ahead.

Campaign Finance Reform

Q. To follow up on Jim Miklaszewski's question, the people are not just skeptical or cynical about politics or about campaign finance. They are more specifically cynical and skeptical and suspicious of this White House, of this administration, partly because of the way information has trickled out, the way memories have been stubborn and sometimes revised at the last moment—at an opportune moment, it would seem. And I'm wondering what's new about the White House now and the way you handle delicate information, and what you want to tell the people about it?

The President. First of all, I want to tell the people, when you get asked hundreds of questions, it's not possible to remember the answer to every one. I think some of these people make honest mistakes. I read things in your reports all the time that aren't quite factually accurate, but I don't think you deliberately did it. It's impossible to do—we're living in a society that

is deluged in information. So I think that what we've all got to be candid enough to say is, no one is blameless here; it costs so much money to pay for these campaigns, that mistakes were made here by people who either did it deliberately or inadvertently. Now, it's up to others to decide whether those mistakes were made deliberately or inadvertently. It's up to me to do what I can to clean up the system.

Now, what should they believe about us? Well, first of all, I got the Democratic Party to make some unilateral changes in its fundraising policies and asked our friends in the Republican Party to do the same and offered to completely get rid of the so-called soft money, the larger contributions, if they would. Secondly, we're out here working hard as a party, as a White House, and me personally as President, to pass the McCain-Feingold bill which would put an end to these problems and modernize this system. So I think that's quite important.

Now, I do not believe you will ever get the politics out of politics. That is—and that's not bad. I think people who fight for candidates and who help them and who help parties will be people that the people who represent them want to hear from and want to maintain access to. I don't think there is anything wrong with that. That's the way the system works. And I don't think anyone should imply that your first obligation once you get elected is to stop talking to the people that helped you get there.

But I think that we've got to improve the system. And I understand why the cynicism is there. But again I will say, I'd ask you to look—way, way over 90 percent of all the people who gave money and way over 90 percent of all the people who gave—of all the money that was raised is clearly consistent with the law in both parties, as far as I know. I mean, I can't really speak for the Republicans, but I'd be astonished if that were not so. I would be astonished if it were not so.

So there is no pattern and practice here of trying to push our system over the brink into corruption. What happens is, there is a race to get as much money as you can to keep from being buried by the other people and to make sure you can get your own message out and, at the edges, errors are made. And when they're made, they need to be confessed, and we need to assume responsibility for them. And that's what I'm trying to do up here today. But I can't say, Deborah, in response to your question, that I know that any of these people who gave insufficient answers to you did it in a deliberate or deceptive way, because a lot of times people just ask questions, and they don't have all the answers. And they're trying to cooperate and don't do such a good job.

Sarah, go ahead. I promised you a question.

Health Care

Q. Sir, the National Coalition on Health Care has issued a wonderful report. It's the largest consumer organization on the subject. They say that at 58 million people, 60 percent of those people were against the present health care system as being totally inadequate, and they don't have faith in it. Now, we heard last year a lot of stuff about how people were satisfied with the most wonderful health care system in the world. Well, apparently, that's baloney, according to this report. And there's a lot of talk being done about preserving Medicare, but Medicare won't do it. It won't go all the way to take care of the people of this country. And this report shows that they simply cannot meet the big bills of hospitals and doctors. Aren't you going to try again this year with Hillary to devise a good national health care program for this country?

The President. Well, I read that report, and I found it very interesting. But I think what that report was saying—and again, I don't want to read between the lines, all I did was read a news column on it—but I can tell you what I got out of it, and then let me respond to your question. What I got out of it was people said, "Well, I may feel good about my doctor or my local hospital, but I'm worried about the security of this system. I'm worried about whether, if managed care controls everything, whether I'll lose any control over important decisions affecting my life. I'm worried about whether if I lose insurance here, whether I can take it there."

And what I think we have to do is to recognize that our society—and I think we've played a role in it here, but I think the whole system deserves credit for it—we've done a much better job in holding down inflation in medical care and bringing it closer to the general rate of inflation. There's some indication it's going up again, but I hope we can keep it down. And we have done a better job of some other things, like ending the 48-hour delivery rule and all that. But we have not—or the 24-hour delivery.

But we have not done enough to increase access to affordable care for people who don't have coverage, to deal with the problem that there are still a lot of children in working families that are poor who aren't covered and to deal with the fact that there are people who are unemployed who, even though we just made it legal for them to carry their insurance with them when the Kennedy-Kassebaum bill passed last year, they can't afford to do that.

So in my budget, we will have, in effect, an unemployment health insurance plan to help people, families who have insurance keep it when they're employed. And I intend over the next 4 years to work very hard to try to find other ways, as I said, in a step-by-step way to allow people affordable access to this system. It will never be completely stable for anyone until everyone at least has affordable access to it.

Yes, one foreign person over here.

Middle East Peace Process

Q. Mr. President—Mr. President, both Israel and Syria seem willing and ready to come to the negotiating table, and they both want American diplomacy as an honest broker. Prime Minister Netanyahu will come to Washington next month. How will you act together to energize this track and reach comprehensive peace in the Middle East, which is clearly a top priority of your administration?

The President. Well, Prime Minister Netanyahu, Chairman Arafat, King Hussein, and President Mubarak are all coming here in the next couple of months. And I must say again how much I appreciate the agreement reached on Hebron and the other understandings reached between Prime Minister Netanyahu and Chairman Arafat and the fact that so far things seem to be being implemented in an appropriate way and going all right.

There will never be a comprehensive peace in the Middle East until we resolve this matter with Syria—between Syria and Israel. And that requires the willingness of the parties. What our experience has been, mine, the Secretary of State, Secretary Christopher, and now Secretary Albright, Mr. Ross, and our whole team—has been that when both parties want to make peace, no matter how far apart they seem, we've found a way to get there. If they're not sure it's time to make peace, no matter how close it seems to an outsider, we don't seem to be able to bridge the gap. So you can be sure that that will be a major focus of our discussion, whether we can find a way to work together.

Yes.

Medicare

Q. Mr. President, your Medicare reform plan was criticized for relying too heavily on savings squeezed from health care providers. Why shouldn't Americans who can afford to pay higher Medicare premiums pay them?

The President. Let me respond to the criticism. First of all, in my health care reform proposal I supported higher income—increases in Medicare premiums on higher income Americans, but it was part of a comprehensive health care reform. What I was attempting to do, after meeting at some length with Secretary Shalala who worked through these issues with me, the specifics of the Medicare reform, was to demonstrate that we could balance the budget, meet the Republicans halfway, and put 10 years on the life of the Trust Fund without a premium increase. If we're going to have a longer term Medicare reform—I have never said that I would rule that out, but I didn't want to rule it in. I presented a budget that was consistent with my priorities. And I'm prepared to meet with Senator Lott and discuss that and other issues. But I presented a budget that I though was the best budget to achieve our objectives.

You've been trying to stand up all this time. Go ahead.

Campaign Fundraising Investigation

Q. Thank you, sir. When you are finished here, Mr. President, Senator Thompson is expected to go to the Senate floor to discuss his committee's investigation into these fundraising issues. I'm wondering if you would like to say something to him regarding White House cooperation and the possibility of looking into Republican fundraising as well.

The President. I have instructed everybody here to fully cooperate with him. My new Counsel, Mr. Ruff, is going to meet with Senator Thompson and the appropriate people, and we will be fully cooperative. I think that's very important.

And on the question of the Republicans, I just want him to be fair. I think that it's very important to be fair and even-handed, because I'm confident that any investigations will reveal what I said, that the vast majority of people

who give do so well within the law and with the best of motives; they really believe in what they're doing—on both sides. And what we need to do is find out whether there are any systematic flaws here that need to be addressed and address them. But in the end, I'm telling you, no matter what this hearing uncovers, in the end, if you want to get rid of—if you want to turn cynicism back into skepticism, you have to pass McCain-Feingold or some other acceptable campaign finance reform.

Mr. Cannon [Carl Cannon, Baltimore Sun]. I'll take one more question.

Capital Gains Taxes

Q. Mr. President, in Chicago the day you gave your acceptance speech at the convention, you unveiled a plan in which homeowners would not have to pay virtually any capital gains taxes. We haven't heard much about it since then. And my question is, is that going to be in your budget, that proposal, and will you go a little further if the Republicans want to do a little more on capital gains?

The President. The answer is, yes, my homeowners exemption, capital gains exemption is in the budget. Everything I talked about at Chicago is in the budget. And the capital gains issue has never been a particularly high priority with me because I've never seen it demonstrated as a big engine of economic growth overall and because I thought the previous—as you know, this is nothing new—the proposal that the Republicans made in their budget I thought was entirely excessive and would really almost squander money by having it be retroactive.

But what I've—I have tried to practice what I preach here. I want to keep our powder dry; I want them to keep their powder dry. I will present a budget. I know what my priorities are. I know what theirs are on the taxes. And then what we need to do is to meet each other in good faith. This and all other issues can best be resolved by an early attempt to work through to a balanced budget agreement.

Thank you very much.

NOTE: The President's 134th news conference began at 2:30 p.m. in the East Room at the White House. In his remarks, he referred to former Senator Bob Dole, 1996 Republican nominee for President; Prime Minister Binyamin Netanyahu of Israel; Chairman Yasser Arafat of the Palestinian Authority; King Hussein I of Jordan; and President Hosni Mubarak of Egypt.

Preface to the Report Entitled "Support for a Democratic Transition in Cuba"

January 28, 1997

The promotion of democracy abroad is one of the primary foreign policy objectives of my Administration. These efforts reflect our ideals and reinforce our interests—preserving America's security and enhancing our prosperity. Democracies are less likely to go to war with one another or to abuse the rights of their peoples. They make for better trading partners. And each one is a potential ally in the struggle against the forces of hatred and intolerance, whether rogue nations, those who foment ethnic and religious hatred, or terrorists who traffic in weapons of mass destruction.

Today, freedom's reach is broader than ever. For the first time in history, two thirds of all nations have governments elected by their own people. As newly democratic nations have left the dark years of authoritarian government behind, millions of their citizens around the world have begun to experience the political and economic freedoms that they were so long and so wrongfully denied.

Creating open societies and democratic institutions and building free markets are major tasks that call for courage and commitment. To face these challenges, many democratizing and newly democratic governments have turned to developed democratic nations and international institutions for assistance and support. The United States has been at the forefront of these efforts, lending help in numerous areas in which we have long experience—for example, building democratic institutions and the institutions of a market economy, and protecting human rights