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beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the Libyan emergency is to continue in effect beyond January 7, 1998, to the *Federal Register* for publication.

The crisis between the United States and Libya that led to the declaration of a national emergency on January 7, 1986, has not been resolved. The Government of Libya has continued its actions and policies in support of terrorism, despite the calls by the United Nations Security Council, in Resolutions 731 (1992), 748 (1992), and 883 (1993), that it demonstrate by concrete actions its renunciation of terrorism. Such Libyan actions and policies pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests 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 Libya to reduce its ability to support international terrorism.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate. This letter was released by the Office of the Press Secretary on January 5. The notice of January 2 is listed in Appendix D at the end of this volume.

Letter to Congressional Leaders Transmitting a Report on Cyprus
January 2, 1998

Dear Mr. Speaker: (Dear Mr. Chairman:)

In accordance with Public Law 95–384 (22 U.S.C. 2373(c)), I submit to you this report on progress toward a negotiated settlement of the Cyprus question. The previous submission covered progress through July 31, 1997. The current submission covers the period August 1, 1997, to September 30, 1997.

Highlights of the reporting period include the U.N. sponsored talks between President Clerides and Turkish Cypriot leader Denktash held in Glion-sur-Montreux, Switzerland; U.S. Special Cyprus Coordinator Miller's trip to the region; and U.S. success in convening direct talks between the Greek and Turkish Cypriot leaders on security issues.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Jesse Helms, chairman, Senate Committee on Foreign Relations. This letter was released by the Office of the Press Secretary on January 5.

Remarks on the Federal Budget and an Exchange With Reporters
January 5, 1998

The President. Good afternoon and happy new year to all of you. I'm glad to be back at work, and I'm looking forward to 1998.

We can begin the year with some good news. I can now say that we believe that the deficit this year will be less than $22 billion. That means that it will decline for the 6th year in a row, a truly historic event. Twenty-two billion dollars is a far cry from the $357 billion the deficit was projected to be this year when I took office or the $90 billion it was projected to be when the balanced budget agreement was enacted. So we have come a very long way.

I can also say that the budget that I present to the Congress in February will be a balanced budget for 1999. Again, this will be the first time in 30 years we've had a balanced budget, and that's good news for the American people and for the American economy. It continues the

successful economic policy that we adopted beginning with the budget in 1993, which was the first major step.

We have followed a policy of investing in our people, expanding the sales of American goods and services overseas, and practicing fiscal discipline. We reversed 12 years of trickle-down economics in which the deficit of this country exploded year after year and our national debt was quadrupled. So we have taken a different course, and thanks to the hard work and productivity of the American people, it is working. And I'm very, very pleased about it.

Now, what we have to do now is to build on it, first with the balanced budget to keep interest rates down and keep the economy growing, secondly with other policies which I will be outlining in the State of the Union. I welcome other people to the debate.

But let me say, I want to caution everyone that I will do everything that I can to prevent anyone from using a projected future surplus as a pretext for returning to the failed policies of the past. We do not want to go back to the terrible conditions that paralyzed our Government and paralyzed our own people's potential in 1992 when I took office. We have to go forward.

This is great news today. I'm very pleased by it. The American people should be pleased by it. But we should be determined to stay on the course and do what works. And that's my determination.

Q. Are you ruling out a tax cut, Mr. President, with this surplus?

The President. I do not—let me just say, I want to say just exactly what I said. We don't have a surplus. We can project a surplus, but we don't have one. And we've waited 30 years for a balanced budget. Between 1981 and 1992, we projected all kinds of things and went out and spent the money on tax cuts and spending—both. We spent the money, and we quadrupled the debt, drove up interest rates, put our country in a terrible hole. We have dug ourselves out of that hole with a lot of effort and a lot pain. In 1993 it was a very difficult dig, and a lot of people paid a very high price for it. Then we had the overwhelming bipartisan support for the balanced budget.

All I'm saying is that any policy we adopt must not—it cannot—run any risk of returning to the failed policies of the past. We got away from trickle-down economics; we're into investing and growing our future. We're doing it the old-fashioned way. I have been exhorting the American people for 5 years now to be responsible, to remember that we cannot have opportunity without responsibility. Well, that same rule applies to the Government. We have to set a good example. We have to create opportunity, and we can't do it unless we're also responsible.

So whatever policies we adopt have to be within the framework of the budget to the best of our knowledge. We cannot take risks with the future that we have worked so hard to build.

Tobacco Legislation

Q. Mr. President, are you going to call for cigarette tax increases to help pay for new initiatives?

The President. I will—first of all, on the tobacco issue generally—I'll have more to say about this later, but keep in mind what my first priority is. My first priority is to protect our children from the dangers of tobacco, from the illegal dangers of tobacco. And I will propose a plan that I believe is best designed to do that, that will build on the settlement agreement that was reached earlier. And I will work with Members of Congress in both parties in good faith to try to pass comprehensive tobacco legislation that I think will achieve that goal. And I'll say more about the details later.

Press Coverage of President's Vacation

Q. Mr. President, there's been some controversy today about whether the press invaded your privacy in St. Thomas. Do you feel your privacy was invaded, and where should the press draw the line, sir?

The President. The answer to the first question is yes. The answer to the second question is that's why we have a first amendment; you get to decide the answer to the second question. But——

Q. You didn't like your dancing picture? Everybody liked it.

The President. Actually, I liked it quite a lot. But I didn't think I was being photographed.

Q. Was it off limits, sir?

The President. That's a question that you have to ask and answer.

NOTE: The President spoke at 1:20 p.m. in the Cabinet Room at the White House prior to a meeting with the economic team.