the health care crisis. I'll do what I can to support you. Together, we can turn this country around. We can lift California up, and California can once again be the beacon of hope for America and for the world.

Thank you very much.

NOTE: The President spoke at 2:38 p.m. via satellite from Room 459 of the Old Executive Office Building to the conference in Los Angeles. In his remarks, he referred to Willie L. Brown, Jr., California State Assembly speaker, and David Roberti, California State Senate president pro tempore.

Exchange With Reporters Prior to a Meeting With Democratic Congressional Leaders

February 16, 1993

The Economy

Q. Mr. President, your spokesman said there would be no negative effects on the economy from the tax portion of your stimulus plan and your economic plan, and that the stock market's reaction today is just a simple stock market cycle that has nothing to do with your program. Do you agree?

The President. I do. I mean, the people in the stock market know, have known in general all along, what was going to be in the program, and the stock market has gone up markedly since the election. The stock market's been going up since the election.

Q. Do you agree there will be no negative effects on the economy from taxes?

The President. Absolutely I do. I believe if we reduce the deficit it will stabilize long-term interest rates, free up money for growth and increase jobs——

Q. Your spokesman also said that the middle class tax increase would also touch those making $30,000 and more. Is that breaking the faith with the middle class, Mr. President?

The President. Tune in tomorrow night.

NOTE: The exchange began at 3:08 p.m. in the State Dining Room at the White House.

Message to the Congress Reporting on the National Emergency With Respect to Iraq

February 16, 1993

To the Congress of the United States:

I hereby report to the Congress on the developments since the last report of August 3, 1992, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to sections 401(c) of the National Emergencies Act (''NEA''), 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (''IEEPA''), 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the ''Executive Orders''). The report covers events from August 2, 1992, through February 1, 1993.

1. On October 21, 1992, President Bush issued Executive Order No. 12817, implementing in the United States measures

adopted in United Nations Security Council Resolution (''UNSCR'') No. 778 of October 2, 1992. UNSCR No. 778 requires U.N. member states temporarily to transfer to a U.N. escrow account up to $200 million apiece in Iraqi oil proceeds paid by the purchaser after the imposition of U.N. sanctions on Iraq. These funds finance Iraq's obligations for U.N. activities with respect to Iraq, including expenses to verify Iraqi weapons destruction and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activities of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. The funds placed in the escrow account are to be returned, with interest, to the member states that transferred them to the U.N., as funds are received from future sales of Iraqi oil authorized by the United Nations Security Council. No member state is required to fund more than half of the total contributions to the escrow account.

Executive Order No. 12817 authorized the Secretary of the Treasury (the ''Secretary'') to identify the proceeds of the sale of Iraqi petroleum or petroleum products paid for by or on behalf of the purchaser on or after August 6, 1990, and directed United States financial institutions holding such funds to transfer them to the Federal Reserve Bank of New York (''FRBNY'') in the manner required by the Secretary. Executive Order No. 12817 further directs the FRBNY to receive, hold, and transfer funds in which the Government of Iraq has an interest at the direction of the Secretary to fulfill U.S. rights and obligations pursuant to UNSCR No. 778.

2. The economic sanctions imposed on Iraq by the Executive orders are administered by the Treasury Department's Office of Foreign Assets Control (''FAC'') pursuant to the Iraqi Sanctions Regulations, 31 CFR Part 575 (''ISR''). The ISR were amended on September 1, 1992, to revoke section 575.603, which had required U.S. financial institutions to file monthly reports regarding certain bank accounts in which the Government of Iraq has an interest. While this information was needed during the early implementation of the regulations and for a period thereafter, it is no longer required on a monthly basis and can be obtained by FAC on a case-by-case basis as required. The amendment is in harmony with President Bush's Regulatory Initiative.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the IEEPA and ISR with respect to transactions involving Iraq. Penalties were collected, principally from financial institutions which engaged in unauthorized, albeit apparently inadvertent, transactions with respect to Iraq.

4. Investigation also continues into the roles played by various individuals and firms outside Iraq in Saddam Hussein's procurement network. These investigations may lead to additions to the FAC listing of individuals and organizations determined to be Specially Designated Nationals (''SDNs'') of the Government of Iraq.

5. Pursuant to Executive Order No. 12817 implementing UNSCR No. 778, on October 26, 1992, FAC directed the FRBNY to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On the same date, FAC directed the eight United States financial institutions holding the affected oil proceeds, on an allocated, pro rata basis, to transfer a total of $200 million of these blocked Iraqi assets to the FRBNY account. On December 15, 1992, following the payment of $20 million by the Government of Kuwait and $30 million by the Government of Saudi Arabia to a special United Nations-controlled account, entitled UNSCR No. 778 Escrow Account, the FRBNY was directed to transfer a corresponding amount of $50 million from the blocked account it holds to the United Nations-controlled account. Future transfers from the blocked FRBNY account will be made on a matching basis up to the $200 million for which the United States is potentially obligated pursuant to UNSCR No. 778.

6. Since the last report, one case filed against the Government of Iraq has gone to judgment. *Consarc Corporation* v. *Iraqi*

Ministry of Industry and Minerals et al., No. 90–2269 (D.D.C., filed December 29, 1992), arose out of a contract for the sale of furnaces by plaintiff to the Iraqi Ministry of Industry and Minerals (''MIM''), an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit with an Iraqi bank in favor of Consarc, which was advised by Pittsburgh National Bank (''PNB''), with the Bank of New York (''BoNY'') entering into a confirmed reimbursement agreement with the advising bank. Funds were set aside at BoNY, in an account of the Iraqi bank, for reimbursement of BoNY if PNB made a payment to Consarc on the letter of credit and sought reimbursement from BoNY. Consarc received a down payment from the Iraqi MIM and manufactured the furnaces. No goods were shipped prior to imposition of sanctions on August 2, 1990, and the United States claimed that the funds on deposit in the Iraqi bank account at BoNY were blocked, as well as the furnaces manufactured for the Iraqi Government or the proceeds of the sale of the furnaces to third parties. The district court ruled that the furnaces or their sales proceeds were properly blocked pursuant to the declaration of the national emergency and blocking of Iraqi Government property interests, but that, due to fraud on MIM's part in concluding the sales contract, the funds on deposit in an Iraqi bank account at BoNY were not the property of the Government of Iraq, and ordered FAC to unblock these funds. FAC has noted its appeal of this ruling.

7. FAC has issued a total of 337 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Since the last report, 49 specific licenses have been issued. Licenses were issued for transactions such as the filing of legal actions involving Iraqi interests, for legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes.

To ensure compliance with the terms of the licenses which have been issued, stringent reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and deputized auditors from other regulatory agencies. FAC compliance personnel continue to work closely with both State and Federal bank regulatory and law enforcement agencies in conducting special audits of Iraqi accounts subject to the ISR.

8. The expenses incurred by the Federal Government in the 6-month period from August 2, 1992, through February 1, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are estimated at about $2 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, the Office of the Assistant Secretary for International Affairs, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near East and South Asian Affairs, the Bureau of International Organizations, and the Office of the Legal Adviser), the Department of Transportation (particularly the U.S. Coast Guard), and the Department of Commerce (particularly in the Bureau of Export Administration and the Office of the General Counsel).

9. The United States imposed economic sanctions on Iraq in response to Iraq's invasion and illegal occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions, including those calling for the elimination of Iraqi weapons of mass destruction, the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction (WMD) capabilities, and the return of Kuwaiti assets stolen during its illegal occupation of Kuwait. The U.N. sanctions remain in place; the United States will continue to enforce those sanctions.

The Saddam Hussein regime continued to violate basic human rights by repressing the

Iraqi civilian population and depriving it of humanitarian assistance. The United Nations Security Council passed resolutions that permit Iraq to sell $1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. Under the U.N. resolutions, the equitable distribution within Iraq of this assistance would be supervised and monitored by the United Nations. The Iraqi regime continued to refuse to accept these resolutions and has thereby chosen to perpetuate the suffering of its civilian population.

The regime of Saddam Hussein continues to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. Because of Iraq's failure to comply fully with United Nations Security Council resolutions, the United States will therefore continue to apply economic sanctions to deter Iraq from threatening peace and stability in the region, and I 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,
February 16, 1993.

Exchange With Reporters Prior to a Meeting With the Congressional Leadership

February 17, 1993

Economic Program

Q. Mr. President, if you count Social Security as a tax increase, you don't have a one-to-one ratio. Are you going to have enough cuts in this program to be able to sell this thing?

The President. I think so. There are 150 specific ones, and I'll be glad to entertain some more if anybody's got any specific ideas.

The Vice President. At this point——

Q. Can you honestly say, as Senator Dole has asked, that you have made all the cuts you could possibly make in this program?

The President. I can honestly say I've made more specific cuts that affect me personally than I can think that any of my predecessors have made and that I intend to find more as I go along. I've just been here 4 weeks, and I'll continue to work on it. But I've made an awful lot of cuts; I'm going to make some more.

Q. Have you convinced Senator Dole and Michel and all of the other Republican leaders? And did you call Ross Perot?

The President. My duty is to try to convince them that I will.

The Vice President. In the words of the old hymn, "they're almost persuaded."

The President. I thought that was a country and western song. [*Laughter*]

Q. They don't look it.

Q. How about Ross Perot, Mr. President?

Jogging Track

Q. Why build a jogging track when you're making cuts across the board in Government?

The President. I thought the thing was going to be paid for with contributions; that's what I was told. I think it would be a good thing to have but I think if we can pay for it with contributions, otherwise I don't think we ought to spend any tax money on it.

Q. You don't have an alternative way to pay for it?

The President. I was told that the stuff had been donated already. I told them if it was all going to be donated, it was fine with me if it was built. That's what I was told from the very beginning, so that's all I know about it.

NOTE: The exchange began at 2:22 p.m. in the Cabinet Room at the White House.

Address Before a Joint Session of Congress on Administration Goals

February 17, 1993

Mr. President, Mr. Speaker, Members of the House and the Senate, distinguished Americans here as visitors in this Chamber, as am I. It is nice to have a fresh excuse for giving a long speech. [*Laughter*]