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Q. The first part was why haven't you submitted a plan to reform Social Security yet.

The President. Well, I am working on that, and I have been talking to Chairman Archer about it, and I would be prepared to do that. But keep in mind, that is not what is holding this up, because we both agree on what we have to do with the surplus. That is, we both agree—and let's not lose sight of the fact that we've actually reached one agreement here; we both agreed to keep the Social Security portion of the surplus apart from regular Government spending.

My plan, however, is more detailed than theirs in the sense that I also propose to take the savings that we receive in 5 years of this 15-year period on the debt reduction and put that back into the Trust Fund to lengthen the life to 2053. If Congress wished me to do that and that would help to get this agreement—I've been working very hard on this, and I would be prepared to do that.

Now, let me just say on the other thing, I think anybody who read that article would draw two conclusions. You can draw a thousand conclusions, but I think there are two conclusions that anyone would have to draw, amid all the differences they might have in the way they read the piece. One is that my wife is an extraordinary person with a passionate commitment to public service and a genuine record of important achievement. And the second is that we love each other very, very much. And I think those are the two important things.

Now, I don't believe that anybody could fairly read the article and think that she was making any excuses for me. I haven't made any excuses for what was inexcusable, and neither has she, believe me. And as to my childhood, everybody knows that's looked into it I didn't have a bed of roses as a kid. But I can tell you this, as I think about other children in the world and in our country that have difficulties growing up, I am convinced from my own life and from my research and from my experience with other children, the most important thing is that every child needs to know growing up that he or she is the most important person in the world to someone. And I knew that, so—I knew that. And I have no complaints.

Helen [Helen Thomas, United Press International], happy birthday. [*Laughter*]

Ms. Thomas. Thank you. Thank you, Mr. President.

Q. Mr. President, the First Lady has indicated that the trauma of this was to the degree that you can't even take it out and look at it anymore. Are you trying to work through the issues and look back over that time of your life?

The President. Look, I think that I have said all I need to say about that. I have—I think every reflective person thinks about his or her life, but what I conclude about my childhood is what I said. It had its really tough moments, but I always knew I was well loved. And I think that's important for all of our children.

Japanese Economy

Q. Mr. President, are you going to call the Prime Minister of Japan to discuss the fluctuations in the currency market? And how concerned are you that they're more interested in market manipulation and intervention than in stimulating domestic demand-led growth, which Secretary Summers and Secretary Rubin have advocated ad nauseam?

The President. The first—Japan, how concerned I am about Japan? I think, first of all, in the last 6½ years, we've seen the currency fluctuations. They go up; they go down. I don't have anything to comment about that.

I think that we do see some signs that Japan's economy is beginning to grow and that Prime Minister Obuchi has formed a coherent and strong and effective government and has secured the necessary support from the Japanese people to continue to move forward.

So we will continue to consult with Japan about what we think is important for their economic recovery, as we should because they're our partners and they're our friends and our allies and their recovery is critical to Asia's recovery. But I basically believe that the trends are positive there, and so I have a positive view.

Thank you.

NOTE: The President spoke at 12:15 p.m. in the Rose Garden at the White House. In his remarks,

he referred to Prime Minister Keizo Obuchi of Japan.

Statement on Hate Crimes Legislation

August 4, 1999

Two weeks ago I was glad to see the Senate pass S. 622, the important hate crimes legislation I supported with a bipartisan coalition in Congress. But there is much more work to be done. Today the House Judiciary Committee will hold hearings on hate crimes. That is welcome news, but it must lead to the entire House's consideration and passage of strong, effective hate crimes legislation and ultimately to enactment of a hate crimes law.

Effective legislation must accomplish three objectives. First, it must remove serious jurisdictional limitations which require proof that victims were attacked because they were engaging in particular activities. Second, it must expand Federal coverage for violent hate crimes based on sexual orientation, gender, or disability. There is no question that innocent people have been targeted and attacked and in some cases even killed solely because of their sexual orientation, gender, or disability. Such hate crimes must be covered by any legislation passed by the Congress. Third, it must recognize that State and local authorities should continue to prosecute the great majority of hate crimes and that Federal jurisdiction should be exercised only when it is necessary to achieve justice in a particular case. Any bill that does not include these three elements falls far short of what America needs in our battle against hate.

No American should have to suffer the violence of a hate crime. Unfortunately, many do, and therefore we must work together to ensure that all Americans receive greater protection. This should not be a partisan issue. It is a national concern requiring a national response in the form of strong hate crimes legislation. I call on the House of Representatives to meet its responsibility in combating violence that is fueled by hate and to complete what the Senate has begun. If we work together, we have it within our grasp to enact a bill that will take a very strong stand against those who perpetrate crimes based on prejudice and hate. We must not let this opportunity pass us by.

Statement on the Selection of the New Secretary General of the North Atlantic Treaty Organization

August 4, 1999

I am very pleased that our NATO Alliance has selected British Defense Secretary George Robertson to be NATO's next Secretary General.

George Robertson is an extremely talented and dedicated public servant. He has made a tremendous contribution to the United Kingdom's effort to modernize its military forces. He displayed extraordinary leadership during the Kosovo conflict and has continued to lead in the effort to restore stability there. I look forward to working with him as he guides NATO into the new century.

Secretary General Solana has done a superb job, steering NATO through conflict in the Balkans, ushering in three new members of the Alliance, reaching out to our security partners across Europe, and meeting other vital challenges. I look forward to continuing to work with him in his new role at the European Union.

Memorandum on the Year 2000 Computer Problem

August 4, 1999

Memorandum for Members of the Cabinet

Subject: Year 2000 Computer Problem

The end of 1999 is less than 6 months away. Federal agencies have made significant progress in meeting the challenges posed by the Year 2000 (Y2K) computer problem since the Vice President and I discussed this issue at the Cabinet meeting in January 1998. Virtually all of the major Federal agencies have completed, or will soon complete, work on their mission-critical systems, and agencies are working aggressively to encourage compliance among their organizational partners for the delivery of key Federal services.

Our efforts to solve the Y2K problem provide an important example of the Government's ability to respond to difficult management challenges, and I appreciate your commitment to this critical issue. However, your ongoing support through 1999 is essential to the Nation's ability to achieve the ultimate goal of minimizing Y2K-related failures in the public and private sectors.

You should continue your outreach efforts to organizations domestically and internationally. We must encourage compliance efforts among our partners, such as State and local governments helping to deliver Federal services and private sector organizations supporting the Nation's critical infrastructure. Internationally, the continued exchanges of technical information with other governments about Y2K experiences will help to limit potential Y2K problems in our trading relationships.

You also should maintain your focus on contingency and back-up plans. While many systems and processes have been tested multiple times, being prepared with alternate operating plans provides an important extra layer of insurance against unexpected difficulties and will enhance our ability to respond to any challenges associated with the date change.

I also encourage you to continue to work closely with my Council on Year 2000 Conversion, and with each other, as we approach January 1, 2000. If we continue our hard work on this important issue, I am confident that we will be able to oversee a successful transition to the new millennium.

William J. Clinton

NOTE: This memorandum was released by the Office of the Press Secretary on August 5.

Executive Order 13132—Federalism

August 4, 1999

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to guarantee the division of governmental responsibilities between the national government and the States that was intended by the Framers of the Constitution, to ensure that the principles of federalism established by the Framers guide the executive departments and agencies in the formulation and implementation of policies, and to further the policies of the Unfunded Mandates Reform Act, it is hereby ordered as follows:

Section 1. *Definitions.* For purposes of this order:

(a) ''Policies that have federalism implications'' refers to regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

(b) ''State'' or ''States'' refer to the States of the United States of America, individually or collectively, and, where relevant, to State governments, including units of local government and other political subdivisions established by the States.

(c) ''Agency'' means any authority of the United States that is an ''agency'' under 44 U.S.C. 3502(1), other than those considered to be independent regulatory agencies, as defined in 44 U.S.C. 3502(5).

(d) ''State and local officials'' means elected officials of State and local governments or their representative national organizations.

Sec. 2. *Fundamental Federalism Principles.* In formulating and implementing policies that have federalism implications, agencies shall be guided by the following fundamental federalism principles:

(a) Federalism is rooted in the belief that issues that are not national in scope or significance are most appropriately addressed by the level of government closest to the people.

(b) The people of the States created the national government and delegated to it enumerated governmental powers. All other sovereign powers, save those expressly prohibited the States by the Constitution, are reserved to the States or to the people.

(c) The constitutional relationship among sovereign governments, State and national, is inherent in the very structure of the Constitution and is formalized in and protected by the Tenth Amendment to the Constitution.

(d) The people of the States are free, subject only to restrictions in the Constitution

itself or in constitutionally authorized Acts of Congress, to define the moral, political, and legal character of their lives.

(e) The Framers recognized that the States possess unique authorities, qualities, and abilities to meet the needs of the people and should function as laboratories of democracy.

(f) The nature of our constitutional system encourages a healthy diversity in the public policies adopted by the people of the several States according to their own conditions, needs, and desires. In the search for enlightened public policy, individual States and communities are free to experiment with a variety of approaches to public issues. One-size-fits-all approaches to public policy problems can inhibit the creation of effective solutions to those problems.

(g) Acts of the national government—whether legislative, executive, or judicial in nature—that exceed the enumerated powers of that government under the Constitution violate the principle of federalism established by the Framers.

(h) Policies of the national government should recognize the responsibility of—and should encourage opportunities for—individuals, families, neighborhoods, local governments, and private associations to achieve their personal, social, and economic objectives through cooperative effort.

(i) The national government should be deferential to the States when taking action that affects the policymaking discretion of the States and should act only with the greatest caution where State or local governments have identified uncertainties regarding the constitutional or statutory authority of the national government.

Sec. 3. *Federalism Policymaking Criteria.* In addition to adhering to the fundamental federalism principles set forth in section 2, agencies shall adhere, to the extent permitted by law, to the following criteria when formulating and implementing policies that have federalism implications;

(a) There shall be strict adherence to constitutional principles. Agencies shall closely examine the constitutional and statutory authority supporting any action that would limit the policymaking discretion of the States and shall carefully assess the necessity for such action. To the extent practicable, State and local officials shall be consulted before any such action is implemented. Executive Order 12372 of July 14, 1982 (''Intergovernmental Review of Federal Programs'') remains in effect for the programs and activities to which it is applicable.

(b) National action limiting the policymaking discretion of the States shall be taken only where there is constitutional and statutory authority for the action and the national activity is appropriate in light of the presence of a problem of national significance. Where there are significant uncertainties as to whether nation action is authorized or appropriate, agencies shall consult with appropriate State and local officials to determine whether Federal objectives can be attained by other means.

(c) With respect to Federal statutes and regulations administered by the States, the national government shall grant the States the maximum administrative discretion possible. Intrusive Federal oversight of State administration is neither necessary nor desirable.

(d) When undertaking to formulate and implement policies that have federalism implications, agencies shall:

(1) encourage States to develop their own policies to achieve program objectives and to work with appropriate officials in other States;

(2) where possible, defer to the States to establish standards;

(3) in determining whether to establish uniform national standards, consult with appropriate State and local officials as to the need for national standards and any alternatives that would limit the scope of national standards or otherwise preserve State prerogatives and authority; and

(4) where national standards are required by Federal statutes, consult with appropriate State and local officials in developing those standards.

Sec. 4. *Special Requirements for Preemption.* Agencies, in taking action that preempts State law, shall act in strict accordance with governing law.

(a) Agencies shall construe, in regulations and otherwise, a Federal statute to preempt State law only where the statute contains an

express preemption provision or there is some other clear evidence that the Congress intended preemption of State law, or where the exercise of State authority conflicts with the exercise of Federal authority under the Federal statute.

(b) Where a Federal statute does not preempt State law (as addressed in subsection (a) of this section), agencies shall construe any authorization in the statute for the issuance of regulations as authorizing preemption of State law by rulemaking only when the exercise of State authority directly conflicts with the exercise of Federal authority under the Federal statute or there is clear evidence to conclude that the Congress intended the agency to have the authority to preempt State law.

(c) Any regulatory preemption of State law shall be restricted to the minimum level necessary to achieve the objectives of the statute pursuant to which the regulations are promulgated.

(d) When an agency foresees the possibility of a conflict between State law and Federally protected interests within its area of regulatory responsibility, the agency shall consult, to the extent practicable, with appropriate State and local officials in an effort to avoid such a conflict.

(e) When an agency proposes to act through adjudication or rulemaking to preempt State law, the agency shall provide all affected State and local officials notice and an opportunity for appropriate participation in the proceedings.

Sec. 5. *Special Requirements for Legislative Proposals.* Agencies shall not submit to the Congress legislation that would:

(a) directly regulate the States in ways that would either interfere with functions essential to the States' separate and independent existence or be inconsistent with the fundamental federalism principles in section 2;

(b) attach to Federal grants conditions that are not reasonably related to the purpose of the grant; or

(c) preempt State law, unless preemption is consistent with the fundamental federalism principles set forth in section 2, and unless a clearly legitimate national purpose, consistent with the federalism policymaking criteria set forth in section 3, cannot otherwise be met.

Sec. 6. *Consultation.*

(a) Each agency shall have an accountable process to ensure meaningful and timely input by State and local officials in the development of regulatory policies that have federalism implications. Within 90 days after the effective date of this order, the head of each agency shall designate an official with principal responsibility for the agency's implementation of this order and that designated official shall submit to the Office of Management and Budget a description of the agency's consultation process.

(b) To the extent practicable and permitted by law, no agency shall promulgate any regulation that has federalism implications, that imposes substantial direct compliance costs on State and local governments, and that is not required by statute, unless:

(1) funds necessary to pay the direct costs incurred by the State and local governments in complying with the regulation are provided by the Federal Government; or

(2) the agency, prior to the formal promulgation of the regulation,

(A) consulted with State and local officials early in the process of developing the proposed regulation;

(B) in a separately identified portion of the preamble to the regulation as it is to be issued in the *Federal Register*, provides to the Director of the Office of Management and Budget a federalism summary impact statement, which consists of a description of the extent of the agency's prior consultation with State and local officials, a summary of the nature of their concerns and the agency's position supporting the need to issue the regulation, and a statement of the extent to which the concerns of State and local officials have been met; and

(C) makes available to the Director of the Office of Management and Budget any written communications submitted to the agency by State and local officials.