ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Estela Mendoza (CN=Estela Mendoza/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 4-MAY-1998 09:08:50.00

SUBJECT: Remarks by Sandy Berger as Prepared for Delivery

TO: Christine A. Stanek (CN=Christine A. Stanek/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
good stuff to forward to ethnic community.
---------------------- Forwarded by Estela Mendoza/WHO/EOP on 05/04/98
07:52 AM ---------------------------

Elizabeth R. Newman
05/01/98 03:46:24 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: Remarks by Sandy Berger as Prepared for Delivery

THE WHITE HOUSE

Office of the Press Secretary
(Palo Alto, California)

For Immediate
Release
May 1, 1998

As Prepared for Delivery

REMARKS BY SAMUEL R. BERGER
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

THE BROOKINGS INSTITUTION
WASHINGTON, D.C.

MAY 1, 1998

"The Price of American Leadership"

Some Congressional actions bear upon our nation,s most immediate needs.
Others touch off broader debates about how we view the world and our
country,s role within it. In the weeks ahead, Congress faces a choice on

an issue that does both. It can send the message that there still is a strong bipartisan foundation for an active U.S. role in the world -- as it did last night with the overwhelming vote to admit Poland, Hungary and the Czech Republic to NATO.

It can reaffirm our vision of an America committed to its obligations, confident in its power, courageously leading the world. Or that vision can begin to blur) a victim of complacency and of fear.

In the emergency supplemental that passed yesterday, Congress left out two critical parts of the President,s original request -- satisfaction of our long overdue debt to the United Nations; and payment of our share of support to the International Monetary Fund. Each constitutes a necessary investment in our national security -- and each will pay off, many times over.

But these two items are only the more visible tip of a profound debate that must concern all Americans -- whether we will remain engaged abroad and maintain our leadership in the world, or turn our back and retreat within our national borders.

The outcome is by no means certain. Americans, willing to assume global responsibility when their safety is at stake, are equally prone to turn inward once that safety appears to have been assured.

World War I, World War II, the Cold War) in each instance, an existential threat to our vital interests and our fundamental values constituted a clarion call to action. And in each instance, we responded brilliantly.

In the wake of the Cold War, we are not presented with a single, overriding threat. Instead, we face a range of threats) dangerous, but diffuse. Some believe the time therefore has come once again to &tend to our own business.8 The argument presents itself in different shades, but at its core is the perception of the world essentially as a burden) as something to be dealt with only if necessary, ignored whenever possible.

This view is premised on the belief that the foundations of our wealth and security are exclusively home-grown, that there is little to gain from foreign engagement and much to surrender) in resources expended, sovereignty diluted, jobs or even lives lost.

That view, in my judgment, suffers from two basic fallacies) first, that we can isolate ourselves from the world, and second that we should. Globalization) the process of accelerating economic, technological, cultural and political integration) is not a choice. It is a growing fact.

It is bringing citizens from all continents closer together) allowing them to share ideas, goods and information at the tap of a keyboard.

It is a fact that will proceed inexorably, with or without our approval. It is a fact that we ignore at our peril. Our workers and businesses will suffer if foreign markets either collapse or lock us out; terrorists and drug traffickers ignore national boundaries even if we don,t; and the highest domestic environmental standards won,t protect us if we can,t get others on board, for their carelessness threatens us as much as our own.

In short, our citizens have a direct stake in the prosperity and stability of other nations -- in their open markets, in their ability to combat international crime, in their clean waters and clean air.

Let,s be clear: the alternative to engagement is not withdrawal from the world; that is an impossibility. The alternative is a passive submission to powerful forces of change) all the more ironic at a time when our capacity to shape them is as great as it has ever been.

In short, we cannot isolate ourselves from the world. But just as important, we should not want to. Of course, military strength remains a pre-requisite of American power. Without American power, American security is vulnerable, American interests are at risk, and American diplomacy is undercut. Yet more than ever before, our strength also grows out of our involvement in the world. Our engagement not only can fend off an existential threat) it reduces the likelihood of such a threat emerging in the first place. That,s what the international community is doing in Iraq, seeking to disarm Saddam Hussein before he threatens the region again.

And our engagement not only protects our safety) it enhances our prosperity. That,s what our aggressive trade policy has achieved -- opening markets to American products and services throughout the world. The bottom line is this: our nation,s economic performance is unrivaled, our military might is unmatched, our political influence is unsurpassed, very much because of) not in spite of) our engagement in the world.

We have moved from a zero-sum game in which the Soviet Union,s gain was our loss to a logic of interdependence in which our interests often are served by the strength of former adversaries
-- not by their weakness; in which our prosperity is advanced by the vitality of our economic partners -- not by their frailty.

The strategy put in motion by President Clinton flows from this fundamental understanding.

We seek to create and strengthen a broad system of international arrangements built around our core values and interests -- democracy, open markets, free enterprise, peace and stability.

Our military alliances, global arms control regimes, market opening trade agreements, support for economic and political reform in emerging nations, partnership with a democratic Russia, strategic dialogue with China, involvement in regional disputes like the Middle East or Irish peace processes, efforts to reach out to and expand trade with Latin America and Africa -- all grow out of this logic. These arrangements may take the form of international institutions, multilateral treaties, or even bilateral agreements, but in each instance the objectives are the same:

First, to promote American interests and values by entangling nations in a web of mutually reinforcing arrangements that maximize both the benefits of compliance and the costs of transgression. Membership in an expanded NATO requires adherence to basic democratic principles: the rule of law and civilian control of the military.

Joining the WTO requires tearing down trade barriers, reducing tariffs, eliminating quotas. Benefiting from IMF loans entails dismantling protected and subsidized sectors that have created domestic sanctuaries impenetrable by foreign competitors.

Continued participation in the Organization of American States involves adherence to democratic principles of government.

Our second objective is to leverage our power and influence, wherever possible, through the multiplier of collective action. Our contributions to international institutions add up to only a fraction of their total resources) for example, every dollar we provide to the IMF is matched by $5 provided by others.

Yet our contributions enable us to lead these critical institutions and put us in a position to accomplish goals that make a difference for all Americans.

United Nations forces keep the peace in areas vital to our interests, from the Balkans to the Persian Gulf, from Haiti to the Middle East. The International Atomic Energy Agency protects our citizens from the dangers of nuclear proliferation. The World Health Organization defends us from the spread of infectious disease. This is a small sample of the goals that we either could not pursue alone or would have to pursue alone - but more expensively and far less effectively.

Our third objective is to preserve America,s role as a balance wheel for stability.

No other nation has the muscle, the diplomatic skill, or the trust to mediate disputes, nudge opposing sides to the negotiating table or, when appropriate, help enforce the terms of an agreement. Israelis and Palestinians finalize their agreement on the White House lawn. Bosnians huddle at Dayton. Haiti,s dictators yield to our military threat. The parties in Northern Ireland look to America for help in their courageous quest.

Not all roads lead to Washington, nor should they.

But when important American interests and values are at stake, we need the ability and stature to be a decisive impetus for peace and security) whether through diplomacy, economic incentives or force.

Our nation faces a profoundly important choice. We can continue on the course charted by the President, working with others to seize the opportunities of the global era while seeking to avoid its perils, maintaining our strength to act on our own when we must, or we can seek refuge in an illusory withdrawal.

We can seek to steer change to our advantage -- or be engulfed by it.

This choice presents itself starkly in the decisions on whether to grant the President fast track authority to negotiate trade agreements or to fully fund our international affairs budget.

And it presents itself starkly in the two specific requests now before the Congress) to pay our share of support to the IMF and to pay our overdue UN bills.

Nowhere is globalization more apparent, nor its effects more direct, than in the economy. Trade is twice as important in our domestic economy now as it was when I entered the work force. It has fueled one-third of the sustained growth we have enjoyed these past five years. Today, exports support 12 million American jobs that pay on average 15 percent more than others. An economic downturn among our trading partners can have serious consequences for our workers, our farmers, our businesses, our stockhold ers. Conversely, by shoring up our partners, encouraging structural reform, tearing down trade barriers , we boost our own economic fortunes.

The IMF plays a central role in steering the global economy in the right direction. The Fund works with countries at risk to shape effective reform programs that strengthen financial systems, increase market access, improve transparency, and reduce corruption and overly incestuous relations between banks, governments and industry. In times of crisis, as we experienced in Mexico or Russia and now are experiencing in Asia, the IMF provides critical assistance that can restore financial stability. And it takes the heat for the tough decisions that governments need to make) and sometimes want to blame on others.

All of this is in America,s fundamental interest) and can be preserved if we agree to pool our contribution with that of other IMF members.

Think for a moment about the cost of not having a strong and effective IMF. The countries in Asia are our customers) if they can,t buy, we can,t sell. They are our competitors) if their currencies depreciate, they undercut the competitiveness of our own goods. And they are our security partners) their instability could bring crisis to a region where we have both critical national security interests and 100,000 U.S. troops to protect them.

More generally, by undermining the IMF we weaken the only multilateral institution capable of inducing the reforms that will make recovery self-sustaining.

In sum, even if the IMF were to cost us something, it would be well worth the deal. But in fact, because the IMF acts as a sort of international credit union, our contribution to the Fund has not cost the American taxpayer a single cent.

What we have been able to achieve economically through the IMF, we have been able to achieve on so many other fronts through the United Nations.

The benefits to the American people are tangible, measured in efforts to prevent the diversion of nuclear materials, increase the safety of nuclear plants, and promote the safe disposal of nuclear waste, humanitarian programs that reflect our deepest values, like caring for refugees, vaccinating children, sheltering the needy, international standards that make the skies safer for travelers and food safer for consumers. All this) and more -- comes at an annual price tag of roughly $4 per American) about the price of a happy meal at McDonald,s, and a fraction of what it would have cost us to achieve these goals on our own.

Some say that the UN is badly in need of reform and that we should not pay our dues until that occurs. It is. Working with Congress, we have helped the UN achieve more reform over the past half decade than in the 45 years that preceded it.

Last year, we developed a three-year plan with broad bipartisan support to encourage continued reform while finally paying our debts. Unfortunately, last fall and then again this week, a small group of representatives chose to link passage of this plan to unrelated legislation on international family planning.

As a result, we risk the single best chance to put our UN debts behind us -- and to put the UN on the right path for the 21st century.

Again, do not think only in terms of the cost of paying our debt to the UN -- think in terms of the cost of not paying it. It will harm collective efforts to deal with emerging threats that cut across borders) from terrorists to organized criminals, drug traffickers, and environmental damage.

It will be a body blow to our international credibility, hobbling our diplomats in ways large and small, undermining our central message that nations need to live up to their commitments. And, by next January, it may even lead to the loss of our voting rights in the UN General Assembly) an institution born on our soil out of the vision of Americans like Roosevelt, Truman and Acheson.

Beyond these fundamental interests, there also is a basic moral principle: America pays it debts. We should pay the UN what we owe.

By acting now to support the IMF and pay our dues to the United Nations, Congress can reassert its determination to preserve America,s leadership in the world. It can send the message that our nation is confident; it will master the forces of globalization) not be mastered by them. And we can continue to build on the past five years, list of accomplishments) in Haiti, Bosnia, Russia, China and elsewhere.

Will the United States survive and thrive if Congress chooses the alternative course? Of course. Our people are far too resilient and far too resolute for it to be otherwise.

But we risk awaking to a different America in a different world. And neither America nor the world will be able to figure out how we frittered away so rich an inheritance, how we renounced so commanding a position, how we squandered such bountiful opportunities.

So let,s not weaken our own hand. Let,s make the wise investment in American leadership that will help keep our nation at the pinnacle of our power as we enter the 21st century.

# # #

Message Sent
To:____
Christine A. Stanek/WHO/EOP
Lori E. Abrams/WHO/EOP
Laura K. Capps/WHO/EOP
Steven A. Cohen/WHO/EOP
Anne M. Edwards/WHO/EOP
Rahm I. Emanuel/WHO/EOP
Jason S. Goldberg/WHO/EOP
James T. Heimbach/WHO/EOP
Russell W. Horwitz/OPD/EOP
David E. Kalbaugh/WHO/EOP
Peter R. Orszag/OPD/EOP
Julie E. Mason/WHO/EOP
Doris O. Matsui/WHO/EOP
Elisa Millsap/WHO/EOP
Cheryl D. Mills/WHO/EOP
G. Timothy Saunders/WHO/EOP
Laura D. Schwartz/WHO/EOP
Joshua Silverman/WHO/EOP
Douglas B. Sosnik/WHO/EOP
Todd Stern/WHO/EOP
Barry J. Toiv/WHO/EOP
Michael Waldman/WHO/EOP
Dorian V. Weaver/WHO/EOP
Catherine T. Kitchen/WHO/EOP
Lori L. Anderson/WHO/EOP
Brenda M. Anders/WHO/EOP
Michael W. Williams/WHO/EOP
Suzanne Dale/WHO/EOP
Richard Socarides/WHO/EOP
Dag Vega/WHO/EOP
Barbara D. Woolley/WHO/EOP
Darby E. Stott/WHO/EOP
Jake Siewert/OPD/EOP
Cynthia M. Jasso-Rotunno/WHO/EOP
Sara M. Latham/WHO/EOP
Carole A. Parmelee/WHO/EOP
Andrew J. Mayock/WHO/EOP
Beverly J. Barnes/WHO/EOP
Megan C. Moloney/WHO/EOP
Jonathan Murchinson/WHO/EOP
Joseph P. Lockhart/WHO/EOP

Laura S. Marcus/WHO/EOP
Virginia N. Rustique/WHO/EOP
Thomas D. Janenda/WHO/EOP
Terri J. Tingen/WHO/EOP
Brian D. Smith/WHO/EOP
Leanne A. Shimabukuro/OPD/EOP
Tracy S. Olmstead/OSTP/EOP
Kim B. Widdess/WHO/EOP
1=US @ 2=WESTERN UNION @ 5=ATT.COM @ *ELN\62955104 @ MRX @ LNGTWY
62955104 @ eln.attmail.com @ inet
BARBUSCHAK_K @ A1 @ CD @ LNGTWY
Lawrence W. Hush/OMB/EOP
INFOMGT @ A1 @ CD @ LNGTWY
JOHNSON_WC @ A1 @ CD @ LNGTWY
SULLIVAN_M @ A1 @ CD @ LNGTWY
SUNTUM_M @ A1 @ CD @ LNGTWY
WOZNIAK_N @ A1 @ CD @ LNGTWY
backup @ wilson.ai.mit.edu @ inet
newsdesk @ usnewswire.com @ inet
usia01 @ access.digex.com @ inet
usnwire @ access.digex.com @ inet
GRAY_W @ A1 @ CD @ LNGTWY
NAPLAN_S @ A1 @ CD @ LNGTWY
WEINER_R @ A1 @ CD @ LNGTWY
GRIBBEN_J @ A1 @ CD @ LNGTWY
RILEY_R @ A1 @ CD @ LNGTWY
RONNEL_S @ A1 @ CD @ LNGTWY
tnewell @ ostp.eop.gov @ INET @ LNGTWY
Joseph P. Lockhart/WHO/EOP
Elizabeth R. Newman/WHO/EOP
Jordan Tamagni/WHO/EOP
HEMMIG_M @ A1 @ CD @ LNGTWY
Kevin S. Moran/WHO/EOP
Ashley L. Raines/OA/EOP
Peter A. Weissman/OPD/EOP
Douglas J. Band/WHO/EOP
Edwin R. Thomas III/WHO/EOP
Sherman A. Williams/WHO/EOP
William W. McCathran/WHO/EOP
Julia M. Payne/WHO/EOP
Robin J. Bachman/WHO/EOP
Ruby Shamir/WHO/EOP
Nicole R. Rabner/WHO/EOP
June Shih/WHO/EOP
Elisabeth Steele/WHO/EOP
Brooks E. Scoville/WHO/EOP
Estela Mendoza/WHO/EOP
Neera Tanden/WHO/EOP
Reuben L. Musgrave Jr./WHO/EOP
Kyle M. Baker/WHO/EOP
Diane Ikemiyashiro/WHO/EOP
Leanne I. Johnson/WHO/EOP
Sarah S. Knight/WHO/EOP
Sharolyn A. Rosier/WHO/EOP

Tracy F. Sisser/WHO/EOP
Woyneab M. Wondwossen/WHO/EOP
Jeannetta P. Allen/WHO/EOP
Judithanne V. Scourfield/WHO/EOP
Karen C. Fahle/WHO/EOP
Patrick E. Briggs/WHO/EOP
Debra S. Wood/WHO/EOP
Daniel W. Burkhardt/WHO/EOP
Maureen A. Hudson/WHO/EOP
Lana Dickey/WHO/EOP
Carmen B. Fowler/WHO/EOP
Jonathan Orszag/OPD/EOP
Lynn G. Cutler/WHO/EOP
Nelson Reyneri/WHO/EOP
Julianne B. Corbett/WHO/EOP
Eleanor S. Parker/WHO/EOP
Sheelah A. Feinberg/WHO/EOP
Walker F. Bass/WHO/EOP
Virginia Apuzzo/WHO/EOP
Glen M. Weiner/WHO/EOP
Michael V. Terrell/CEQ/EOP
Elliot J. Diringer/CEQ/EOP
Kara Gerhardt/WHO/EOP
Nanda Chitre/WHO/EOP
Julie_green @ ed.gov @ inet
Amy W. Tobe/WHO/EOP
Melissa M. Murray/WHO/EOP
David S. Beaubaire/WHO/EOP
bonney @ dnc.democrats.org @ inet
Lisa J. Levin/WHO/EOP
Phillip Caplan/WHO/EOP
Katharine Button/WHO/EOP
Michael A. O'Mary/OPD/EOP
Douglas R. Matties/OA/EOP
Eli G. Attie/OVP @ OVP
wh-outbox-distr @ pub.pub.whitehouse.gov @ inet
Sean P. Maloney/WHO/EOP
Marsha Scott/WHO/EOP
Gino J. Del Sesto/WHO/EOP
Jessica L. Gibson/WHO/EOP
Jodi R. Sakol/OVP @ OVP
Linda Ricci/OMB/EOP
Mark D. Neschis/WHO/EOP
Jeffrey A. Shesol/WHO/EOP
Heather M. Riley/WHO/EOP
Christa Robinson/OPD/EOP
Brigham C. Smith/WHO/EOP
Jonathan E. Smith/WHO/EOP
Sarah A. Bianchi/OPD/EOP
Holly H. Holt/WHO/EOP
McGavock D. Reed/OMB/EOP

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Christine A. Stanek (CN=Christine A. Stanek/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 4-MAY-1998 21:09:32.00

SUBJECT: Sandy Berger Remarks

TO: Ukrainian National Association (Ukrainian National Association @ 1-703-536-0725 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Slovak League of America (Slovak League of America @ 1-703-573-5118 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Congress of Romanian Americans (Congress of Romanian Americans @ 517-522-5907 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Polish American Congress (Polish American Congress @ 835-1565 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Inc. (Inc. @ 1-773-434-2014 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Lithuanian American Community (Lithuanian American Community @ 1-847-639-5649 @ FAX [UNKNOWN]
)
READ:UNKNOWN

TO: American Latvian Association (American Latvian Association @ 1-301-762-5438 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: American Latvian Association (American Latvian Association @ 1-301-340-8732 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Hungarian American Coalition (Hungarian American Coalition @ 775-5175 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Inc. (Inc. @ 1-617-325-0593 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Inc. (Inc. @ 1-410-544-7429 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Estonian World Council (Estonian World Council @ 1-860-742-0430 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Belarusian Congress Committee of America (Belarusian Congress Committee of America @ 1-301-292-8140 @
FAX [UNKNOWN])
READ:UNKNOWN

TO: U.S. Baltic Foundation (U.S. Baltic Foundation @ 234-8130 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Ukrainian Congress Committee of America (Ukrainian Congress Committee of America @ 543-5502 @ FAX [

UNKNOWN])
READ:UNKNOWN

TO: Slovak World Congress (Slovak World Congress @ 1-818-347-4234 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Polish National Alliance (Polish National Alliance @ 1-312-286-0842 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Joint Baltic American National Comm (Joint Baltic American National Comm @ 1-301-340-1406 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Lithuanian Amcn Comm (Lithuanian Amcn Comm @ 703-742-0955 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Joint Baltic Amcn. Ntl. Comm. (Joint Baltic Amcn. Ntl. Comm. @ 1-301-459-5693 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Inc. (Inc. @ 1-301-309-1406 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: National Federation of American Hungarians (National Federation of American Hungarians @ 547-0392 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: National Committee for Hungarians from Slovakia (National Committee for Hungarians from Slovakia @ 775-5175 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Inc. (Inc. @ 512-3446 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Joint Baltic American National Council (Joint Baltic American National Council @ 1-703-971-3564 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Bulgarian Institute for Research and Analysis (Bulgarian Institute for Research and Analysis @ 1-301-530-0770 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: U.S. Baltic Fndtn. (U.S. Baltic Fndtn. @ 986-0306 @ FAX [UNKNOWN])
READ:UNKNOWN

TO: Armenian Assembly of America (Armenian Assembly of America @ 638-4904 @ FAX [UNKNOWN])
READ:UNKNOWN

TEXT:
THE WHITE HOUSE

Office of the Press Secretary
(Palo Alto, California)

For Immediate Release

May 1, 1998

As Prepared for Delivery

REMARKS BY SAMUEL R. BERGER
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

THE BROOKINGS INSTITUTION
WASHINGTON, D.C.

MAY 1, 1998

"The Price of American Leadership"

Some Congressional actions bear upon our nation,s most immediate needs. Others touch off broader debates about how we view the world and our country,s role within it. In the weeks ahead, Congress faces a choice on an issue that does both. It can send the message that there still is a strong bipartisan foundation for an active U.S. role in the world -- as it did last night with the overwhelming vote to admit Poland, Hungary and the Czech Republic to NATO.

It can reaffirm our vision of an America committed to its obligations, confident in its power, courageously leading the world. Or that vision can begin to blur) a victim of complacency and of fear.

In the emergency supplemental that passed yesterday, Congress left out two critical parts of the President,s original request -- satisfaction of our long overdue debt to the United Nations; and payment of our share of support to the International Monetary Fund. Each constitutes a necessary investment in our national security -- and each will pay off, many times over.

But these two items are only the more visible tip of a profound debate that must concern all Americans -- whether we will remain engaged abroad and maintain our leadership in the world, or turn our back and retreat within our national borders.

The outcome is by no means certain. Americans, willing to assume global responsibility when their safety is at stake, are equally prone to turn inward once that safety appears to have been assured.

World War I, World War II, the Cold War) in each instance, an existential threat to our vital interests and our fundamental values constituted a clarion call to action. And in each instance, we responded brilliantly.

In the wake of the Cold War, we are not presented with a single, overriding threat. Instead, we face a range of threats) dangerous, but diffuse. Some believe the time therefore has come once again to &tend to our own business.8 The argument presents itself in different shades, but at its core is the perception of the world essentially as a burden) as something to be dealt with only if necessary, ignored whenever possible.

This view is premised on the belief that the foundations of our wealth and security are exclusively home-grown, that there is little to gain from foreign engagement and much to surrender) in resources expended, sovereignty diluted, jobs or even lives lost.

That view, in my judgment, suffers from two basic fallacies) first, that we can isolate ourselves from the world, and second that we should. Globalization) the process of accelerating economic, technological, cultural and political integration) is not a choice. It is a growing fact.

It is bringing citizens from all continents closer together) allowing them to share ideas, goods and information at the tap of a keyboard.

It is a fact that will proceed inexorably, with or without our approval. It is a fact that we ignore at our peril. Our workers and businesses will suffer if foreign markets either collapse or lock us out; terrorists and drug traffickers ignore national boundaries even if we don,t; and the highest domestic environmental standards won,t protect us if we can,t get others on board, for their carelessness threatens us as much as our own.

In short, our citizens have a direct stake in the prosperity and stability of other nations -- in their open markets, in their ability to combat international crime, in their clean waters and clean air.

Let,s be clear: the alternative to engagement is not withdrawal from the world; that is an impossibility. The alternative is a passive submission to powerful forces of change) all the more ironic at a time when our capacity to shape them is as great as it has ever been.

In short, we cannot isolate ourselves from the world. But just as important, we should not want to. Of course, military strength remains a pre-requisite of American power. Without American power, American security is vulnerable, American interests are at risk, and American diplomacy is undercut. Yet more than ever before, our strength also grows out of our involvement in the world. Our engagement not only can fend off an existential threat) it reduces the likelihood of such a threat emerging in the first place. That,s what the international community is doing in Iraq, seeking to disarm Saddam Hussein before he threatens the region again.

And our engagement not only protects our safety) it enhances our prosperity. That,s what our aggressive trade policy has achieved -- opening markets to American products and services throughout the world. The bottom line is this: our nation,s economic performance is unrivaled, our military might is unmatched, our political influence is unsurpassed, very much because of) not in spite of) our engagement in the world.

We have moved from a zero-sum game in which the Soviet Union,s gain was our loss to a logic of interdependence in which our interests often are served by the strength of former adversaries

-- not by their weakness; in which our prosperity is advanced by the vitality of our economic partners -- not by their frailty.

The strategy put in motion by President Clinton flows from this fundamental understanding.

We seek to create and strengthen a broad system of international arrangements built around our core values and interests -- democracy, open markets, free enterprise, peace and stability.

Our military alliances, global arms control regimes, market opening trade agreements, support for economic and political reform in emerging nations, partnership with a democratic Russia, strategic dialogue with China, involvement in regional disputes like the Middle East or Irish peace processes, efforts to reach out to and expand trade with Latin America and Africa -- all grow out of this logic. These arrangements may take the form of international institutions, multilateral treaties, or even bilateral agreements, but in each instance the objectives are the same:

First, to promote American interests and values by entangling nations in a web of mutually reinforcing arrangements that maximize both the benefits of compliance and the costs of transgression. Membership in an expanded NATO requires adherence to basic democratic principles: the rule of law and civilian control of the military.

Joining the WTO requires tearing down trade barriers, reducing tariffs, eliminating quotas. Benefiting from IMF loans entails dismantling protected and subsidized sectors that have created domestic sanctuaries impenetrable by foreign competitors.

Continued participation in the Organization of American States involves adherence to democratic principles of government.

Our second objective is to leverage our power and influence, wherever possible, through the multiplier of collective action. Our contributions to international institutions add up to only a fraction of their total resources) for example, every dollar we provide to the IMF is matched by $5 provided by others.

Yet our contributions enable us to lead these critical institutions and put us in a position to accomplish goals that make a difference for all Americans.

United Nations forces keep the peace in areas vital to our interests, from the Balkans to the Persian Gulf, from Haiti to the Middle East. The International Atomic Energy Agency protects our citizens from the dangers of nuclear proliferation. The World Health Organization defends us from the spread of infectious disease. This is a small sample of the goals that we either could not pursue alone or would have to pursue alone - but more expensively and far less effectively.

Our third objective is to preserve America,s role as a balance wheel for stability.

No other nation has the muscle, the diplomatic skill, or the trust to mediate disputes, nudge opposing sides to the negotiating table or, when appropriate, help enforce the terms of an agreement. Israelis and Palestinians finalize their agreement on the White House lawn. Bosnians huddle at Dayton. Haiti,s dictators yield to our military threat. The parties in Northern Ireland look to America for help in their courageous quest.

Not all roads lead to Washington, nor should they.

But when important American interests and values are at stake, we need the ability and stature to be a decisive impetus for peace and security) whether through diplomacy, economic incentives or force.

Our nation faces a profoundly important choice. We can continue on the course charted by the President, working with others to seize the opportunities of the global era while seeking to avoid its perils, maintaining our strength to act on our own when we must, or we can seek refuge in an illusory withdrawal.

We can seek to steer change to our advantage -- or be engulfed by it.

This choice presents itself starkly in the decisions on whether to grant the President fast track authority to negotiate trade agreements or to fully fund our international affairs budget.

And it presents itself starkly in the two specific requests now before the Congress) to pay our share of support to the IMF and to pay our overdue UN bills.

Nowhere is globalization more apparent, nor its effects more direct, than in the economy. Trade is twice as important in our domestic economy now as it was when I entered the work force. It has fueled one-third of the sustained growth we have enjoyed these past five years. Today, exports support 12 million American jobs that pay on average 15 percent more than others. An economic downturn among our trading partners can have serious consequences for our workers, our farmers, our businesses, our stockhold ers. Conversely, by shoring up our partners, encouraging structural reform, tearing down trade barriers , we boost our own economic fortunes.

The IMF plays a central role in steering the global economy in the right direction. The Fund works with countries at risk to shape effective reform programs that strengthen financial systems, increase market access, improve transparency, and reduce corruption and overly incestuous relations between banks, governments and industry. In times of crisis, as we experienced in Mexico or Russia and now are experiencing in Asia, the IMF provides critical assistance that can restore financial stability. And it takes the heat for the tough decisions that governments need to make) and sometimes want to blame on others.

All of this is in America,s fundamental interest) and can be preserved if we agree to pool our contribution with that of other IMF members.

Think for a moment about the cost of not having a strong and effective

IMF. The countries in Asia are our customers) if they can,t buy, we can,t sell. They are our competitors) if their currencies depreciate, they undercut the competitiveness of our own goods. And they are our security partners) their instability could bring crisis to a region where we have both critical national security interests and 100,000 U.S. troops to protect them.

More generally, by undermining the IMF we weaken the only multilateral institution capable of inducing the reforms that will make recovery self-sustaining.

In sum, even if the IMF were to cost us something, it would be well worth the deal. But in fact, because the IMF acts as a sort of international credit union, our contribution to the Fund has not cost the American taxpayer a single cent.

What we have been able to achieve economically through the IMF, we have been able to achieve on so many other fronts through the United Nations.

The benefits to the American people are tangible, measured in efforts to prevent the diversion of nuclear materials, increase the safety of nuclear plants, and promote the safe disposal of nuclear waste, humanitarian programs that reflect our deepest values, like caring for refugees, vaccinating children, sheltering the needy, international standards that make the skies safer for travelers and food safer for consumers. All this) and more -- comes at an annual price tag of roughly $4 per American) about the price of a happy meal at McDonald,s, and a fraction of what it would have cost us to achieve these goals on our own.

Some say that the UN is badly in need of reform and that we should not pay our dues until that occurs. It is. Working with Congress, we have helped the UN achieve more reform over the past half decade than in the 45 years that preceded it.

Last year, we developed a three-year plan with broad bipartisan support to encourage continued reform while finally paying our debts. Unfortunately, last fall and then again this week, a small group of representatives chose to link passage of this plan to unrelated legislation on international family planning.

As a result, we risk the single best chance to put our UN debts behind us -- and to put the UN on the right path for the 21st century.

Again, do not think only in terms of the cost of paying our debt to the UN -- think in terms of the cost of not paying it. It will harm collective efforts to deal with emerging threats that cut across borders) from terrorists to organized criminals, drug traffickers, and environmental damage.

It will be a body blow to our international credibility, hobbling our diplomats in ways large and small, undermining our central message that nations need to live up to their commitments. And, by next January, it may even lead to the loss of our voting rights in the UN General Assembly) an institution born on our soil out of the vision of Americans like

Roosevelt, Truman and Acheson.

Beyond these fundamental interests, there also is a basic moral principle: America pays it debts. We should pay the UN what we owe.

By acting now to support the IMF and pay our dues to the United Nations, Congress can reassert its determination to preserve America ,s leadership in the world. It can send the message that our nation is confident; it will master the forces of globalization) not be mastered by them. And we can continue to build on the past five years , list of accomplishments) in Haiti, Bosnia, Russia, China and elsewhere.

Will the United States survive and thrive if Congress chooses the alternative course? Of course. Our people are far too resilient and far too resolute for it to be otherwise.

But we risk awaking to a different America in a different world. And neither America nor the world will be able to figure out how we frittered away so rich an inheritance, how we renounced so commanding a position, how we squandered such bountiful opportunities.

So let ,s not weaken our own hand. Let ,s make the wise investment in American leadership that will help keep our nation at the pinnacle of our power as we enter the 21st century.

# # #

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Allison Fansler (CN=Allison Fansler/O=Department of the Treasury [UNKNOWN])

CREATION DATE/TIME:23-JUN-1998 16:15:35.00

SUBJECT: weekly report

TO: Cabinet Affairs (Cabinet Affairs [UNKNOWN])
READ:UNKNOWN

TO: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Stephen B. Silverman (CN=Stephen B. Silverman/OU=WHO/O=EOP @ EOP [UNKNOWN])
READ:UNKNOWN

TO: David S. Beaubaire (CN=David S. Beaubaire/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
MEMORANDUM FOR ERSKINE BOWLES, THE WHITE HOUSE

FROM: Robert E. Rubin

SUBJECT: Weekly Report for the week of March 16, 1998

HOT ISSUES

Asian Markets
IMF Funding

KEY NEWS

Indonesia: On March 6, the International Monetary Fund announced that the release of the second $3 billion tranche of funding for Indonesia under its stand-by agreement would be postponed until at least April. Subsequently, President Suharto, his family members, and senior economic officials have increased their rhetoric against the Fund program. The markets have become increasingly concerned by these factors, as the currency depreciated by 15% in the past week, the main index of the Jakarta stock market is 5.4% lower, and the yield spread on Indonesiaþs sovereign $400 million yankee bond has widened 100 basis points to 750 basis points over the comparable Treasury bond. A team of high level Indonesian officials, led by senior economic advisor Dr. Widjojo, is expect ed in Washington during the week of March 16 for meetings with Administration and IMF officials.

Malaysia: The central bank of Malaysia recently announced that two large commercial banks are experiencing financial difficulty: the government plans to provide a modest capital injection to one and Deputy Prime Minister Anwar announced that the second bank, and any subsequent weak banks, will be closed if no buyers can be found. The announcement adversely affected both the stock market and the Malaysian currency, both of which had regained about half of the losses sustained in the second half of last year. Malaysian authorities are clearly increasingly concerned that developments in Indonesia could be a catalyst to induce a crisis in Malaysia, and Deputy Prime Minister Anwar has publicly appealed to the IMF and the G-7 to disburse the next tranche of IMF support to Indonesia.

Inter-American Development Bank (IDB): On March 16-18, Deputy Secretary Summers will travel to Cartagena, Colombia for the Annual Meeting of the IDB. Deputy Secretary Summers will head the U.S. delegation and deliver a speech on March 16. The major topic of discussion at the meeting will like ly be the impact of the Asia financial crisis on Latin America and what role the multilateral development banks, particularly the IDB, can and/or should play in future crises.

Russia: On March 10, Secretary Rubin and Under Secretary Lipton participated in a Gore-Chernomyrdin Commission (GCC) off-line discussion with the Vice President and Russian Prime Minister. They drew lessons from the East Asian crisis for Russia and urged the Prime Minister to use this period of relative strength in Russian markets to accelerate fiscal and other reform to boost investor confidence in Russian growth prospects. In addition, Under Secretary Lipton presented the recommendations of the U.S.-Russia Capital Markets Forum to the GCC Plenary session, together with the SEC and the head of the Russian securities commission. These recommendations, derived mainly from private sector input, spell out the steps that Russia needs to take to strengthen its capital markets in such areas as accounting, taxation, and corporate governance.

Brazil: On March 10, Secretary Rubin and Deputy Secretary Summers met with Brazilian Finance Minister Pedro Malan. Malan remarked that markets were increasingly differentiating Brazil from Asian countries. We agreed and complimented Malan on Brazil's strong response to the Asian financial crisis. We also cautioned that global turbulence could resume, and stressed the importance of vigilance and transparency. We also requested Malan's support in securing agreement among IDB members on creation of a \$500 million fund, financed by IDB concessional resources, to finance Summit of the Americas educational/environmental initiatives. Malan reported positive economic news -- inflation is falling, foreign exchange reserves are approaching \$60 billion (near pre-crisis levels), the current account deficit is gradually narrowing, and flows of foreign investment remain strong. He did not dwell on Brazil's large fiscal deficit, which remains Brazilþs major medium-term economic challenge despite some recent progress.

Year 2000: On March 4, OMB released a draft report which indicates that the Treasuryþs Year 2000 program appears to be on schedule. As part of its process for monitoring agency progress, OMB has categorized agencies into one of three tiers: 1-insufficient progress; 2-progress is evident, but there are concerns; 3 -satisfactory progress. OMB has judged Treasury to be a Tier 2 agency. A representative from Treasury will testify on March 18 before the House Subcommittee on Government Management, Information and

Technology on the Treasury Year 2000 program. The subcommittee has raised concerns with Treasuryþs and other agenciesþ progress on Y2K, and Treasury is focused on the Y2K effort.

On March 6, the Senate passed legislation to give federal thrift and credit union regulators more power to protect institutions they regulate from the Year 2000 computer problem. The measure allows the Office of Thrift Supervision and the National Credit Union Administration to examine companies and vendors that provide services for savings associations and credit unions, such as computer software and hardware providers. The House passed a bill with identical provisions on February 24.

Community Reinvestment Act (CRA): On March 19, Secretary Rubin is scheduled to speak to the National Community Reinvestment Coalition (NCRC) on progress made under CRA and the accomplishments of the CDFI Fund as well as the importance of reauthorization. Secretary Rubin will also announce NCRCþs new report on bank performance under CRA.

Customs: On March 9, funeral services for U.S. Customs Agent Friedli were held in Rochester, Minnesota. Mr. Friedli and his partner, Customs Agent Sperling, were involved in a vehicle accident with an 18-wheel tractor trailer near the U.S. Mexico border on March 3 while investigating possible smuggling activity. Both agents were injure in the accident, and Agent Friedli died as a result of those injuries on March 4.

Joint Report to Congress: Treasury, the SEC, and the Federal Reserve Board are required to submit a joint report to Congress on the regulatory system for government securities by March 31, 1998. The report evaluates the effectiveness of government securities rules written since October 1, 1991, the impact of such rules on the government securities market, and the effectiveness of surveillance and enforcement. The report concludes that the rules have been effective in strengthening investor protection without adversely affecting the efficiency or liquidity of the market. As a result, the report states that no additional statutory rulemaking authority is required at this time.

WORK ON PRESIDENTIAL INITIATIVES

Climate Change: Treasury is working with CEA to respond to follow-up questions from Congress following CEA Chair Yellenþs testimony on March 4. Treasury is also working with other agencies to prepare more computer modeling analysis of the costs of the Kyoto agreement; to consider buying emission rights from Russia; and to define the actions and commitments that would constitute þmeaningful participationþ by less developed countries in addressing climate change. Deputy Assistant Secretary Scholz briefed the National Institute of Building Sciences (NIBS) on the climate change tax initiatives, and Treasury staff have continued to meet with representatives from Energy and EPA on details of the provisions and implementation of the Kyoto agreement.

Capital Budgeting Commission: On March 6, Secretary Rubin addressed the Commission, welcoming the Commissionþs forthcoming recommendations while expressing his personal preference to retain the current budgetary system. Federal Reserve Board Governor Gramlich, and representatives from GAO, Commerce, and the Airport Council International, also testified before the Commission. On March 7, the Commission was briefed on the current Congressional budget process by senior staffers of the Senate and House Budget Committees, the Senate Appropriations Committee, and GAO. The Commission will issue its report with recommendations in December.

Community Development Financial Institutions (CDFI) Fund: Treasury continues working to build support for the CDFI Fund in preparation for upcoming reauthorization hearings. On March 16, Director Lazar will address the CEOs of minority financial institutions on developments on the CDFI Fund and how minority financial institutions can increase their participation in Fund programs. On March 20, Director Lazar will meet with Sandy Braunstein of the Fed, and on March 19, Director Lazar and Fund staff will meet with the SBAþs Office of Capital Access to discuss possibl e strategies for better collaboration among all federal agencies and departments who have microenterprise programs.

CONGRESSIONAL ACTIVITY

IMF/Asia: Treasury continues its outreach efforts to inform Members of Congress, their staff, and business and labor representatives of the IMFþs efforts in Southeast Asia. On March 4, Deputy Secretary Summers spoke individually with Reps. Vento, Schumer, Kennedy, Castle, and Bentsen on the Administrationþs funding request for the IMF. On March 11, Secretary Rubin and Chairman Greenspan participated in a closed briefing on Asia and the IMF for the House Ways and Means Committee. On March 17, Deputy Secretary Summers will meet with Sen. Murkowski to discuss Southeast Asia and the IMF. Treasury continues to coordinate an effort where senior Administration officials outside of Treasury assist in making calls to Members on the Administrationþs IMF funding proposal. On March 18, Secretary Rubin and Chairman Greenspan will brief the House International Relations Committee on the current situation in SE Asia and funding for the IMF.

IMF Legislation: On March 5, the House Banking Committee overwhelmingly approved legislation to authorize a new $18 billion U.S. commitment to the IMF. Final passage of the bill on a 40-9 tally included more than 30 amendments -- most of which proposed reforms either to the IMF itself or within the economies of East Asian nations. Recent news from the Leadership has delayed our efforts to move the IMF legislation through Congress, but we continue to work with the Senate Foreign Relations Committee and Appropriations Commitee to make the case for marking up the full $18 billion proposal.

Credit Unions: On March 11, Assistant Secretary Carnell testified before the House Banking Committee on the Supreme Courtþs recent ruling on credit unions. Assistant Secretary Carnell outlined principles that could serve as the basis for policymaking, making clear our preference for a middle-of-the-road solution that preserves a meaningful common bond requirement, albeit one more flexible that recently articulated by the Supreme Court. He also pushed for enactment of the safety and soundness recommendations that emerged from Treasuryþs recent credit union report.

Financial Modernization: On March 10, the House Leadership announced that it had reached a compromise on the financial modernization bill. The details of that compromise are unclear, but reportedly it would allow only agency activities (e.g., insurance agencies) in a subsidiary, thereby requiring all principal activities (e.g., insurance and securities underwriting) to be conducted in an affiliate; preserve the thrift charter but require thrifts to hold 10 percent of their assets in home mortgages; grandfather existing unitary thrift holding companies but subject them to Fed supervision on January 1, 2000; and abolish the OTS, with the OCC regulating savings associations and the Fed regulating savings and loan holding companies. Treasury continues working to analyze the compromise and identify areas of concern.
Regulatory Reform: On March 10, Under Secretary Hawke testified before the Senate Committee on Banking, Housing and Urban Affairs on the Financial Regulatory Relief and Economic Efficiency Act of 1997. Under Secretary Hawke highlighted the absence of CRA-weakening provisions in the current legislation as a sign that the Administration and the Congress could work together on regulatory relief that would not endanger consumer protections or communities.

CDFI Fund: On March 5, Secretary Rubin delivered a statement and CDFI Director Lazar testified before the House VA-HUD Appropriations Subcommittee on FYþ99 appropriations for CDFI. Committee Members asked about the programþs unobligated balances and the Fundþs justification for its budget request given the level of Fund activity. On March 12, Under Secretary Hawke and Director Lazar will testify on CDFI appropriations before the Senate VA/HUD Appropriations Subcommittee, and on March 17, Director Lazar and Under Secretary Hawke will meet with Senator Sarbanes.

Africa: On March 11, the House voted on and passed the Africa Trade Initiative. The bill now moves to the Senate, where Senator Hollings has led the charge against it due to concerns about its effects on the textile industry. So far, no action has been scheduled for the Senate bill, introduced by Senator Lugar. Treasury anticipates that the Administration will initiate another interagency effort to move the bill through the Senate.

Budget: On March 5, Assistant Secretary Lubick and Deputy Assistant Secretary Talisman met with Reps. Portman and Houghton of the House Ways and Means Committee on revenue raisers in the budget proposal. Rep. Houghton asked why the insurance industry was targeted in the proposal, and seemed pleased with Treasuryþs explanation of the need to maintain the status quo and reduce arbitrage opportunities. In addition to the budget, Rep. Portman discussed IRS restructuring, and agreed with Treasury that our goal in the process should be to remain within the confines of the House bill, notwithstanding some fine tuning.

Sunsetting the Tax Code: On March 9, Deputy Secretary Summers and Assistant Secretary Robertson briefed representatives from several mortgage, home builder and non-profit organizations on Republican efforts to sunset the tax code, focusing on the substance and legislative context. Over the next few weeks, Treasury will continue to inform Members and staff, media, and interested groups on sunsetting. On February 25, Sens.

Hutchinson and Brownback introduced legislation to sunset the tax code on December 31, 2001; this bill is a companion to H.R. 3097 introduced by Reps. Largent and Paxon. The measure is being co-sponsored by the entire GOP leadership and is on a floor schedule for the House released earlier this month by Majority Leader Dick Armey.

IRS: On March 12, Commissioner Rossotti and OMB Controller DeSeve will testify before the Senate Governmental Affairs Committee on personnel flexibility at the IRS. Treasury and the IRS are seeking to strengthen the restructuring legislation to make it easier to recruit critical senior management and technical positions. Treasury and the IRS have been working closely with NTEU President Tobias on the issue, and he has indicated that he will fully support those provisions.

Senator Bond has introduced legislation to restructure the IRS, which is cosponsored by Sens. Cochran, Snowe, Shelby and Inhofe, and has been referred to the Senate Finance Committee. Treasury and the IRS are concerned that the bill goes too far and would hurt the ability of the IRS to carry out its mission. Sen. Grassley has also indicated that he wants the Senate to go farther than the House on IRS reform, particularly on taxpayer rights. Treasury will continue working with the Senate Finance Committee to promote quick passage of an acceptable IRS reform bill.

Appropriations Hearings: On March 4, Secretary Rubin testified before the House Treasury Appropriations Subcommittee on the Departmentþs budget request. The hearing went well, as Secretary Rubin answered questions on the disparity between Treasury and Justice Department budgets for enforcement, the soft wood lumber issue, Year 2000 compliance, Treasury building renovation, and Crane paper. On March 12, Secretary Rubin is scheduled to testify before the Senate Treasury Appropriations Subcommittee on the same topic.

On March 5, Financial Management Service Commissioner Gregg testified before the House Appropriations Subcommittee on Treasury, Postal Service and General Government on Y2K, debt collection and EFT '99 implementation; and FMS's work to issue the government's first audited consolidated financial statements. Subcommittee Chairman Kolbe remarked that FMS is one of the top three Federal agencies that absolutely must meet the Year 2000 challenge. He and ranking Democratic member Hoyer commented that the Subcommittee will be monitoring FMS's progress on the Year 2000 program very closely, and questioned if FMS had the funds to meet the Year 2000 deadline.

NADBank: On March 11, Secretary Rubin met with Rep. Torres and discussed the Congressmanþs concerns about NADBank. Rep. Torres would like to expand use of the Bankþs environmental window to address additional projects that would focus on domestic economic adjustment and development. Rep. Torres appeared more satisfied than he has in the past on Treasuryþs progress, and Treasury will continue to work with him on the issue.

EFTþ99: On March 4, Under Secretary Hawke testified before the House Banking and Financial Services, Subcommittee on Financial Institutions and Consumer Credit regarding the implementation of EFT '99. Mr. Hawke addressed the major elements of the work being done on EFT '99: implementation status, waiver provisions, Electronic Transfer Accounts (ETAs), the implementation time frame and the public education campaign. Members of the Subcommittee stated their concern and asked questions regarding the creation of the ETAs to serve the needs of the unbanked, delaying implementation of the EFT '99 requirement until the year 2000 or beyond, and the granting of waivers to recipients of Federal funds for which receiving electronic payment is not appropriate or beneficial.

Debt Collection: On March 2, Acting Fiscal Assistant Secretary Hammond testified before the House Government Reform Subcommittee on Government Management, Information and Technology on legislative proposals in the debt collection area. The hearing went fairly well, although the proposed legislation was not well received. As a result, the subcommittee and full committee markups scheduled for this week have been postponed, and OMB will revisit the legislation in the interim. On March 4, Under Secretary Hawke, Acting Fiscal Assistant Secretary Hammond, and Acting FMS Commissioner Gregg briefed Rep. Maloney on implementation of the Debt Collection Improvement Act. On March 6, Treasury staff met with majority and minority staff of the House Government Reform and Oversight Su bcommittee on Government Management, Information, and Technology to discuss our meetings with the five major credit agencies regarding their debt portfolios. The primary objective was to provide a more realistic expectation concerning the amount of the $50 billion delinquent debt portfolio that will be collectible.

PRESS ACTIVITY

International: On March 2, Assistant Secretary Geithner spoke with The Financial Times about South Korea and with The Washington Post regarding Indonesia. On March 2, Chief of Staff Froman spoke with The Legal Times for a story on the IMF and the role of the business community in working with Congress to convey the importance of continued IMF funding. On March 4, Deputy Secretary Summers met with The Wall Street Journal to discuss Indonesia, and also addressed the Independent Bankers Associationþs annual meeting on the importance of continued IMF funding. The speech was covered by the wire services. On March 5, Secretary Rubin spoke with USA Today on the Administrationþs efforts to make the case for continued IMF funding. Deputy Secretary Summers and Assistant Secretary Geithner also spoke with them earlier in the week.

On March 6, Under Secretary Lipton interviewed with The Chosun Ilbo, the largest Korean daily newspaper, on the financial crisis in Korea and the U.S. role in that crisis. Also on March 6, Deputy Secretary Summers spoke with The Washington Post about the recent developments in Indonesia. On March 9, Deputy Secretary Summers spoke at the International Monetary Fund on the þCase for Capital Account Liberalization.þ The speech was covered by The Wall Street Journal, The Financial Times and the wire services. On March 10, Under Secretary Lipton spoke with Fortune Magazine for a piece on the IMF, and Secretary Rubin appeared on The Lehrer NewsHour to discuss the current situation in Indonesia and the International Monetary Fund. On March 11, Deputy Secretary Summers is scheduled to speak with USA Today about current international issues.

Tax/Budget: On March 5, Deputy Assistant Secretary Talisman spoke with The Wall Street Journal about the Administrationþs budget proposal on variable annuities. On March 5, Deputy Secretary Summers did a radio interview with KMOX radio station on the Administrationþs opposition to sunsetting the tax code. KMOX has the 11th largest listening audience in the country. On March 7, the IRS held its first day of Saturday office hours, another in a series of reforms that the IRS has implemented to improve customer service. ABC Radio covered the Saturday office hours and there was also local coverage of the office hours. On March 10, Benefits Tax Counsel Iwry interviewed with Dow Jones, Tax Notes, BNA, and CCH on a new IRS revenue procedure which makes it easier for companies to self-correct their retirement plans. On March 11, Deputy Secretary Summers is scheduled to speak with Business Week on Social Security.

Domestic Finance: On March 3, Assistant Secretary Gensler met with Dow Jones to discuss the government's pending debt management decisions, and Deputy Assistant Secretary Anderson spoke with Dow Jones on the government's change in the 13-week and 26-week bills issuance. On March 5, Assistant Secretary Gensler spoke with The Washington Post on debt management in the current environment of budget surplus. On March 6, Under Secretary Hawke spoke with The Baltimore Sun on the Treasury Department's efforts to implement EFT '99.

On March 6, Assistant Secretary Gensler addressed the Bond Market Associationþs 1998 Annual Meeting. He spoke on þDeclining Deficits and Treasury Security Liquidity.þ The speech was covered by the financial wires and a Reuters story on the speech ran in The Wall Street Journal on March 9. Also on March 6, Secretary Rubin and Assistant Secretary Wilcox appeared before the Presidentþs Commission to Study Capital Budgeting. Secretary Rubinþs remarks were covered by CNN, Reuters TV, Bloomberg TV and the financial wires. On March 10, Assistant Secretary Gensler hosted a press roundtable discussion to discuss the general issues surrounding Treasury debt management with Bridge News, Bloomberg, Reuters, and AP.

Enforcement: On March 3, Under Secretary Kelly and ATF Deputy Director Buckles spoke about the Treasury taggants study to reporters from CNN, The Washington Post, The Dallas Morning News, AP and USA Today. USA Today, CNN and AP ran stories on March 4. On March 6, John Forbes, a Customs representative, spoke with USA Today for a story on the success of the Geographic Targeting Orders in New York. On March 8, Under Secretary Kelly spoke at the National Center for Missing and Exploited Children's launching of a new Cyber Tipline to combat child predators on the Internet. NBC, CBS, CNN, FOX, Newschannel 8, AP and regional press covered the event. NBC News plans to run a follow-up story featuring Customs Cyber Smuggling Center on March 9. On March 8, ABC's Nightline ran a story on the Birmingham abortion clinic bombing and the ongoing investigation. The Birmingham and Atlanta ATF Special Agents-in-Charge both taped interviews for the show.

Management: On March 9, Chief Information Officer Flyzik spoke with Government Computer News on the Treasury Departmentþs progress and contingency plans for the Year 2000 computer problem.

U.S. Treasurer: On March 11, Treasurer Withrow will attend the Columbus

Area Savings Bonds Kickoff breakfast at the Columbus Museum of Art. Treasurer Withrow will also visit Stewart Traditional Alternative Elementary School in Ohio. On March 12, Treasurer Withrow will attend the Fort Wayne Area Savings Bonds Kickoff luncheon and visit Bunche Elementary School in Fort Wayne, Indiana to discuss the importance of saving. On March 13, Treasurer Withrow will address the Military Campaign Leadership Conference in San Antonio, Texas. Withrow will speak to representatives from military organizations in four states who will run their own local Savings Bonds campaigns. Withrow is also scheduled to address the San Antonio Express-News Editorial Boardþs Newsmakers luncheon.

IRS: On March 22, IRS Commissioner Rossotti is scheduled to appear on CNNþs Late Edition.

SECRETARYþS SCHEDULE

The Week in Review

Monday, March 9
Hosted a dinner to discuss SE Asia issues with representatives from the Federal Reserve, the International Monetary Fund, Treasury and the private sector.

Tuesday, March 10
Met with Ambassador Michael Armacost, Brookings Institution, on Japan.
Met with Rep. Livingston to discuss IMF funding.
Met with Brazilian Finance Minister Pedro Malan.
Interviewed on Lehrer Newshour on financial crisis in Indonesia and the IMF.

Wednesday, March 11
Participated in an off-line discussion with Russian Prime Minister Chernomyrdin and Vice President Gore during the tenth session of the Gore-Chernomyrdin Commission.
Met with Chairman Greenspan.
Met with Rep. Torres to discuss funding for the North American Development Bank (NADBank).
Met with Members of the House Ways and Means Committee with Chairman Greenspan regarding the IMF.
Participated in the Weekly Economic Briefing to the President.

Thursday, March 12
Testified before the Senate Treasury and General Government Subcommittee on FYþ99 funding.
Met with Rep. Obey to discuss Southeast Asia and the IMF.
Lunch with Secretary of State Albright and Under Secretary Eizenstat.
Met with Rep. Gephardt and George Becker, United Steelworkers, on import surges and the IMF.

Friday, March 13
Met with Thai Prime Minister Chuan.
Attended bilateral meeting with Thai Prime Minister and President Clinton.

The Week Ahead

Monday, March 16
No external meetings.

Tuesday, March 17
No external meetings.

Wednesday, March 18
Will brief Members of the House International Relations Committee on Southeast Asia and the IMF.

Thursday, March 19
Breakfast with Chairman Greenspan.
Will address Congressional Hispanic Caucus on financial crisis in Southeast Asia and the IMF.
Will host CEO Luncheon.
Will address National Community Reinvestment Coalition.
Will meet with Chairman Greenspan to discuss Halifax II.

Friday, March 20
No external meetings.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jon P. Jennings (CN=Jon P. Jennings/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:26-JUN-1998 11:49:56.00

SUBJECT: weekly report for the week of june 29

TO: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Jon P. Jennings/WHO/EOP on 06/26/98
11:50 AM ---------------------------

Allison Fansler @ DEPARTMENT OF THE TREASURY
06/26/98 12:08:02 PM
Record Type: Record

To: Jon P. Jennings/WHO/EOP, Cabinet Affairs
cc:
Subject: weekly report for the week of june 29

June 26, 1998

MEMORANDUM FOR ERSKINE BOWLES, THE WHITE HOUSE

FROM: Robert E. Rubin

SUBJECT: Weekly Report for the week of June 29,
1998

HOT ISSUES

Asia
Russia
IRS

KEY NEWS

Rubin Trip to Asia: On June 24, Secretary Rubin traveled to China with President Clinton, where he will participate in meetings with President Jiang Zemin, Premier Zhu Rongji, and other government officials. On June 28, Secretary Rubin travels to Malaysia to meet with Malaysian officials and business representatives, after which he will travel to Thailand to discuss the effects of the financial crisis with Thai officials and business leaders. Secretary Rubin will finish his trip in Korea where he will discuss the Asian financial crisis with President Kim and Finance Minister Lee, as well as other government officials.

Summers Trip to Asia: On June 18, Deputy Secretary Summers, New York Federal Reserve Bank President William McDonough, and Ambassador Sherman attended meetings in Japan on its current economic problems, and on June 20 they attended a G-7/Asian meeting on the Asian financial crisis focusing on Japan. Deputy Secretary Summers and Ambassador Sherman also met with President Habibie in Indonesia and former and current Prime Ministers Lee Kuan Yew and Goh in Singapore. The trip was useful both in carrying an urgent message of concern about Japanþs economy and in reinforcing our commitment to helping the Indonesian people, but it also confirmed the magnitude of the challenges facing the region.
Indonesia: On June 25, Indonesian officials signed a letter of intent with the International Monetary Fund which outlines a revised reform program focused on stabilizing the economy, ensuring adequate supplies of food and other necessities for the Indonesian people, and restructuring the banking system. GDP is forecast to contract by 10%, inflation is expected to soar to 80%, and the budget deficit will rise to 8.5% of GDP during 1998. The agreement indicates that Indonesia will require $4-6 billion in external support to fill this budget gap. On June 25, the Asian Development Bank approved a $1.5 billion financial sector assistance program for Indonesia. The World Bank is also expected to consider a $1 billion structural adjustment loan, most likely on July 2. Both of these loans are part of the existing pipeline of support for Indonesia and will therefore not help to close the external financing gap.

Russia: On June 25, the IMF Board approved release of the delayed $670 million loan installment for Russia. A new IMF mission will arrive in Russia during the week of June 28 to begin discussions on a possible new funding program, which Russia has said could take 1-2 months. Bond yields continue to rise as foreign demand weakens.

Electronic Funds Transfer (EFT) þ99: On June 25, Treasury issued key provisions of final regulations to carry out EFT '99, the congressional mandate that all Federal funds transfers be conducted electronically by January, 1999. The regulations will allow federal payment recipients to continue receiving paper checks if electronic deposit would cause hardship, and Treasury officials continue to work to minimize abuses by financial services providers surrounding the implementation of EFT þ99. On June 18 and 19, with Treasuryþs encouragement, Western Union sent a correction notice to all 9,000 Benefits Quick Cash electronic program enrollees, in which the company admitted that it had disseminated misleading information on the ability of recipients to continue to receive checks. Also, a partnership between BancOne and local retailers in Baltimore, including liquor stores, has raised concerns about whether federal payment recipients are being misled about their options. Under Secretary Hawke will issue a statement calling attention to the potential for abuse, and emphasizing the liberal waiver provisions in the final EFT regulation.

On June 23, Treasury officials met with executives at Chase Manhattan Bank who agreed to form a partnership to help educate recipients of federal checks about EFT þ99. Similar partnerships are being pursued with Citibank, the American Payroll Association, and other financial-services providers.

Foreign Sales Corporation Rules: On June 17, Sir Leon Brittan, Vice-President of the EC, sent a letter to United States Trade Representative Barshefsky which states that the EU intends to convene a WTO dispute resolution panel to decide the compatibility of Foreign Sales Corporation (FSC) tax rules. The EU believes that the FSC rules, which provide tax benefits to US multinationals based on the amount they export, unfairly promote US exports and restrict imports. Treasury officials will raise the issue at both the OECD and G-4 meetings with our tax policy counterparts in the coming weeks and emphasize that the trade forum is ill suited to resolution of international tax issues, which are better handled between the tax experts of contending parties. These tax benefits are highly valued by the US business community, particularly the aircraft, chemical, electronics and software industries, and a loss in the WTO would likely cause a stir among U.S. exporters. Treasury continues to work with USTR to resolve this issue.

At the same time, Treasury and the IRS are withdrawing administrative guidance that would have limited the tax benefits available to the software industry under the FSC rules. Also, the Department of Defense has asked us to continue to work with the defense industry to determine whether companies exporting defense products should receive a greater benefit under this law.

WORK ON PRESIDENTIAL INITIATIVES

India/Pakistan Sanctions: Treasury is in the final stages of preparing a draft Executive Order which will clarify the prohibition against extending loans and credits to the Government of India. We expect a draft Executive Order for Pakistan to follow shortly thereafter. Meanwhile, we continue to implement Glenn Amendment sanctions pertaining to international financial institutions and U.S. banks. We have gone beyond the requirements of Glenn to oppose all lending to Pakistan and India (except for basic human needs), and have obtained agreement from our colleagues in the G-7/G-8 to defer lending. To date, World Bank loans for India totaling $900 million have been postponed at the request of the U.S. and others. In both India and Pakistan, the stock markets and currencies have significantly weakened since the nuclear tests in anticipation of sanctions.

Year 2000: On June 17, the Department of the Treasury, the Federal Reserve Bank of New York, and the Bond Market Association sponsored a conference on Y2K testing for participants in the U.S. Treasury securities market. The conference reinforced the need for Y2K testing and provided specific information on upcoming testing opportunities.

Long-term Care: At the request of the Domestic Policy Council, Treasury is exploring options to provide tax credits for long-term care. Treasury will participate in an interagency meeting on the topic.

Privatization: The Board of Directors of the United States Enrichment Corporation determined on June 11, 1998, that the transfer of the governmentþs interest in USEC to the private sector should be undertaken through an initial public offering. We are planning to announce this decision during the week of June 28. Given the extensive congressional and press interest in this issue, Treasury has been working closely with USEC to develop the appropriate approach for making this announcement.

CONGRESSIONAL ACTIVITY

IRS Restructuring: On June 23, conferees reached agreement on the final provisions of the IRS reform bill. Treasury and the IRS worked closely with the conferees and staff throughout this process. Treasury was able to achieve executive branch oversight and adequate personnel flexibility while reaching compromise in areas of tax policy such as suspension of interest and penalties, dues process on collection activity, relief for innocent spouses, and burden of proof. The combination of these changes eliminated the aspects of the Senate bill most detrimental to IRS enforcement capability and cut the cost of the Senate bill nearly in half. On June 24, Commissioner Rossotti participated in a press conference with Chairmen Roth and Archer to announce the agreement.

IMF: On June 25, Speaker Gingrich joined Agriculture Committee Chairman Smith, Ranking Member Stenholm, Rep. Boehner and others in a press conference on fast track authority, IMF funding, and trade sanctions. Gingrich said that he supports fast-track authority and some degree of IMF funding in order to help boost agriculture exports which have been hurt by the Asian economic crisis. On June 24, Reps. Dooley and Stenholm introduced the Senate IMF bill in the House, and during the week of June 21, House Democrats launched a discharge petition to try to force a vote on IMF funding.

On June 23, Secretary Rubin met with Sens. Kempthorne, Bennett, and Craig to discuss their concerns that the funds from international financial institutions are being used to subsidize the Korean semiconductor industry, helping to undermine Micron Technologies, one of the largest employers in Idaho and Utah.

Financial Modernization: On June 17, Secretary Rubin and Under Secretary Hawke testified before the Senate Banking Committee on the financial modernization legislation passed by the House, H.R. 10. On June 18, the Committee heard testimony from representatives of the insurance, securities, and banking industries. On June 24, the Senate Banking Committee heard testimony from Ralph Nader and representatives from a number of consumer and community banking groups who complained that H.R. 10 addresses industry interests without considering how changes would affect credit access, fee levels, or privacy. The groups supported Treasuryþs position on operating subsidiaries. On June 25, Acting Comptroller Julie Williams testified with other financial services regulators, including Director of the Office of Thrift Supervision Ellen Seidman, SEC Chairman Arthur Levitt, and FDIC Chair Donna Tanoue.

Community Development Financial Institutions Fund: Treasury continues to work with the CDFI Fund on authorization and appropriations. On June 23, the Fund received an appropriation of $80 million from the House VA/HUD Subcommittee, having previously received $55 million in the Senate

Subcommittee. We expect that in the conference, the House will be supportive of a mark that does not go below $80 million, the same level at which CDFI was funded in FY '98. Reauthorization hearings went well, and subcommittee minority members will push for quick reauthorization. Sens. Kennedy and Domenici introduced legislation to authorize the CDFI Fund to run a technical assistance program for micro-enterprise organizations, and this legislation was referred to the Banking Committee.

Child Labor: On June 25, Under Secretary Kelly will meet with Sens. Harkin and Kohl and Rep. Sanders to brief them on steps taken by Customs and Treasury to implement President Clintonþs Child Labor Action Plan. Among other matters, Under Secretary Kelly will report on the fact-finding mission to Nepal and Bangladesh by Treasury and Customs staffers from June 4-12. During that mission, the delegation held 20 meetings with government officials, nongovernmental organizations and business executives concerned with child labor. The delegation visited a carpet factory in Nepal and witnessed what they believed to be children at work. This trip provided information which will be useful to Customs in continuing its investigations into child labor activities in Nepal. Trea sury is now receiving applications for membership on the new International Child Labor Advisory Committee.

Appropriations: On June 17, the House Appropriations Committee passed the FY 1999 Treasury-Postal appropriations bill and floor action is scheduled for late June 24. The allocations for the House were much more favorable than the Senate, allowing the Committee to support most of our request. The bill as approved by the full Committee allocated $29.1 billion for FY 1999 with discretionary spending of $13.2 billion. The areas of most concern are the IRS and ATF operational reductions.
During the week of June 21, the Senate will be marking up their bill in full Committee. We expect the Senate mark to be much more difficult for the Department, given that their allocations were $243 M below the House in budget authority and even more severe in terms of outlay constraints. We expect the Senate bill to include similar Y2K adjustments as the House in order to capitalize on the separate emergency reserve created to address this issue.

House Banking Democratic Briefing: On June 24, Deputy Secretary Summers participated in an informal briefing and discussion on current international economic issues with House Banking Committee Democrats. Deputy Secretary Summers provided a status report on India/Pakistan sanctions, the economic outlook for particular countries, the state of the Russian economy, Chinese economic reform, and the economic outlook in Japan. Members focused their questions on Russia and Japan.

Senate Foreign Relations Hearing: On June 24, Deputy Secretary Summers testified before the Senate Foreign Relations Committee about the Asian financial crisis and the importance of IMF funding. Sens. Biden, Hagel, and Thomas attended the June 25 hearing and supported Treasuryþs efforts to get Japan to take concrete steps to improve its economy. Deputy Secretary Summers provided brief descriptions of his trip and of the importance of the current economic situation for Asia, Latin America, and Russia. All three Senators stressed the need for IMF funding and Sens. Biden and Hagel stressed it would be irresponsible for the House not to follow the Senate. Although only three Senators attended the subcommittee hearing, there was heavy press coverage, mostly from the foreign press.

Exchange Stabilization Fund: Reps. Bachus, Sanders, Burton and eight other Representatives have sent a ADear Colleague@ letter urging support for their amendment to the Treasury/Postal appropriations bill. This proposed amendment would require prior Congressional approval of Treasury use of the Exchange Stabilization Fund except in cases such as the yen intervention of last week. Secretary Rubin has sent a letter to Chairman Livingston strongly opposing the amendment. We are seeking the inclusion of þveto language@ in the SAP for the bill when it goes to the floor on June 26. We continue to contact members to urge them to oppose the amendment.

Social Security: On June 18, the Senate Finance Committee postponed their hearing on general retirement policy issues, including private pensions, personal savings, and Social Security. On June 29, Deputy Secretary Summers, who was scheduled to testify at the hearing, will address a Social Security forum in San Angelo, TX, for Rep. Stenholm.

Climate Change: In response to a March 11, 1998 request to Secretary Rubin from Rep. David McIntosh, Chairman of the House Government Reform Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Treasury released to the Subcommittee on June 23, 1,800 pages of documents on the White House Initiative on Climate Change. We continue to work with the White House and the Subcommittee to produce documents responsive to Chairman McIntosh's request.

Y2K: Treasury submitted a written statement at the House Banking Committee hearing on Y2K implications for international financial institutions. The hearing included Ernest Patrikis, Vice President of the Federal Reserve Bank of New York and chairman of the Joint Year 2000 Council, and Tim Shephard-Walwyn, executive director of the Swiss Bank Corp. and chairman of the Global 2000 Coordinating Group.

Internet Tax Bill: The House Judiciary Committee approved the bill that would establish a three-year moratorium on Internet taxes. Deputy Secretary Summers expressed support for the Internet Tax Freedom Bill in a letter to Speaker Gingrich and Minority Leader Gephardt on June 23. Though the Administration supports the bill, Deputy Secretary Summersþ letter expressed our belief that it needs modification in order to ensure that the Internet won't become a drain on tax revenues from local governments, and also recognized the need for a framework to deal with the long-term implications of Internet-related commerce.

Democratic Pension Bill: Treasury officials have been working with Sen. Daschle and Rep. Gephardtþs offices with the Democratic leadershipþs pension bill which was scheduled to be announced during the week of June 21. The bill will include the Presidentþs budget proposals relating to pensions, but also many other provisions, some of which raise policy concerns for us.

Debt Management: On June 24, Assistant Secretary Gensler testified before the House Ways and Means Committee on Debt Management. The hearing, which focused on Treasury's management of the public debt in an era of budget surpluses, went well. For the most part, Members raised questions about the mechanics of Treasury's debt management, such as the effect of innovations instituted in May that led to the development of inflation-indexed securities, and the redesign of nonmarketable securities issued to state and local governments.

PRESS ACTIVITY

On June 18, Bloomberg News ran a profile on Secretary Rubin as official spokesperson on the dollar and how he helped halt the slide of the yen. On June 19, Secretary Rubin participated in a Reuters editorial board meeting. On June 20, Deputy Secretary Summers met with John Cassidy to wrap up his interviewing for a profile piece which is expected to run in next week's issue of The New Yorker magazine. On June 21, CBS Sunday Morning aired profile on Secretary Rubin.

International: On June 17, Secretary Rubin joined National Security Advisor Berger for a White House Press Corps briefing on China. On June 18, Under Secretary Lipton participated in a press briefing at the State Department to give an update on the progress of the India/Pakistan sanctions. The briefing was well attended and Reuters, The Associated Press, Dow Jones and other press ran stories. On June 18 and 19, Assistant Secretary Geithner spoke with The New York Times Editorial Board and The Washington Post on the G-7 Deputies/Manila Group meeting.

On June 19 and 20, Deputy Secretary Summers met with the traveling press on his Asia trip. On June 20, he held a widely attended press conference immediately following the Manila framework meeting. On June 24, Deputy Secretary Summers testified before the Senate Foreign Relations Committee on the Asian financial situation and the importance of funding for the IMF. The hearing was very widely covered by the press and the Deputy Secretary was joined by Senator Hagel in a press availability immediately following the hearing.

Domestic Finance: On June 18, Secretary Rubin met with USA Weekend to discuss the roll-out of the new $20 bill which will be released in the fall. On June 18, Assistant Secretary Gensler spoke with Institutional Investor regarding Treasuryþs changes to the auction cycle. On June 19, Assistant Secretary Gensler was interviewed by Barron's Magazine on the diminishing number of primary dealers in the bond market and the potential implications for government securities. On June 24, Assistant Secretary Gensler delivered Congressional testimony before the House Ways and Means Committee on the Department's approach to managing the public debt in an environment of budget surplus. On June 24, Treasurer Withrow traveled to Biloxi, Mississippi, to address the Biloxi Chamber of Commerce.

On June 22, the Community Development Financial Institutions Fund (CDFI) announced a $1 million award to the Cooperative Business Assistance Corporation at a press event in Camden, New Jersey. Deputy Assistant Secretary Barr represented Treasury at the ceremony, which was covered by ABC -Channel 6 in Philadelphia and other local media. On June 24, CDFI Director Lazar met with Michael Kelly of The Washington Post and the

National Journal to discuss the current state of the CDFI Fund and its future. Kelly wrote a June 10 column based on Rep. Bachusþ report which was critical of the Fund. On June 25, Treasury issued key provisions of final regulations to carry out EFT '99, allowing federal payment recipients to continue receiving paper checks if electronic deposit would cause hardship. Treasury staff spoke with The Associated Press, USA Today and The New York Times on this story.

Tax Policy/IRS: On June 16, Secretary Rubin participated in a press conference with Rep. Gephardt on sunsetting the tax code. On June 23, Assistant Secretary Killefer and Commissioner Rossotti traveled to Florida to announce the nation's first IRS Citizens Advocacy Panel, which will be based in the IRS South Florida district. This announcement was extensively covered by local media. On June 23, Treasury spoke to reporters from CNN, The New York Times, The Washington Post, The Associated Press, and The Los Angles Times about IRS restructuring and capital gains legislation. On June 24, Deputy Secretary Summers spoke to The Washington Post on passage of the IRS restructuring bill. On June 24, Treasury released a letter from Deputy Secretary Summers to members of Congress detailing the Administrationþs position on Internet taxation legislation. USA Today, The New York Times and the Associated Press wrote stories.

Enforcement: On June 17, Assistant Secretary Johnson taped an interview with the Discovery Channel on the National Church Arson Task Force for their Justice Files program to air in October. On June 19, OFAC Director Newcomb spoke to The Associated Press and the Palm Beach Post about the resumption of direct flights from Miami to Havana on July 1.

SECRETARYþS SCHEDULE:

The Week in Review

Monday, June 22, 1998
No external schedule.

Tuesday, June 23, 1998
Attended prep for President Clintonþs trip to China.
Met with Senators Kempthorne, Bennett and Craig on the IMF.
Met with Ambassador Saito of Japan.

Wednesday, June 24, 1998
Business Roundtable Breakfast.
Departed en route Xian, China

Thursday, June 25, 1998
Arrived in Xian, China.
Participated in Welcoming Ceremony for President Clinton and the U.S. delegation.

Friday, June 26, 1998
Departed Xian en route Beijing.

Met with Governor Dai, China Central Bank.
Met with Chinese Finance Minister Xiang.
Met with Chinese Premier Zhu Rongji.

Saturday, June 27, 1998
Attended State Arrival Ceremony in Beijing.
Met with President Clinton and Chinese President Jiang Zemin.
Attended working lunch with President Clinton and Chinese Premier Zhu Rongji.
Met with members of the traveling press.
Attended State Banquet.

Sunday, June 28, 1998
Traveled to Kuala Lumpur, Malaysia.
Had dinner with Deputy Prime Minister Anwar and Central Bank Governor Don.

The Week Ahead

Monday, June 29, 1998
Will meet with American business leaders in Kuala Lumpur.
Will meet with Deputy Prime Minister Anwar and Malaysian business representatives.
Will meet with Prime Minister Mahathir.
Will hold a press conference.
Will travel to Bangkok, Thailand.
Will attend a working dinner with Thai Finance Minister Tarrin and other government officials.

Tuesday, June 30, 1998
Will meet with Thai Prime Minister Chuan.
Will meet with Thai Finance Minister Tarrin.
Will give a speech at the Chulalongkorn University.
Will meet with members of the American Chamber of Commerce in Bangkok.
Will hold a press conference.
Will have lunch with Thai business leaders.
Will travel to Seoul, South Korea.

Wednesday, July 1, 1998
Will meet with members of the American Chamber of Commerce in Seoul.
Will meet with Korean President Kim.
Will meet with Korean Labor leaders.
Will meet with representatives of small and medium sized enterprises (SMEs).
Will meet with Korean Finance Minister Lee and Ministry officials.
Will meet with Chaebol leaders.
Will hold a press conference.
Will visit the DMZ.
Will travel to New York, NY.

Thursday, July 2, 1998
No external schedule.

Friday, July 3, 1998
Federal Holiday

No official schedule.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Allison Fansler (CN=Allison Fansler/O=Department of the Treasury [UNKNOWN])

CREATION DATE/TIME:26-JUN-1998 11:36:34.00

SUBJECT: weekly report for the week of june 29

TO: Cabinet Affairs (Cabinet Affairs [UNKNOWN])
READ:UNKNOWN

TO: Jon P. Jennings (CN=Jon P. Jennings/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
June 26, 1998

MEMORANDUM FOR ERSKINE BOWLES, THE WHITE HOUSE

FROM: Robert E. Rubin

SUBJECT: Weekly Report for the week of June 29,
1998

HOT ISSUES

Asia
Russia
IRS

KEY NEWS

Rubin Trip to Asia: On June 24, Secretary Rubin traveled to China with President Clinton, where he will participate in meetings with President Jiang Zemin, Premier Zhu Rongji, and other government officials. On June 28, Secretary Rubin travels to Malaysia to meet with Malaysian officials and business representatives, after which he will travel to Thailand to discuss the effects of the financial crisis with Thai officials and business leaders. Secretary Rubin will finish his trip in Korea where he will discuss the Asian financial crisis with President Kim and Finance Minister Lee, as well as other government officials.

Summers Trip to Asia: On June 18, Deputy Secretary Summers, New York Federal Reserve Bank President William McDonough, and Ambassador Sherman attended meetings in Japan on its current economic problems, and on June 20 they attended a G-7/Asian meeting on the Asian financial crisis focusing on Japan. Deputy Secretary Summers and Ambassador Sherman also met with President Habibie in Indonesia and former and current Prime Ministers Lee Kuan Yew and Goh in Singapore. The trip was useful both in carrying an urgent message of concern about Japanþs economy and in reinforcing our commitment to helping the Indonesian people, but it also confirmed the magnitude of the challenges facing the region.

Indonesia: On June 25, Indonesian officials signed a letter of intent with the International Monetary Fund which outlines a revised reform program focused on stabilizing the economy, ensuring adequate supplies of food and other necessities for the Indonesian people, and restructuring the banking system. GDP is forecast to contract by 10%, inflation is expected to soar to 80%, and the budget deficit will rise to 8.5% of GDP during 1998. The agreement indicates that Indonesia will require $4-6 billion in external support to fill this budget gap. On June 25, the Asian Development Bank approved a $1.5 billion financial sector assistance program for Indonesia. The World Bank is also expected to consider a $1 billion structural adjustment loan, most likely on July 2. Both of these loans are part of the existing pipeline of support for Indonesia and will therefore not help to close the external financing gap.

Russia: On June 25, the IMF Board approved release of the delayed $670 million loan installment for Russia. A new IMF mission will arrive in Russia during the week of June 28 to begin discussions on a possible new funding program, which Russia has said could take 1-2 months. Bond yields continue to rise as foreign demand weakens.

Electronic Funds Transfer (EFT) þ99: On June 25, Treasury issued key provisions of final regulations to carry out EFT '99, the congressional mandate that all Federal funds transfers be conducted electronically by January, 1999. The regulations will allow federal payment recipients to continue receiving paper checks if electronic deposit would cause hardship, and Treasury officials continue to work to minimize abuses by financial services providers surrounding the implementation of EFT þ99. On June 18 and 19, with Treasuryþs encouragement, Western Union sent a correction notice to all 9,000 Benefits Quick Cash electronic program enrollees, in which the company admitted that it had disseminated misleading information on the ability of recipients to continue to receive checks. Also, a partnership between BancOne and local retailers in Baltimore, including liquor stores, has raised concerns about whether federal payment recipients are being misled about their options. Under Secretary Hawke will issue a statement calling attention to the potential for abuse, and emphasizing the liberal waiver provisions in the final EFT regulation.

On June 23, Treasury officials met with executives at Chase Manhattan Bank who agreed to form a partnership to help educate recipients of federal checks about EFT þ99. Similar partnerships are being pursued with Citibank, the American Payroll Association, and other financial-services providers.

Foreign Sales Corporation Rules: On June 17, Sir Leon Brittan, Vice-President of the EC, sent a letter to United States Trade Representative Barshefsky which states that the EU intends to convene a WTO dispute resolution panel to decide the compatibility of Foreign Sales Corporation (FSC) tax rules. The EU believes that the FSC rules, which provide tax benefits to US multinationals based on the amount they export, unfairly promote US exports and restrict imports. Treasury officials will raise the issue at both the OECD and G-4 meetings with our tax policy counterparts in the coming weeks and emphasize that the trade forum is ill suited to resolution of international tax issues, which are better handled between the tax experts of contending parties. These tax benefits are highly valued by the US business community, particularly the aircraft, chemical, electronics and software industries, and a loss in the WTO would likely cause a stir among U.S. exporters. Treasury continues to work with USTR to resolve this issue.

At the same time, Treasury and the IRS are withdrawing administrative guidance that would have limited the tax benefits available to the software industry under the FSC rules. Also, the Department of Defense has asked us to continue to work with the defense industry to determine whether companies exporting defense products should receive a greater benefit under this law.

WORK ON PRESIDENTIAL INITIATIVES

India/Pakistan Sanctions: Treasury is in the final stages of preparing a draft Executive Order which will clarify the prohibition against extending loans and credits to the Government of India. We expect a draft Executive Order for Pakistan to follow shortly thereafter. Meanwhile, we continue to implement Glenn Amendment sanctions pertaining to international financial institutions and U.S. banks. We have gone beyond the requirements of Glenn to oppose all lending to Pakistan and India (except for basic human needs), and have obtained agreement from our colleagues in the G-7/G-8 to defer lending. To date, World Bank loans for India totaling $900 million have been postponed at the request of the U.S. and others. In both India and Pakistan, the stock markets and currencies have significantly weakened since the nuclear tests in anticipation of sanctions.

Year 2000: On June 17, the Department of the Treasury, the Federal Reserve Bank of New York, and the Bond Market Association sponsored a conference on Y2K testing for participants in the U.S. Treasury securities market. The conference reinforced the need for Y2K testing and provided specific information on upcoming testing opportunities.

Long-term Care: At the request of the Domestic Policy Council, Treasury is exploring options to provide tax credits for long-term care. Treasury will participate in an interagency meeting on the topic.

Privatization: The Board of Directors of the United States Enrichment Corporation determined on June 11, 1998, that the transfer of the governmentþs interest in USEC to the private sector should be undertaken through an initial public offering. We are planning to announce this decision during the week of June 28. Given the extensive congressional and press interest in this issue, Treasury has been working closely with USEC to develop the appropriate approach for making this announcement.

CONGRESSIONAL ACTIVITY

IRS Restructuring: On June 23, conferees reached agreement on the final provisions of the IRS reform bill. Treasury and the IRS worked closely with the conferees and staff throughout this process. Treasury was able to achieve executive branch oversight and adequate personnel flexibility while reaching compromise in areas of tax policy such as suspension of interest and penalties, dues process on collection activity, relief for innocent spouses. and burden of proof. The combination of these changes eliminated the aspects of the Senate bill most detrimental to IRS enforcement capability and cut the cost of the Senate bill nearly in half. On June 24, Commissioner Rossotti participated in a press conference with Chairmen Roth and Archer to announce the agreement.

IMF: On June 25. Speaker Gingrich joined Agriculture Committee Chairman Smith, Ranking Member Stenholm, Rep. Boehner and others in a press conference on fast track authority, IMF funding, and trade sanctions. Gingrich said that he supports fast-track authority and some degree of IMF funding in order to help boost agriculture exports which have been hurt by the Asian economic crisis. On June 24, Reps. Dooley and Stenholm introduced the Senate IMF bill in the House, and during the week of June 21, House Democrats launched a discharge petition to try to force a vote on IMF funding.

On June 23, Secretary Rubin met with Sens. Kempthorne, Bennett, and Craig to discuss their concerns that the funds from international financial institutions are being used to subsidize the Korean semiconductor industry, helping to undermine Micron Technologies, one of the largest employers in Idaho and Utah.

Financial Modernization: On June 17, Secretary Rubin and Under Secretary Hawke testified before the Senate Banking Committee on the financial modernization legislation passed by the House, H.R. 10. On June 18, the Committee heard testimony from representatives of the insurance, securities, and banking industries. On June 24, the Senate Banking Committee heard testimony from Ralph Nader and representatives from a number of consumer and community banking groups who complained that H.R. 10 addresses industry interests without considering how changes would affect credit access, fee levels, or privacy. The groups supported Treasuryþs position on operating subsidiaries. On June 25, Acting Comptroller Julie Williams testified with other financial services regulators, including Director of the Office of Thrift Supervision Ellen Seidman, SEC Chairman Arthur Levitt, and FDIC Chair Donna Tanoue.

Community Development Financial Institutions Fund: Treasury continues to work with the CDFI Fund on authorization and appropriations. On June 23, the Fund received an appropriation of $80 million from the House VA/HUD Subcommittee, having previously received $55 million in the Senate Subcommittee. We expect that in the conference, the House will be supportive of a mark that does not go below $80 million, the same level at which CDFI was funded in FY '98. Reauthorization hearings went well, and subcommittee minority members will push for quick reauthorization. Sens. Kennedy and Domenici introduced legislation to authorize the CDFI Fund to run a technical assistance program for micro-enterprise organizations, and this legislation was referred to the Banking Committee.

Child Labor: On June 25, Under Secretary Kelly will meet with Sens. Harkin and Kohl and Rep. Sanders to brief them on steps taken by Customs and Treasury to implement President Clintonþs Child Labor Action Plan.

Among other matters, Under Secretary Kelly will report on the fact-finding mission to Nepal and Bangladesh by Treasury and Customs staffers from June 4-12. During that mission, the delegation held 20 meetings with government officials, nongovernmental organizations and business executives concerned with child labor. The delegation visited a carpet factory in Nepal and witnessed what they believed to be children at work. This trip provided information which will be useful to Customs in continuing its investigations into child labor activities in Nepal. Trea sury is now receiving applications for membership on the new International Child Labor Advisory Committee.

Appropriations: On June 17, the House Appropriations Committee passed the FY 1999 Treasury-Postal appropriations bill and floor action is scheduled for late June 24. The allocations for the House were much more favorable than the Senate, allowing the Committee to support most of our request. The bill as approved by the full Committee allocated $29.1 billion for FY 1999 with discretionary spending of $13.2 billion. The areas of most concern are the IRS and ATF operational reductions.
During the week of June 21, the Senate will be marking up their bill in full Committee. We expect the Senate mark to be much more difficult for the Department, given that their allocations were $243 M below the House in budget authority and even more severe in terms of outlay constraints. We expect the Senate bill to include similar Y2K adjustments as the House in order to capitalize on the separate emergency reserve created to address this issue.

House Banking Democratic Briefing: On June 24, Deputy Secretary Summers participated in an informal briefing and discussion on current international economic issues with House Banking Committee Democrats. Deputy Secretary Summers provided a status report on India/Pakistan sanctions, the economic outlook for particular countries, the state of the Russian economy, Chinese economic reform, and the economic outlook in Japan. Members focused their questions on Russia and Japan.

Senate Foreign Relations Hearing: On June 24, Deputy Secretary Summers testified before the Senate Foreign Relations Committee about the Asian financial crisis and the importance of IMF funding. Sens. Biden, Hagel, and Thomas attended the June 25 hearing and supported Treasuryþs efforts to get Japan to take concrete steps to improve its economy. Deputy Secretary Summers provided brief descriptions of his trip and of the importance of the current economic situation for Asia, Latin America, and Russia. All three Senators stressed the need for IMF funding and Sens. Biden and Hagel stressed it would be irresponsible for the House not to follow the Senate. Although only three Senators attended the subcommittee hearing, there was heavy press coverage, mostly from the foreign press.

Exchange Stabilization Fund: Reps. Bachus, Sanders, Burton and eight other Representatives have sent a ADear Colleague@ letter urging support for their amendment to the Treasury/Postal appropriations bill. This proposed amendment would require prior Congressional approval of Treasury use of the Exchange Stabilization Fund except in cases such as the yen intervention of last week. Secretary Rubin has sent a letter to Chairman Livingston strongly opposing the amendment. We are seeking the inclusion of þveto language@ in the SAP for the bill when it goes to the floor on

June 26. We continue to contact members to urge them to oppose the amendment.

Social Security: On June 18, the Senate Finance Committee postponed their hearing on general retirement policy issues, including private pensions, personal savings, and Social Security. On June 29, Deputy Secretary Summers, who was scheduled to testify at the hearing, will address a Social Security forum in San Angelo, TX, for Rep. Stenholm.

Climate Change: In response to a March 11, 1998 request to Secretary Rubin from Rep. David McIntosh, Chairman of the House Government Reform Subcommittee on National Economic Growth, Natural Resources, and Regulatory Affairs, Treasury released to the Subcommittee on June 23, 1,800 pages of documents on the White House Initiative on Climate Change. We continue to work with the White House and the Subcommittee to produce documents responsive to Chairman McIntosh's request.

Y2K: Treasury submitted a written statement at the House Banking Committee hearing on Y2K implications for international financial institutions. The hearing included Ernest Patrikis, Vice President of the Federal Reserve Bank of New York and chairman of the Joint Year 2000 Council, and Tim Shephard-Walwyn, executive director of the Swiss Bank Corp. and chairman of the Global 2000 Coordinating Group.

Internet Tax Bill: The House Judiciary Committee approved the bill that would establish a three-year moratorium on Internet taxes. Deputy Secretary Summers expressed support for the Internet Tax Freedom Bill in a letter to Speaker Gingrich and Minority Leader Gephardt on June 23. Though the Administration supports the bill, Deputy Secretary Summersþ letter expressed our belief that it needs modification in order to ensure that the Internet won't become a drain on tax revenues from local governments, and also recognized the need for a framework to deal with the long-term implications of Internet-related commerce.

Democratic Pension Bill: Treasury officials have been working with Sen. Daschle and Rep. Gephardtþs offices with the Democratic leadershipþs pension bill which was scheduled to be announced during the week of June 21. The bill will include the Presidentþs budget proposals relating to pensions, but also many other provisions, some of which raise policy concerns for us.

Debt Management: On June 24, Assistant Secretary Gensler testified before the House Ways and Means Committee on Debt Management. The hearing, which focused on Treasury's management of the public debt in an era of budget surpluses, went well. For the most part, Members raised questions about the mechanics of Treasury's debt management, such as the effect of innovations instituted in May that led to the development of inflation-indexed securities, and the redesign of nonmarketable securities issued to state and local governments.

PRESS ACTIVITY

On June 18, Bloomberg News ran a profile on Secretary Rubin as official spokesperson on the dollar and how he helped halt the slide of the yen. On June 19, Secretary Rubin participated in a Reuters editorial board meeting. On June 20, Deputy Secretary Summers met with John Cassidy to wrap up his interviewing for a profile piece which is expected to run in next week's issue of The New Yorker magazine. On June 21, CBS Sunday Morning aired profile on Secretary Rubin.

International: On June 17, Secretary Rubin joined National Security Advisor Berger for a White House Press Corps briefing on China. On June 18, Under Secretary Lipton participated in a press briefing at the State Department to give an update on the progress of the India/Pakistan sanctions. The briefing was well attended and Reuters, The Associated Press, Dow Jones and other press ran stories. On June 18 and 19, Assistant Secretary Geithner spoke with The New York Times Editorial Board and The Washington Post on the G-7 Deputies/Manila Group meeting.

On June 19 and 20, Deputy Secretary Summers met with the traveling press on his Asia trip. On June 20, he held a widely attended press conference immediately following the Manila framework meeting. On June 24, Deputy Secretary Summers testified before the Senate Foreign Relations Committee on the Asian financial situation and the importance of funding for the IMF. The hearing was very widely covered by the press and the Deputy Secretary was joined by Senator Hagel in a press availability immediately following the hearing.

Domestic Finance: On June 18, Secretary Rubin met with USA Weekend to discuss the roll-out of the new $20 bill which will be released in the fall. On June 18, Assistant Secretary Gensler spoke with Institutional Investor regarding Treasuryþs changes to the auction cycle. On June 19, Assistant Secretary Gensler was interviewed by Barron's Magazine on the diminishing number of primary dealers in the bond market and the potential implications for government securities. On June 24, Assistant Secretary Gensler delivered Congressional testimony before the House Ways and Means Committee on the Department's approach to managing the public debt in an environment of budget surplus. On June 24, Treasurer Withrow traveled to Biloxi, Mississippi, to address the Biloxi Chamber of Commerce.

On June 22, the Community Development Financial Institutions Fund (CDFI) announced a $1 million award to the Cooperative Business Assistance Corporation at a press event in Camden, New Jersey. Deputy Assistant Secretary Barr represented Treasury at the ceremony, which was covered by ABC -Channel 6 in Philadelphia and other local media. On June 24, CDFI Director Lazar met with Michael Kelly of The Washington Post and the National Journal to discuss the current state of the CDFI Fund and its future. Kelly wrote a June 10 column based on Rep. Bachusþ report which was critical of the Fund. On June 25, Treasury issued key provisions of final regulations to carry out EFT '99, allowing federal payment recipients to continue receiving paper checks if electronic deposit would cause hardship. Treasury staff spoke with The Associated Press, USA Today and The New York Times on this story.

Tax Policy/IRS: On June 16, Secretary Rubin participated in a press conference with Rep. Gephardt on sunsetting the tax code. On June 23, Assistant Secretary Killefer and Commissioner Rossotti traveled to Florida to announce the nation's first IRS Citizens Advocacy Panel, which will be based in the IRS South Florida district. This announcement was extensively covered by local media. On June 23, Treasury spoke to reporters from CNN, The New York Times, The Washington Post, The Associated Press, and The Los Angles Times about IRS restructuring and capital gains legislation. On June 24, Deputy Secretary Summers spoke to The Washington Post on passage of the IRS restructuring bill. On June 24, Treasury released a letter from Deputy Secretary Summers to members of Congress detailing the Administrationþs position on Internet taxation legislation. USA Today, The New York Times and the Associated Press wrote stories.

Enforcement: On June 17, Assistant Secretary Johnson taped an interview with the Discovery Channel on the National Church Arson Task Force for their Justice Files program to air in October. On June 19, OFAC Director Newcomb spoke to The Associated Press and the Palm Beach Post about the resumption of direct flights from Miami to Havana on July 1.

SECRETARYþS SCHEDULE:

The Week in Review

Monday, June 22, 1998
No external schedule.

Tuesday, June 23, 1998
Attended prep for President Clintonþs trip to China.
Met with Senators Kempthorne, Bennett and Craig on the IMF.
Met with Ambassador Saito of Japan.

Wednesday, June 24, 1998
Business Roundtable Breakfast.
Departed en route Xian, China

Thursday, June 25, 1998
Arrived in Xian, China.
Participated in Welcoming Ceremony for President Clinton and the U.S. delegation.

Friday, June 26, 1998
Departed Xian en route Beijing.
Met with Governor Dai, China Central Bank.
Met with Chinese Finance Minister Xiang.
Met with Chinese Premier Zhu Rongji.

Saturday, June 27, 1998
Attended State Arrival Ceremony in Beijing.
Met with President Clinton and Chinese President Jiang Zemin.
Attended working lunch with President Clinton and Chinese Premier Zhu Rongji.
Met with members of the traveling press.
Attended State Banquet.

Sunday, June 28, 1998
Traveled to Kuala Lumpur, Malaysia.
Had dinner with Deputy Prime Minister Anwar and Central Bank Governor Don.

The Week Ahead

Monday, June 29, 1998
Will meet with American business leaders in Kuala Lumpur.
Will meet with Deputy Prime Minister Anwar and Malaysian business representatives.
Will meet with Prime Minister Mahathir.
Will hold a press conference.
Will travel to Bangkok, Thailand.
Will attend a working dinner with Thai Finance Minister Tarrin and other government officials.

Tuesday, June 30, 1998
Will meet with Thai Prime Minister Chuan.
Will meet with Thai Finance Minister Tarrin.
Will give a speech at the Chulalongkorn University.
Will meet with members of the American Chamber of Commerce in Bangkok.
Will hold a press conference.
Will have lunch with Thai business leaders.
Will travel to Seoul, South Korea.

Wednesday, July 1, 1998
Will meet with members of the American Chamber of Commerce in Seoul.
Will meet with Korean President Kim.
Will meet with Korean Labor leaders.
Will meet with representatives of small and medium sized enterprises (SMEs).
Will meet with Korean Finance Minister Lee and Ministry officials.
Will meet with Chaebol leaders.
Will hold a press conference.
Will visit the DMZ.
Will travel to New York, NY.

Thursday, July 2, 1998
No external schedule.

Friday, July 3, 1998
Federal Holiday
No official schedule.

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cheryl_M._Carter@lngate3.eop.gov@INET@LNGTWY (Cheryl_M._Carter@lngate3.eop.gov@INET@LNGTWY [WHO])

CREATION DATE/TIME:17-JUL-1998 18:50:16.00

SUBJECT: Comments by the President

TO: Carol Thompson-Cole@EOP (Carol Thompson-Cole@EOP [OMB])
READ:UNKNOWN

TEXT:
Thought you might be interested in the President's comments following an event today with
Girls's Nation, here at the White House. Have a great summer weekend everyone!

MR. MCCURRY: Last question.

Q Mr. President, the trade deficit in May was up around $15 billion. Are you
willing to overlook that while the Asian financial crisis -- itself out?

THE PRESIDENT: Well, I don't think -- no, I don't think we should overlook it, I
think it ought to prompt us to action. But let's understand why the trade deficit is so
large. The trade deficit is large because we live in an integrated global economy,
and our economy has been strong while the Asian economy has been in trouble.
What does that mean? When their economy is in trouble, the value of their
currency goes down. What does that mean? That means that compared to
yesterday, if their currency goes down, their money is worth less than ours in the
same amounts.

That means it becomes their goods that they sell to us become cheaper, and it
means our goods that we would sell to them become more expensive. Almost the
entire increase in the trade deficit is due to the Asian economic trouble, which is
why, since January, I have been saying we should make our proper contribution to
the International Monetary Fund to promote economic reform and economic
recovery in Asia. And the fact that we have not done so is endangering the
livelihood of American farmers and American factory workers because we

are not
making the exports -- especially to Asia -- that we otherwise could be making if
those economies were coming back. And a critical part of that is our contribution
to the International Monetary Fund.

So, we should not ignore it, because, as I said in the State of the Union Address
way back in January, our welfare is tied to the welfare of Asia. We've got 16
million new jobs in the last five and half years, 30 percent of our economic growth
is due to exports. A significant area of export growth has been Asia.

That's why I worked hard to -- the other big area of real growth has been in Latin
America. And what I've tried to do is to head these things off. You may remember
a couple of years ago when we moved in aggressively to help Mexico when their
economy was in trouble and a lot of people criticized that. But Mexico paid back their loan ahead
of schedule and at profit to the United States. And they are now a functioning
economic partner with us again. That's what we need in Asia.

So, the American people should be concerned about this, but we should know that
there is a disciplined answer. We need to restore growth in Japan, restore growth
in Asia, and our major goal here for our own action should be to pay our fair share
to the International Monetary Fund so we can support economic recovery, so they
can afford to buy our products, and so there's some greater parity in the prices of
our products. Meanwhile, what you see is a product of the strength, not the
weakness, of the American economy.

Q What do you think of the Speaker's proposal to use this budget surplus for big
tax cuts?

THE PRESIDENT: I think, first of all, let's remember how we got where we are.
We got the strength of our economy to the point where it is now by being
determined to bring down the deficit until we balanced the budget, by expanding
trade to sell more American products around the world, and by investing in
education, in training, in technology, in scientific research. Those

are the engines of
our economic recovery.

Now, we have not had a balanced budget for 29 years. And now, before we've
had the first year, the first year of a surplus, to be talking about spending hundreds
of billions of dollars on a tax cut based on projected surpluses that may or may not
materialize before we have spent the first dollar to save Social Security so that you
aren't going to have to support your parents in a way that diminishes your standard
of living, I think is a mistake. So I'll go back to my position: I think we should save
Social Security first. Let's show the American people this balanced budget. Let's
show the American people this surplus. Let's try to keep this economy going and
get our growth going, and when we have passed a plan to save Social Security,
let's see what it costs and then make a decision on the tax issue.

We don't want to count our chickens before they hatch. Now, the end of the fiscal
year here is September 30th. And it's now projected that we'll have a $63-billion
surplus, and I earnestly hope we do. But it wouldn't do any harm to rack one up
before we start spending it. We had 29 years of deficits. Between 1981 and 1983
in 12 years alone, we increased by four times the total debt of the United States.
We quadrupled the debt of the United States in 12 years that we had amassed in
the previous 200. It won't do us any harm to take one year and enjoy the fact that
we've balanced our books, ran up a surplus and planned to save Social Security.
That will not do us any harm. It will keep our economy stronger and it's better for
America's future.

Thank you very much. (Applause.)
==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
id <01IZIMOPKQKG006BCT@PMDF.EOP.GOV> for thompson_c@a1.eop.gov; Fri,
17 Jul 1998 18:40:13 EDT
Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
with SMTP id <01IZIMOH9H1C005K2U@PMDF.EOP.GOV> for thompson_c@a1.eop.gov; Fri,

17 Jul 1998 18:40:05 -0400 (EDT)
Received: from Ingate3.eop.gov by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA18988; Fri, 17 Jul 1998 17:55:54 -0400

Received: by Ingate3.eop.gov(Lotus SMTP MTA SMTP v4.6 (462.2 9-3-1997))
id 85256644.00785D3D ; Fri, 17 Jul 1998 17:54:41 -0400
X-Lotus-Fromdomain: EOP
================== END ATTACHMENT 1 ==================

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Debra S. Wood (CN=Debra S. Wood/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:17-JUL-1998 11:44:52.00

SUBJECT: 1998-07/17 REMARKS BY PRESIDEN TO GIRLS NATION

TO: bholbe@aol.com (bholbe@aol.com [UNKNOWN])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Debra S. Wood/WHO/EOP on 07/17/98
11:44 AM ---------------------------

SUNTUM_M @ A1
07/17/98 11:36:00 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: 1998-07/17 REMARKS BY PRESIDEN TO GIRLS NATION

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 17, 1998

REMARKS BY THE PRESIDENT
AT GIRLS NATION EVENT

Room 450, Old Executive Office Building

9:30 A.M. EDT

THE PRESIDENT: Thank you very much. I think I should take Janet Murguia with me wherever I go to always introduce me. (Laughter.) I think she's a great advertisement for Girls' Nation. And someday before long, a number of you will have these opportunities as well.

I'd like to welcome your President, Alana Aldag and your

Vice President, Jennifer Hall and thank Diane Duscheck and Barbara Kranig and the other members of the American Legion Auxiliary for what they do for Girls' Nation. I hope you've had a very good week in Washington. Some of you may know that, this week, these two days here, the 35th reunion class of my Boys' Nation group is also meeting here. I happened to turn on the television last night to see that Ted Koppel on Nightline was doing a two-day review of it. And I thought to myself, it wasn't all that long ago, but all of us are aging rather gracefully. (Laughter.)

Let me say to all of you, the people I met then, many of whom have been my friends over all these 35 years, made me believe that anything was possible. President Kennedy spoke to us and made me believe that, together, we could change the world. I think that is certainly no less true for you and your generation because you will live in the time of greatest possibility in all human history.

If you think of the revolutionary changes that have taken place just in the course of your still relatively short lifetimes, the Cold War cast a shadow over my childhood -- it has ended -- technology has advanced at a breathtaking pace, fundamentally altering the way all of us live and work and learn. A typical laptop computer today has more computer power in it than the world's largest supercomputer did in the year you were born.

Many of the barriers that kept women from making the most of their potential and contributing their talents to our society have fallen away. Yesterday, the First Lady was up in New York commemorating the 150th anniversary of Elizabeth Kady Stanton and 68 other women and 32 brave men gathering in New York with their statement of sentiments, with their 18 objections against men in America, which included the fact that they did not have the right to own property; even the clothes married women had on their backs belonged to their husbands 150 years ago. They couldn't inherit, they didn't vote. And what a long way we have come in the last 150 years and in your lifetime.

I met my wife in law school when it was still a relatively unusual thing to find a law school with any significant number of women in it. Today, a lawyer in America is 12 times more likely to be a woman than a lawyer was in 1963 when I came to Boys' Nation.

Women are earning more college degrees than men, they outnumber men in graduate school. Women-owned businesses are growing

,

faster than the national economy. Forty-one percent of our administration's appointees, including the Secretary of State, the Secretary of Health and Human Services, the Attorney General, the Director of the Environmental Protection Agency, the Secretary of Labor, our Trade Ambassador and many others are women -- by far the highest percentage of women in high positions in any administration

in the history of the United States.

I look forward to the day when I read in the newspaper that America's new President has invited her own Girls' Nation reunion class back to the White House to gather.

In the meantime, we need to be working together to strengthen our country for this new century, because it is a time of dramatic change. Five and half years ago, I came here to move America in a new direction based on our old values of opportunity for all, responsibility from all, in an American community of all citizens. We took a new direction in economic policy and education policy and environmental policy, in welfare policy, in health care policy, in crime policy and foreign policy. We also articulated a new role for government. We tried to break through the debate that had then dominated Washington for nearly 20 years, some people saying government could solve all our problems and others saying government was the source of all of our problems. I had been a governor for a dozen years and I thought the argument was frankly ridiculous. I thought that neither extreme was true.

We have sought to create a government whose primary role is to create the conditions and give people the tools to solve their own problems and make the most of their own lives and build good lives, good families, good communities and a strong country. The results have been, I think, quite good. America has the lowest crime rate in 25 years, the lowest unemployment rate in 28 years, the smallest percentage of people on welfare in 29 years.

We're about to have our first balanced budget and surplus in 29 years; the lowest inflation rate in 32 years and the highest homeownership in the history of the country. We have also opened the doors of college to virtually every American through our Hope Scholarships and other tax credits for college education, through a better student loan program, through more work-study positions and more Pell Grant scholarships.

We have added 5 million people who are children to the ranks of people with health insurance who are in the process of doing that. We have the highest rates of childhood immunization in history. We have worked hard on the environment and the water is cleaner, the air is cleaner, the food is safer. There are fewer toxic waste dumps and we have put more land aside to preserve forever than any administration in the history except those of the two Roosevelts.

We started the AmeriCorps program and now have had almost 100,000 young people, like you, just a little older than you serving in their communities, earning money for college, making America a better place. With our America Reads program alone, which is designed to get young college students to go in and help make sure all of our third graders can read independently by the end of the third grade, we now have 1,000 colleges participating.

While all this has happened, we've actually reduced the size of government. The federal government is now the smallest it has been since I came here to meet President Kennedy 35 years ago. So I believe that this country is moving in the right direction.

Now, I think one of the great decisions facing the American people now is what to do about this. I like the fact that there is a good sense of well-being in America. I like the fact that, after over 20 years of downhill movement, public confidence in government and the role of government in our lives is going back up again. I like that very much. But I feel very strongly, and I predict that if you just read the paper, I think you can see, I think, support from my point of view that is a grave mistake to say, "Okay, things are going well in America and we don't need to do much, we should relax now." Why? For two reasons. One is, you will see, the older you get, no condition lasts forever. The good times don't last for ever but neither do the bad ones -- and that's the good news. (Laughter.)

Secondly, we are living in a very dynamic time. We are enjoying the success that we are enjoying today partly because the American people have been very aggressive, because, you know, we live in a country where citizens deserve most of the credit. What we have done to get these impressive numbers again is to create the right conditions, the right environment, the right incentives for the American then to take advantage of it and go forward. But we have to -- this is a very dynamic time. And there are all kinds of difficulties and challenges out there.

So, for America to sit back now would be a great mistake. When times are good, but dynamic, that's the time to bear down, to take on the big challenges, the long-term challenges, the things that will affect your lifetime when you begin to have children, and you begin to do your work, and you begin to take full responsibility for the welfare of the country. What are those things? Let me just mention a few of them.

Number one, I am the oldest of the baby boomers, the largest generation of young people ever in -- to grow up, except the generation of which you are the oldest. That is, we -- for the last year, for the first time since I was in high school, we had a bigger group of children in kindergarten through 12th grade than the baby boom generation. Now, what does that mean? It means, among other things, that if we continue to retire at present trends and the birth rates continue as they are, and the immigration rates continue as they are, by the time all of our baby boomers retire, we'll only have about two people working for every one person eligible for Social Security. And that is unsustainable -- Medicare would be unsustainable.

So what's the answer? The answer is to find a way to preserve these fundamental programs that have lifted the elderly out of poverty and given dignity and strength to our professed family values in a way that does not bankrupt our children and

grandchildren. Everybody I know my age is obsessed with the idea that we must not have the cost of our retirement be lowering your standard of living, be undermining your ability to raise your own children.

Now, if we're going to have a surplus, we ought to make sure we've got a long-term plan to save Social Security before we squander that surplus on tax cuts, which may be very popular in the short-run, but which may leave us with a terrible problem that will cost us a lot more than you could ever get in a small tax cut by the time you have to be taking responsibility for your parents' retirements and your children's education. And we should do it now when times are good and we're projecting a surplus.

Number two. We should recognize that while we have the best system of higher education in the world, no one believes our schools are yet the best in the world. And we should take advantage of this moment to make sure all American young people have access to world-class education with higher standards, with technology that hooks up every American classroom to the Internet and all the riches that it holds by the year 2000, with smaller classes and with more access to more constructive choices through things like the charter school movement, which is very prominent in many of your states.

Number three, we should recognize that the environmental challenges we have are real and global. If there is anybody here from Florida -- and I'm sure there is -- if you -- all the rest of us have been watching those fires, I went down and saw -- flew over those areas that have been burned up. Florida had the wettest fall and winter than they had ever had, they had the driest spring they had ever had, and then the month of June in Florida was the hottest month in the history of the state, hotter than any July or August; and in Florida, that's saying something.

There is ample evidence now that what my wonderful Vice President has been saying for years and years and years is true: that the climate of the globe is warming at a rate which is unsustainable, which will lead us to more extreme weather conditions. We now have records going back over 500 years which we can use to measure what the temperature was on this planet. The five hottest years ever recorded have been in the 1990s. Nineteen ninety-seven was the hottest year on record, 1998 is going to be hotter if it continues.

A big part of the problem is the way countries get rich with their use of energy. We have to prove -- and by the way, we can prove -- that we can grow the economy and improve the environment at the same time. The young people of this country, without regard to their other differences of region and political party and philosophy, by and large are much more committed to this proposition than older people are. Young people -- I find even young people in grade school are just instinctive environmentalists. We are depending on you to provide the phalanx of brainpower and voting power to move America to the proposition that we can preserve our environment and grow the

economy.

Next, we have to prove that we can bring the benefits of this new economy to people who don't have it yet. Believe it or not, there are still some urban neighborhoods that have unemployment rates above 10 percent, some above 15 percent, while the national unemployment rate is below 5 percent. If you talk to the delegates here from North Dakota where they're having a collapse of farm prices in the aftermath of a terrible, terrible set of natural disasters all through the high plains, it's hard -- you could walk down the street in a lot of towns in North Dakota and they would have a hard time believing we've got the strongest economy in a generation.

If any of you have ever been on a Native American reservation that doesn't have a lot of money from gaming enterprises, you know that there are still an awful lot of the first Americans who have received no tangible benefit from this economic growth. Now that the economy is strong, we should be working to implement strategies that will bring this growth to them to make sure that all Americans feel that they're a part of our future.

Just two more things, quickly. Over the long run, we have got to prove that we can be one America. I like it -- I look around this room. I see all of you come from different racial and ethnic and religious backgrounds. That's a great, great advantage to America in a global society, a global economy. Look around the world at all of the problems we have that are based on racial, ethnic and religious differences. Why did those three little children have to die in that firebomb in Ireland a few days ago? Because somebody just cannot give up the idea that they ought to fight until the end of time over their religious differences.

Why can we not achieve a lasting peace in the Middle East? What is at the root of the problem in Bosnia, in Kosovo? Why did hundreds of thousands of people die in Rwanda in a matter of days in 1994? All over the world you see this. If America wants to do good in a world like that, we must be good at home. We must be able to live in all of our communities like you're working and living together here. And you can lead the way on that.

It is very important that we continue, finally, to be engaged in the world. That's why I went to China, even though some people said I shouldn't -- not because we agree with everything the Chinese do, but because we respect the progress they have made in the last several years and because they are going to be the biggest country in the world, and it is much better if we work them to try to build the kind of world we want than if we're forced into a situation of continuous conflict and estrangement. And I feel a moral obligation to you and your future and your children to try to create that kind of world. But first, the power of the American example is important, and you must never forget that.

Now, against that background, you need to evaluate everything we're doing here. How are we doing to keep America

working today, or are we dealing with the long-term challenges of the country? Every issue should be evaluated in that context.

One of the things that's most troubling to me is that we have the best health care in the world but we don't have the best health care system in the world, and we don't have the healthiest people in the world, partly because of institutional problems. One we've been talking about is the necessity to pass the Patient's Bill of Rights so we get the benefit of managed care without the burden of having accountants make decisions doctors should make in the medical area.

Another big problem we have -- it's probably the most prominent health problem your generation faces is the problem of -- epidemic of teen smoking, with 3,000 young people starting to smoke every day -- 1,000 will have their lives shortened as a result of it. More people die from smoking than accidents and murders and AIDS, and other unrelated maladies put together in this country. So it is a very, very serious problem.

I have been working very hard now for a long time to pass legislation that will raise the price of cigarettes, give the FDA the authority to regulate tobacco as a drug, stop the marketing of cigarettes to teenagers, launch new anti-smoking research and education drives, protect the tobacco farmers and their communities, and use the money to pay for health care and medical research, education and child care, and any tax cuts that the Congress wanted to pass, so it didn't affect our surplus and our commitment to save Social Security.

Now, right now, our legislative drive has been stalled in the face of a $40-million advertising campaign by the tobacco companies that has been unanswered by the public health advocates because they don't have that kind of money. But the facts are clear, and if we keep working, I think we will prevail on the issue. Why? Well, the main reason is the evidence that the tobacco companies themselves have given us about the dangers of smoking and their strategy. We now have, as a result of all these lawsuits, internal tobacco company documents that show that even as they publicly denied that nicotine was addictive, they conducted secret research in their labs, devised secret marketing strategies in their boardrooms to addict children to smoking for life, and they knew exactly what they were doing.

How do we know it? Again, look at the documents that they, themselves, have produced in the court cases. These documents tell us in the tobacco companies' own words how children and minorities became the primary targets they saw as new customers. There are memos admitting in plain English, for example, quote, "The base of our business is the high school student." Memos saying, quote, "Creating a fad in the 14- to 20-year-old market can be a great bonanza." And even as they insisted that young people are off limits for advertising, one company document from 1984 recommended targeting younger adult smokers as the only source of replacement

smokers in the future, while children are the future of America, not the future of the tobacco companies -- and that future should not go up in smoke.

These documents contain a treasure trove of information that can be used to save lives. Public health experts can design more effective anti-smoking strategies by studying the marketing plans of the cigarette companies. Scientists can look to documents for findings that can aid their research into nicotine addiction and tobacco-related illnesses. And all Americans can understand the role the industry has played in hooking our children to the habit of smoking.

There are tens of millions of pages of these documents. While some of them are already on the Internet, most are stored in depositories all across our nation and as far away as England. They aren't easy to find. So I've decided to use this moment with you to show you one thing that the President can do with executive authority that has nothing to do with legislative action in Congress. I am directing the Secretary of Health and Human Services to report back to me in 90 days with a plan to make these documents more accessible to all Americans, so anybody that can get on the Internet can get them all and can understand them all.

The plan should include a strategy for indexing them and for making that index widely available through both the Internet and other methods. It should also have a strategy for broad and rigorous analysis of the information contained in all these documents. I'm also pleased that the Attorney General will file a brief in support of the State of Minnesota's efforts to make the tobacco industry's own currently existing index to all of these millions of documents available to the general public.

We must lift the veil of secrecy on the tobacco industry so that all Americans understand that there is an epidemic of teen smoking and how it came about. Let us use the darkest secrets of the industry to save a new generation of children from this habit and to help us fight and win.

This administration and many of our nation's leaders are working to make sure that this challenge, along with these larger, longer-term challenges that I've mentioned -- education, climate change, Social Security -- do not become intractable problems of your future. I don't want your generation of Americans to have to face a problem like the magnitude of the deficit that I faced here when we took office.

I can tell you that the tougher problems are, the harder the resolution is and the more controversial the resolution is, and the more painful the price to pay is. We had to make a lot of tough decisions in 1993 to get that deficit under control, and a lot of brave members of Congress lost their seats in Congress because they voted for an economic program in 1993, the benefits of which were not apparent in 1994 when they were up. But when we got ready to pass

the Balanced Budget Act in 1997 on a bipartisan basis, guess what? Over 92 percent of the deficit had already disappeared because of what had been done in 1993.

The best thing for a smart country to do is to take these challenges when they come up and deal with them quickly, looking to the long run, not waiting for those things to fester and become infected and become a wound in the nation's psyche. That is what we're trying to do here.

That's why I think programs like Girls' Nation are so important -- because they enlist people in the work of citizenship as a disciplined habit, not as something that you think about when an emergency comes along. I hope you will be able to do that to your friends and your neighbors and your family members when you go home.

I hope you will always continue now to help raise awareness of the issues you care about and propose solutions to them. I hope you will always continue to lobby your elected leaders and to participate until you become one. Our democracy is only as strong as its citizens. Think about this when you go home: Our founders did a revolutionary thing -- they created a whole country based on the idea, at the time totally unheard of, that God gave every person an equal portion -- every person an equal portion the right to life, liberty and the pursuit of happiness. They say, we've got to create this government because there's no way we can individually protect and enhance these rights. That's why we're doing this.

And then they gave us -- all of us -- every American until time immemorial, a mission: They said, "We must work together to form a more perfect Union." They were really smart, those guys. They were really smart. They understood that every generation would have its own challenges. They understood the work of liberty would never be over. They understood all that. They understood it all. And they gave us a permanent mission. And keep in mind, they created a limited government which means that in this country, the most important players will always be the citizens. As great as the leaders are and all the monuments you've seen to our great leaders around this city since you've been here this week, none of them could have accomplished anything if the people hadn't said, okay, we agree; we'll do our part.

So, again, I say, you've had a remarkable opportunity this week to learn more about how your country works. You have, yourselves, been good citizen-servants by doing it. You've had a chance to manifest your love in America and your belief in America. For the rest of your life, I hope you'll do what you can to make our Union more perfect. Good luck and God bless you. (Applause.) Thank you.

Now, I'm just going to go sign this order and I'm going to ask your President and Vice President to stand with me, and then

I'm going to turn the microphone over to them. Come on.

Q Mr. President, do you think that the court ruling can --

THE PRESIDENT: I'll answer questions, but let's do -- let us finish the program and then I'll answer a few questions. That'll be fun for them; they'll see a little press conference here. (Laughter.)

Okay, you've got the floor.

MS. ARGUIA: Mr. President, we are absolutely thrilled and honored that you chose to take the time from your highly demanding schedule to meet with us today. And on behalf of Girls' Nation, I'd just like to present this small token of our appreciation. (A presentation is made.) (Laughter and applause.)

THE PRESIDENT: That's wonderful. Thank you.

MS. ARGUIA: Mr. President, distinguished Senators, ladies and gentlemen. It is my honor as the President of the 1998 Girls' Nation Session to present to you the legislation that the Senate of the 1998 Girls' Nation has passed. It represents a wide variety of issues in many of our states.

,

Mr. President.

THE PRESIDENT: This is the largest legislative package that's passed in Washington so far this week. (Laughter.) And I thank you very much. (Applause.)

Thank you. I will have our people review this for good ideas. (Laughter.)

Now, go ahead. Helen, first -- we'll take two or three questions. Go ahead.

Q Well, do you think that the court rulings are jeopardizing the duties of the Secret Service?

THE PRESIDENT: Well, they believe -- that is, the Treasury Department and the Secret Service, based on their experience not just with me, but with all the Presidents, in the institutional memory of the Secret Service -- they believe that. And so, they are determined to pursue it and the Attorney General has agreed to represent them in that. But that is their professional judgment. I have decided that it would be inappropriate for me to express an opinion and I have not done so. And I believe that I should stay out of it. But they have a very strong professional opinion about it and they are pursuing it.

Q But you have an opinion, surely.

THE PRESIDENT: I do have an opinion. I have an opinion. I have a legal opinion and I have a personal opinion, but I think that's it not -- I think it's important, and I think it would be completely inappropriate for me to be involved in this. I want the American people to understand that, notwithstanding what some have said, and others have implied, this was a decision that came out of the Secret Service about which they feel very strongly. And these people risk their lives to protect me and other Presidents in a professional way, not a political way. They have strong convictions. They have manifested those convictions. The Attorney General has determined that there is sufficient legal merit in their position that they ought to be represented, and they are pursuing their case, which they have a right to do. I believe that they should speak for themselves and I should not interject myself into it.

Q Mr. President, I wonder if you could respond to the ruling yesterday by the Appeals Court, and specifically the opinion of one judge when he said that the White House had effectively declared war on the Independent Counsel --

THE PRESIDENT: I think you have to consider the source of that comment. And that is simply not true. The judge should -- can have a right to his legal opinion about what the Treasury Department and the Justice Department said, but I have told you that this case is about their professional judgment about what's necessary to do their job. And I have not -- neither I nor the White House has been involved in it in any way, shape, or form -- nor will we, nor will I complicate it by commenting further on what he said.

Q But in a larger sense, you don't believe that the White House is --

THE PRESIDENT: Well, in a larger sense, I am spoken for on that by Mr. Kendall. I think the facts speak for themselves. I think -- again, I say you've got to consider the source of that comment.

MR. MCCURRY: Last question.

Q Mr. President, the trade deficit in May was up around $15 billion. Are you willing to overlook that while the Asian financial crisis -- itself out?

THE PRESIDENT: Well, I don't think -- no, I don't think we should overlook it, I think it ought to prompt us to action. But let's understand why the trade deficit is so large. The trade deficit is large because we live in an integrated global economy, and our economy has been strong while the Asian economy has been in trouble. What does that mean? When their economy is in trouble, the value of their currency goes down. What does that mean? That means that compared to yesterday, if their currency goes down, their money is worth less than ours in the same amounts.

That means it becomes their goods that they sell to us become cheaper, and it means our goods that we would sell to them become more expensive. Almost the entire increase in the trade deficit is due to the Asian economic trouble, which is why, since January, I have been saying we should make our proper contribution to the International Monetary Fund to promote economic reform and economic recovery in Asia. And the fact that we have not done so is endangering the livelihood of American farmers and American factory workers because we are not making the exports -- especially to Asia -- that we otherwise could be making if those economies were coming back. And a critical part of that is our contribution to the International Monetary Fund.

So, we should not ignore it, because, as I said in the State of the Union Address way back in January, our welfare is tied to the welfare of Asia. We've got 16 million new jobs in the last five and half years, 30 percent of our economic growth is due to exports. A significant area of export growth has been Asia.

That's why I worked hard to -- the other big area of real growth has been in Latin America. And what I've tried to do is to head these things off. You may remember a couple of years ago when we moved in aggressively to help Mexico when their economy was in trouble and a lot of people criticized that. But Mexico paid back their loan ahead of schedule and at profit to the United States. And they are now a functioning economic partner with us again. That's what we need in Asia.

So, the American people should be concerned about this, but we should know that there is a disciplined answer. We need to restore growth in Japan, restore growth in Asia, and our major goal here for our own action should be to pay our fair share to the International Monetary Fund so we can support economic recovery, so they can afford to buy our products, and so there's some greater parity in the prices of our products. Meanwhile, what you see is a product of the strength, not the weakness, of the American economy.

Q What do you think of the Speaker's proposal to use this budget surplus for big tax cuts?

THE PRESIDENT: I think, first of all, let's remember how we got where we are. We got the strength of our economy to the point where it is now by being determined to bring down the deficit until we balanced the budget, by expanding trade to sell more American products around the world, and by investing in education, in training, in technology, in scientific research. Those are the engines of our economic recovery.

Now, we have not had a balanced budget for 29 years. And now, before we've had the first year, the first year of a surplus, to be talking about spending hundreds of billions of dollars on a tax cut based on projected surpluses that may or may not materialize before we have spent the first dollar to save Social

Security so that you aren't going to have to support your parents in a way that diminishes your standard of living, I think is a mistake. So I'll go back to my position: I think we should save Social Security first. Let's show the American people this balanced budget. Let's show the American people this surplus. Let's try to keep this economy going and get our growth going, and when we have passed a plan to save Social Security, let's see what it costs and then make a decision on the tax issue.

We don't want to count our chickens before they hatch. Now, the end of the fiscal year here is September 30th. And it's now projected that we'll have a $63-billion surplus, and I earnestly hope we do. But it wouldn't do any harm to rack one up before we start spending it. We had 29 years of deficits. Between 1981 and 1983 in 12 years alone, we increased by four times the total debt of the United States. We quadrupled the debt of the United States in 12 years that we had amassed in the previous 200. It won't do us any harm to take one year and enjoy the fact that we've balanced our books, ran up a surplus and planned to save Social Security. That will not do us any harm. It will keep our economy stronger and it's better for America's future.

Thank you very much. (Applause.)

END 10:10 A.M. EDT

Message Sent
To:
Lori E. Abrams
Jeannetta P. Allen
Brenda M. Anders
Eli G. Attie @ OVP@EOP
Patrick Aylward
Robin J. Bachman
Kyle M. Baker
Karen L. Barbuschak
Beverly J. Barnes
Brian A. Barreto
Mark H. Bartholomew
David S. Beaubaire
Paul E. Begala
Mark J. Bernstein
Marsha E. Berry
antony j. blinken
Alexander L. Boyle
Lanny A. Breuer
Patrick E. Briggs
Katharine Button
Robin J. Bachman

Barbara D. Woolley
Bradley M. Campbell
Alejandro G. Cabrera @ ovp@eop
Dominique L. Cano
Laura Capps
Elizabeth A. Castellani
Joseph W. Cerrell @ OVP@EOP
David K. Chai
Andrei H. Cherny @ ovp@eop
Nanda Chitre
Delia A. Cohen
Steven A. Cohen
Julianne B. Corbett
Michelle Crisci
Elliot J. Diringer
Daniel W. Burkhardt
Diane Ikemiyashiro
Dorian V. Weaver
Dorinda A. Salcido
Douglas Matties
Anne M. Edwards
Rahm Emanuel
Patricia M. Ewing @ OVP@EOP
Karen C. Fahle
Joseph C. Fanaroff
Jennifer Ferguson
Julie A. Fernandes
Martha Foley
Carmen B. Fowler
Grace A. Garcia
Arkadi M. Gerney
Jessica L. Gibson
Adam W. Goldberg
Dario J. Gomez
Peter D. Greenberger
John A. Gribben
Sanjay Gupta
Donald Goldberg
Lawrence J. Haas @ OVP@EOP
Maureen A. Hudson
Thomas D. Janenda
david t. johnson
Leanne I. Johnson
Wayne C. Johnson
Michele Jolin
James M. Teague
Jon P. Jennings
Julie E. Mason
David E. Kalbaugh
Jonathan A. Kaplan
Allison J. King
Mark A. Kitchens
Catherine T. Kitchen
Sarah S. Freeman

Jim Kohlenberger @ OVP@EOP
Kris M Balderston
Sara M. Latham
Christopher J. Lavery
Christopher S. Lehane @ OVP@EOP
Joseph P. Lockhart
Laura D. Schwartz
Laura K. Capps
Lisa J. Levin
Christine N. Macy
michael d. malone
Laura S. Marcus
Tanya E. Martin
Doris O. Matsui
Douglas R. Matties
Emory L. Mayfield
Andrew J. Mayock
Anne E. McGuire
Estela Mendoza
R. Scott Michaud
Elisa Millsap
Cheryl D. Mills
Stephanie J. Minato
Rajiv Y. Mody
megan moloney
Kevin Moran
Jonathan Murchinson
Melissa M. Murray
Reuben L. Musgrave Jr.
Mindy E. Myers
Sean P. Maloney
Michael V. Terrell
Steven J. Naplan
Mark D. Neschis
Elizabeth R. Newman
Nathan B. Naylor @ ovp@eop
Neera Tanden
Michael A. O'Mary
Jonathan Orszag
Eleanor S. Parker
Carole A. Parmelee
Sally P. Paxton
Julia M. Payne
Matthew W. Pitcher
Peter O'Keefe
Phillip Caplan
Nicole R. Rabner
Brian A. Reich @ OVP@EOP
Nelson Reyneri
Linda Ricci
Renee C. Riley
Robin M. Roland
Cecilia E. Rouse
Charles F. Ruff

Peter Rundlet
Virginia N. Rustique
Evan Ryan
Jodi R. Sakol @ OVP@EOP
G. Timothy Saunders
Jason H. Schechter
Judithanne V. Scourfield
BROOKS SCOVILLE
Maya Seiden
Barbara Semedo
Ruby Shamir
Jeffrey A. Shesol
June Shih
Robert M. Shireman
Jake Siewert
Shanna P. Singh
Dawn L. Smalls
Brian D. Smith
Craig T. Smith
jonathan e. smith
Mary L. Smith
Richard Socarides
Douglas B. Sosnik
Maria E. Soto
Chandler G. Spaulding
Elisabeth Steele
Aviva Steinberg
Todd Stern
Diane A. Stumpf
Michael J. Sullivan
Jonathan H. Schnur
Tracy F. Sisser
Sylvia M. Mathews
Jordan Tamagni
Sandra L. Tijerina
Amy W. Tobe
Barry J. Toiv
Serena C. Torrey
June G. Turner
Thurgood Marshall Jr
Dag Vega
Virginia Apuzzo
Michael Waldman
Angelina Walker @ ovp@eop
Glen M. Weiner
Robert S. Weiner
Peter A. Weissman
Lowell A. Weiss
Woyneab M. Wondwossen
Debra S. Wood
William H. White Jr.
SUNTUM_M @ A1@CD@LNGTWY
meglynn @ usia.gov@INET@LNGTWY
tingen-terrie @ dol.gov@INET@LNGTWY

backup @ wilson.ai.mit.edu@INET@LNGTWY
wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY
Lori_Anderson @ OA.EOP.GOV@INET@LNGTWY
BARTHOLOW_T @ A1@CD@LNGTWY
BUDIG_N @ A1@CD@LNGTWY
CROWLEY_P @ A1@CD@LNGTWY
CUTLER_L @ A1@CD@LNGTWY
DICKEY_L @ A1@CD@LNGTWY
GRAY_W @ A1@CD@LNGTWY
MOFFETT_J @ A1@CD@LNGTWY
OLCOTT_E @ A1@CD@LNGTWY
PR_U=TDIXON@PR_L=AVUOEOB@MRP@LNGTWY
RUBIN_E @ A1@CD@LNGTWY
NAPLAN_S @ A1@CD@LNGTWY
SMITH_BD @ A1@CD@LNGTWY
darby_E._stott @ oa.eop.gov@INET@LNGTWY
TCSmith @ dol.gov@INET@LNGTWY
WOZNIAK_N @ A1@CD@LNGTWY
cmbeach @ msn.com@INET@LNGTWY
julie_green @ ed.gov@INET@LNGTWY
klasky_helaine @ ustr.gov@INET@LNGTWY
rubins @ lisbowpoa.usl-state.gov@INET@LNGTWY
tingen-terri @ dol.gov@INET@LNGTWY
usia01 @ access.digex.com@INET@LNGTWY
1=US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@LNGTWY
62955104 @ eln.attmail.com@INET@LNGTWY
INFOMGT @ A1@CD@LNGTWY
newsdesk @ usnewswire.com@INET@LNGTWY
usnwire @ access.digex.com@INET@LNGTWY

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Laura K. Capps (CN=Laura K. Capps/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:20-JUL-1998 19:34:06.00

SUBJECT: girlsna.717

TO: Jacob P. Goldstein (CN=Jacob P. Goldstein/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Laura K. Capps/WHO/EOP on 07/20/98
07:33 PM ---------------------------

SUNTUM_M @ A1
07/17/98 11:36:00 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: 1998-07/17 REMARKS BY PRESIDEN TO GIRLS NATION

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 17, 1998

REMARKS BY THE PRESIDENT
AT GIRLS NATION EVENT

Room 450, Old Executive Office Building

9:30 A.M. EDT

THE PRESIDENT: Thank you very much. I think I should take Janet Murguia with me wherever I go to always introduce me. (Laughter.) I think she's a great advertisement for Girls' Nation. And someday before long, a number of you will have these opportunities as well.

I'd like to welcome your President, Alana Aldag and your

Vice President, Jennifer Hall and thank Diane Duscheck and Barbara Kranig and the other members of the American Legion Auxiliary for what they do for Girls' Nation. I hope you've had a very good week in Washington. Some of you may know that, this week, these two days here, the 35th reunion class of my Boys' Nation group is also meeting here. I happened to turn on the television last night to see that Ted Koppel on Nightline was doing a two-day review of it. And I thought to myself, it wasn't all that long ago, but all of us are aging rather gracefully. (Laughter.)

Let me say to all of you, the people I met then, many of whom have been my friends over all these 35 years, made me believe that anything was possible. President Kennedy spoke to us and made me believe that, together, we could change the world. I think that is certainly no less true for you and your generation because you will live in the time of greatest possibility in all human history.

If you think of the revolutionary changes that have taken place just in the course of your still relatively short lifetimes, the Cold War cast a shadow over my childhood -- it has ended -- technology has advanced at a breathtaking pace, fundamentally altering the way all of us live and work and learn. A typical laptop computer today has more computer power in it than the world's largest supercomputer did in the year you were born.

Many of the barriers that kept women from making the most of their potential and contributing their talents to our society have fallen away. Yesterday, the First Lady was up in New York commemorating the 150th anniversary of Elizabeth Kady Stanton and 68 other women and 32 brave men gathering in New York with their statement of sentiments, with their 18 objections against men in America, which included the fact that they did not have the right to own property; even the clothes married women had on their backs belonged to their husbands 150 years ago. They couldn't inherit, they didn't vote. And what a long way we have come in the last 150 years and in your lifetime.

I met my wife in law school when it was still a relatively unusual thing to find a law school with any significant number of women in it. Today, a lawyer in America is 12 times more likely to be a woman than a lawyer was in 1963 when I came to Boys' Nation.

Women are earning more college degrees than men, they outnumber men in graduate school. Women-owned businesses are growing

faster than the national economy. Forty-one percent of our administration's appointees, including the Secretary of State, the Secretary of Health and Human Services, the Attorney General, the Director of the Environmental Protection Agency, the Secretary of Labor, our Trade Ambassador and many others are women -- by far the highest percentage of women in high positions in any administration

in the history of the United States.

I look forward to the day when I read in the newspaper that America's new President has invited her own Girls' Nation reunion class back to the White House to gather.

In the meantime, we need to be working together to strengthen our country for this new century, because it is a time of dramatic change. Five and half years ago, I came here to move America in a new direction based on our old values of opportunity for all, responsibility from all, in an American community of all citizens. We took a new direction in economic policy and education policy and environmental policy, in welfare policy, in health care policy, in crime policy and foreign policy. We also articulated a new role for government. We tried to break through the debate that had then dominated Washington for nearly 20 years, some people saying government could solve all our problems and others saying government was the source of all of our problems. I had been a governor for a dozen years and I thought the argument was frankly ridiculous. I thought that neither extreme was true.

We have sought to create a government whose primary role is to create the conditions and give people the tools to solve their own problems and make the most of their own lives and build good lives, good families, good communities and a strong country. The results have been, I think, quite good. America has the lowest crime rate in 25 years, the lowest unemployment rate in 28 years, the smallest percentage of people on welfare in 29 years.

We're about to have our first balanced budget and surplus in 29 years; the lowest inflation rate in 32 years and the highest homeownership in the history of the country. We have also opened the doors of college to virtually every American through our Hope Scholarships and other tax credits for college education, through a better student loan program, through more work-study positions and more Pell Grant scholarships.

We have added 5 million people who are children to the ranks of people with health insurance who are in the process of doing that. We have the highest rates of childhood immunization in history. We have worked hard on the environment and the water is cleaner, the air is cleaner, the food is safer. There are fewer toxic waste dumps and we have put more land aside to preserve forever than any administration in the history except those of the two Roosevelts.

We started the AmeriCorps program and now have had almost 100,000 young people, like you, just a little older than you serving in their communities, earning money for college, making America a better place. With our America Reads program alone, which is designed to get young college students to go in and help make sure all of our third graders can read independently by the end of the third grade, we now have 1,000 colleges participating.

While all this has happened, we've actually reduced the size of government. The federal government is now the smallest it has been since I came here to meet President Kennedy 35 years ago. So I believe that this country is moving in the right direction.

Now, I think one of the great decisions facing the American people now is what to do about this. I like the fact that there is a good sense of well-being in America. I like the fact that, after over 20 years of downhill movement, public confidence in government and the role of government in our lives is going back up again. I like that very much. But I feel very strongly, and I predict that if you just read the paper, I think you can see, I think, support from my point of view that is a grave mistake to say, "Okay, things are going well in America and we don't need to do much, we should relax now." Why? For two reasons. One is, you will see, the older you get, no condition lasts forever. The good times don't last for ever but neither do the bad ones -- and that's the good news. (Laughter.)

Secondly, we are living in a very dynamic time. We are enjoying the success that we are enjoying today partly because the American people have been very aggressive, because, you know, we live in a country where citizens deserve most of the credit. What we have done to get these impressive numbers again is to create the right conditions, the right environment, the right incentives for the American then to take advantage of it and go forward. But we have to -- this is a very dynamic time. And there are all kinds of difficulties and challenges out there.

So, for America to sit back now would be a great mistake. When times are good, but dynamic, that's the time to bear down, to take on the big challenges, the long-term challenges, the things that will affect your lifetime when you begin to have children, and you begin to do your work, and you begin to take full responsibility for the welfare of the country. What are those things? Let me just mention a few of them.

Number one, I am the oldest of the baby boomers, the largest generation of young people ever in -- to grow up, except the generation of which you are the oldest. That is, we -- for the last year, for the first time since I was in high school, we had a bigger group of children in kindergarten through 12th grade than the baby boom generation. Now, what does that mean? It means, among other things, that if we continue to retire at present trends and the birth rates continue as they are, and the immigration rates continue as they are, by the time all of our baby boomers retire, we'll only have about two people working for every one person eligible for Social Security. And that is unsustainable -- Medicare would be unsustainable.

So what's the answer? The answer is to find a way to preserve these fundamental programs that have lifted the elderly out of poverty and given dignity and strength to our professed family values in a way that does not bankrupt our children and

grandchildren. Everybody I know my age is obsessed with the idea that we must not have the cost of our retirement be lowering your standard of living, be undermining your ability to raise your own children.

Now, if we're going to have a surplus, we ought to make sure we've got a long-term plan to save Social Security before we squander that surplus on tax cuts, which may be very popular in the short-run, but which may leave us with a terrible problem that will cost us a lot more than you could ever get in a small tax cut by the time you have to be taking responsibility for your parents' retirements and your children's education. And we should do it now when times are good and we're projecting a surplus.

Number two. We should recognize that while we have the best system of higher education in the world, no one believes our schools are yet the best in the world. And we should take advantage of this moment to make sure all American young people have access to world-class education with higher standards, with technology that hooks up every American classroom to the Internet and all the riches that it holds by the year 2000, with smaller classes and with more access to more constructive choices through things like the charter school movement, which is very prominent in many of your states.

Number three, we should recognize that the environmental challenges we have are real and global. If there is anybody here from Florida -- and I'm sure there is -- if you -- all the rest of us have been watching those fires, I went down and saw -- flew over those areas that have been burned up. Florida had the wettest fall and winter than they had ever had, they had the driest spring they had ever had, and then the month of June in Florida was the hottest month in the history of the state, hotter than any July or August; and in Florida, that's saying something.

There is ample evidence now that what my wonderful Vice President has been saying for years and years and years is true: that the climate of the globe is warming at a rate which is unsustainable, which will lead us to more extreme weather conditions. We now have records going back over 500 years which we can use to measure what the temperature was on this planet. The five hottest years ever recorded have been in the 1990s. Nineteen ninety-seven was the hottest year on record, 1998 is going to be hotter if it continues.

A big part of the problem is the way countries get rich with their use of energy. We have to prove -- and by the way, we can prove -- that we can grow the economy and improve the environment at the same time. The young people of this country, without regard to their other differences of region and political party and philosophy, by and large are much more committed to this proposition than older people are. Young people -- I find even young people in grade school are just instinctive environmentalists. We are depending on you to provide the phalanx of brainpower and voting power to move America to the proposition that we can preserve our environment and grow the

economy.

Next, we have to prove that we can bring the benefits of this new economy to people who don't have it yet. Believe it or not, there are still some urban neighborhoods that have unemployment rates above 10 percent, some above 15 percent, while the national unemployment rate is below 5 percent. If you talk to the delegates here from North Dakota where they're having a collapse of farm prices in the aftermath of a terrible, terrible set of natural disasters all through the high plains, it's hard -- you could walk down the street in a lot of towns in North Dakota and they would have a hard time believing we've got the strongest economy in a generation.

If any of you have ever been on a Native American reservation that doesn't have a lot of money from gaming enterprises, you know that there are still an awful lot of the first Americans who have received no tangible benefit from this economic growth. Now that the economy is strong, we should be working to implement strategies that will bring this growth to them to make sure that all Americans feel that they're a part of our future.

Just two more things, quickly. Over the long run, we have got to prove that we can be one America. I like it -- I look around this room, I see all of you come from different racial and ethnic and religious backgrounds. That's a great, great advantage to America in a global society, a global economy. Look around the world at all of the problems we have that are based on racial, ethnic and religious differences. Why did those three little children have to die in that firebomb in Ireland a few days ago? Because somebody just cannot give up the idea that they ought to fight until the end of time over their religious differences.

Why can we not achieve a lasting peace in the Middle East? What is at the root of the problem in Bosnia, in Kosovo? Why did hundreds of thousands of people die in Rwanda in a matter of days in 1994? All over the world you see this. If America wants to do good in a world like that, we must be good at home. We must be able to live in all of our communities like you're working and living together here. And you can lead the way on that.

It is very important that we continue, finally, to be engaged in the world. That's why I went to China, even though some people said I shouldn't -- not because we agree with everything the Chinese do, but because we respect the progress they have made in the last several years and because they are going to be the biggest country in the world, and it is much better if we work them to try to build the kind of world we want than if we're forced into a situation of continuous conflict and estrangement. And I feel a moral obligation to you and your future and your children to try to create that kind of world. But first, the power of the American example is important, and you must never forget that.

Now, against that background, you need to evaluate everything we're doing here. How are we doing to keep America

working today, or are we dealing with the long-term challenges of the country? Every issue should be evaluated in that context.

One of the things that's most troubling to me is that we have the best health care in the world but we don't have the best health care system in the world, and we don't have the healthiest people in the world, partly because of institutional problems. One we've been talking about is the necessity to pass the Patient's Bill of Rights so we get the benefit of managed care without the burden of having accountants make decisions doctors should make in the medical area.

Another big problem we have -- it's probably the most prominent health problem your generation faces is the problem of -- epidemic of teen smoking, with 3,000 young people starting to smoke every day -- 1,000 will have their lives shortened as a result of it. More people die from smoking than accidents and murders and AIDS, and other unrelated maladies put together in this country. So it is a very, very serious problem.

I have been working very hard now for a long time to pass legislation that will raise the price of cigarettes, give the FDA the authority to regulate tobacco as a drug, stop the marketing of cigarettes to teenagers, launch new anti-smoking research and education drives, protect the tobacco farmers and their communities, and use the money to pay for health care and medical research, education and child care, and any tax cuts that the Congress wanted to pass, so it didn't affect our surplus and our commitment to save Social Security.

Now, right now, our legislative drive has been stalled in the face of a $40-million advertising campaign by the tobacco companies that has been unanswered by the public health advocates because they don't have that kind of money. But the facts are clear, and if we keep working, I think we will prevail on the issue. Why? Well, the main reason is the evidence that the tobacco companies themselves have given us about the dangers of smoking and their strategy. We now have, as a result of all these lawsuits, internal tobacco company documents that show that even as they publicly denied that nicotine was addictive, they conducted secret research in their labs, devised secret marketing strategies in their boardrooms to addict children to smoking for life, and they knew exactly what they were doing.

How do we know it? Again, look at the documents that they, themselves, have produced in the court cases. These documents tell us in the tobacco companies' own words how children and minorities became the primary targets they saw as new customers. There are memos admitting in plain English, for example, quote, "The base of our business is the high school student." Memos saying, quote, "Creating a fad in the 14- to 20-year-old market can be a great bonanza." And even as they insisted that young people are off limits for advertising, one company document from 1984 recommended targeting younger adult smokers as the only source of replacement

smokers in the future, while children are the future of America, not the future of the tobacco companies -- and that future should not go up in smoke.

These documents contain a treasure trove of information that can be used to save lives. Public health experts can design more effective anti-smoking strategies by studying the marketing plans of the cigarette companies. Scientists can look to documents for findings that can aid their research into nicotine addiction and tobacco-related illnesses. And all Americans can understand the role the industry has played in hooking our children to the habit of smoking.

There are tens of millions of pages of these documents. While some of them are already on the Internet, most are stored in depositories all across our nation and as far away as England. They aren't easy to find. So I've decided to use this moment with you to show you one thing that the President can do with executive authority that has nothing to do with legislative action in Congress. I am directing the Secretary of Health and Human Services to report back to me in 90 days with a plan to make these documents more accessible to all Americans, so anybody that can get on the Internet can get them all and can understand them all.

The plan should include a strategy for indexing them and for making that index widely available through both the Internet and other methods. It should also have a strategy for broad and rigorous analysis of the information contained in all these documents. I'm also pleased that the Attorney General will file a brief in support of the State of Minnesota's efforts to make the tobacco industry's own currently existing index to all of these millions of documents available to the general public.

We must lift the veil of secrecy on the tobacco industry so that all Americans understand that there is an epidemic of teen smoking and how it came about. Let us use the darkest secrets of the industry to save a new generation of children from this habit and to help us fight and win.

This administration and many of our nation's leaders are working to make sure that this challenge, along with these larger, longer-term challenges that I've mentioned -- education, climate change, Social Security -- do not become intractable problems of your future. I don't want your generation of Americans to have to face a problem like the magnitude of the deficit that I faced here when we took office.

I can tell you that the tougher problems are, the harder the resolution is and the more controversial the resolution is, and the more painful the price to pay is. We had to make a lot of tough decisions in 1993 to get that deficit under control, and a lot of brave members of Congress lost their seats in Congress because they voted for an economic program in 1993, the benefits of which were not apparent in 1994 when they were up. But when we got ready to pass

the Balanced Budget Act in 1997 on a bipartisan basis, guess what? Over 92 percent of the deficit had already disappeared because of what had been done in 1993.

The best thing for a smart country to do is to take these challenges when they come up and deal with them quickly, looking to the long run, not waiting for those things to fester and become infected and become a wound in the nation's psyche. That is what we're trying to do here.

That's why I think programs like Girls' Nation are so important -- because they enlist people in the work of citizenship as a disciplined habit, not as something that you think about when an emergency comes along. I hope you will be able to do that to your friends and your neighbors and your family members when you go home.

I hope you will always continue now to help raise awareness of the issues you care about and propose solutions to them. I hope you will always continue to lobby your elected leaders and to participate until you become one. Our democracy is only as strong as its citizens. Think about this when you go home: Our founders did a revolutionary thing -- they created a whole country based on the idea, at the time totally unheard of, that God gave every person an equal portion -- every person an equal portion the right to life, liberty and the pursuit of happiness. They say, we've got to create this government because there's no way we can individually protect and enhance these rights. That's why we're doing this.

And then they gave us -- all of us -- every American until time immemorial, a mission: They said, "We must work together to form a more perfect Union." They were really smart, those guys. They were really smart. They understood that every generation would have its own challenges. They understood the work of liberty would never be over. They understood all that. They understood it all. And they gave us a permanent mission. And keep in mind, they created a limited government which means that in this country, the most important players will always be the citizens. As great as the leaders are and all the monuments you've seen to our great leaders around this city since you've been here this week, none of them could have accomplished anything if the people hadn't said, okay, we agree; we'll do our part.

So, again, I say, you've had a remarkable opportunity this week to learn more about how your country works. You have, yourselves, been good citizen-servants by doing it. You've had a chance to manifest your love in America and your belief in America. For the rest of your life, I hope you'll do what you can to make our Union more perfect. Good luck and God bless you. (Applause.) Thank you.

Now, I'm just going to go sign this order and I'm going to ask your President and Vice President to stand with me, and then

I'm going to turn the microphone over to them. Come on.

Q Mr. President, do you think that the court ruling can --

THE PRESIDENT: I'll answer questions, but let's do -- let us finish the program and then I'll answer a few questions. That'll be fun for them; they'll see a little press conference here. (Laughter.)

Okay, you've got the floor.

MS. ARGUIA: Mr. President, we are absolutely thrilled and honored that you chose to take the time from your highly demanding schedule to meet with us today. And on behalf of Girls' Nation, I'd just like to present this small token of our appreciation. (A presentation is made.) (Laughter and applause.)

THE PRESIDENT: That's wonderful. Thank you.

MS. ARGUIA: Mr. President, distinguished Senators, ladies and gentlemen. It is my honor as the President of the 1998 Girls' Nation Session to present to you the legislation that the Senate of the 1998 Girls' Nation has passed. It represents a wide variety of issues in many of our states.

,

Mr. President.

THE PRESIDENT: This is the largest legislative package that's passed in Washington so far this week. (Laughter.) And I thank you very much. (Applause.)

Thank you. I will have our people review this for good ideas. (Laughter.)

Now, go ahead. Helen, first -- we'll take two or three questions. Go ahead.

Q Well, do you think that the court rulings are jeopardizing the duties of the Secret Service?

THE PRESIDENT: Well, they believe -- that is, the Treasury Department and the Secret Service, based on their experience not just with me, but with all the Presidents, in the institutional memory of the Secret Service -- they believe that. And so, they are determined to pursue it and the Attorney General has agreed to represent them in that. But that is their professional judgment. I have decided that it would be inappropriate for me to express an opinion and I have not done so. And I believe that I should stay out of it. But they have a very strong professional opinion about it and they are pursuing it.

Q But you have an opinion, surely.

THE PRESIDENT: I do have an opinion. I have an opinion. I have a legal opinion and I have a personal opinion, but I think that's it not -- I think it's important, and I think it would be completely inappropriate for me to be involved in this. I want the American people to understand that, notwithstanding what some have said, and others have implied, this was a decision that came out of the Secret Service about which they feel very strongly. And these people risk their lives to protect me and other Presidents in a professional way, not a political way. They have strong convictions. They have manifested those convictions. The Attorney General has determined that there is sufficient legal merit in their position that they ought to be represented, and they are pursuing their case, which they have a right to do. I believe that they should speak for themselves and I should not interject myself into it.

Q Mr. President, I wonder if you could respond to the ruling yesterday by the Appeals Court, and specifically the opinion of one judge when he said that the White House had effectively declared war on the Independent Counsel --

THE PRESIDENT: I think you have to consider the source of that comment. And that is simply not true. The judge should -- can have a right to his legal opinion about what the Treasury Department and the Justice Department said, but I have told you that this case is about their professional judgment about what's necessary to do their job. And I have not -- neither I nor the White House has been involved in it in any way, shape, or form -- nor will we, nor will I complicate it by commenting further on what he said.

Q But in a larger sense, you don't believe that the White House is --

THE PRESIDENT: Well, in a larger sense, I am spoken for on that by Mr. Kendall. I think the facts speak for themselves. I think -- again, I say you've got to consider the source of that comment.

MR. MCCURRY: Last question.

Q Mr. President, the trade deficit in May was up around $15 billion. Are you willing to overlook that while the Asian financial crisis -- itself out?

THE PRESIDENT: Well, I don't think -- no, I don't think we should overlook it, I think it ought to prompt us to action. But let's understand why the trade deficit is so large. The trade deficit is large because we live in an integrated global economy, and our economy has been strong while the Asian economy has been in trouble. What does that mean? When their economy is in trouble, the value of their currency goes down. What does that mean? That means that compared to yesterday, if their currency goes down, their money is worth less than ours in the same amounts.

That means it becomes their goods that they sell to us become cheaper, and it means our goods that we would sell to them become more expensive. Almost the entire increase in the trade deficit is due to the Asian economic trouble, which is why, since January, I have been saying we should make our proper contribution to the International Monetary Fund to promote economic reform and economic recovery in Asia. And the fact that we have not done so is endangering the livelihood of American farmers and American factory workers because we are not making the exports -- especially to Asia -- that we otherwise could be making if those economies were coming back. And a critical part of that is our contribution to the International Monetary Fund.

So, we should not ignore it, because, as I said in the State of the Union Address way back in January, our welfare is tied to the welfare of Asia. We've got 16 million new jobs in the last five and half years, 30 percent of our economic growth is due to exports. A significant area of export growth has been Asia.

That's why I worked hard to -- the other big area of real growth has been in Latin America. And what I've tried to do is to head these things off. You may remember a couple of years ago when we moved in aggressively to help Mexico when their economy was in trouble and a lot of people criticized that. But Mexico paid back their loan ahead of schedule and at profit to the United States. And they are now a functioning economic partner with us again. That's what we need in Asia.

So, the American people should be concerned about this, but we should know that there is a disciplined answer. We need to restore growth in Japan, restore growth in Asia, and our major goal here for our own action should be to pay our fair share to the International Monetary Fund so we can support economic recovery, so they can afford to buy our products, and so there's some greater parity in the prices of our products. Meanwhile, what you see is a product of the strength, not the weakness, of the American economy.

Q What do you think of the Speaker's proposal to use this budget surplus for big tax cuts?

THE PRESIDENT: I think, first of all, let's remember how we got where we are. We got the strength of our economy to the point where it is now by being determined to bring down the deficit until we balanced the budget, by expanding trade to sell more American products around the world, and by investing in education, in training, in technology, in scientific research. Those are the engines of our economic recovery.

Now, we have not had a balanced budget for 29 years. And now, before we've had the first year, the first year of a surplus, to be talking about spending hundreds of billions of dollars on a tax cut based on projected surpluses that may or may not materialize before we have spent the first dollar to save Social

Security so that you aren't going to have to support your parents in a way that diminishes your standard of living, I think is a mistake. So I'll go back to my position: I think we should save Social Security first. Let's show the American people this balanced budget. Let's show the American people this surplus. Let's try to keep this economy going and get our growth going, and when we have passed a plan to save Social Security, let's see what it costs and then make a decision on the tax issue.

We don't want to count our chickens before they hatch. Now, the end of the fiscal year here is September 30th. And it's now projected that we'll have a $63-billion surplus, and I earnestly hope we do. But it wouldn't do any harm to rack one up before we start spending it. We had 29 years of deficits. Between 1981 and 1983 in 12 years alone, we increased by four times the total debt of the United States. We quadrupled the debt of the United States in 12 years that we had amassed in the previous 200. It won't do us any harm to take one year and enjoy the fact that we've balanced our books, ran up a surplus and planned to save Social Security. That will not do us any harm. It will keep our economy stronger and it's better for America's future.

Thank you very much. (Applause.)

END 10:10 A.M. EDT

Message Sent
To:

Lori E. Abrams
Jeannetta P. Allen
Brenda M. Anders
Eli G. Attie @ OVP@EOP
Patrick Aylward
Robin J. Bachman
Kyle M. Baker
Karen L. Barbuschak
Beverly J. Barnes
Brian A. Barreto
Mark H. Bartholomew
David S. Beaubaire
Paul E. Begala
Mark J. Bernstein
Marsha E. Berry
antony j. blinken
Alexander L. Boyle
Lanny A. Breuer
Patrick E. Briggs
Katharine Button
Robin J. Bachman

Barbara D. Woolley
Bradley M. Campbell
Alejandro G. Cabrera @ ovp@eop
Dominique L. Cano
Laura Capps
Elizabeth A. Castellani
Joseph W. Cerrell @ OVP@EOP
David K. Chai
Andrei H. Cherny @ ovp@eop
Nanda Chitre
Delia A. Cohen
Steven A. Cohen
Julianne B. Corbett
Michelle Crisci
Elliot J. Diringer
Daniel W. Burkhardt
Diane Ikemiyashiro
Dorian V. Weaver
Dorinda A. Salcido
Douglas Matties
Anne M. Edwards
Rahm Emanuel
Patricia M. Ewing @ OVP@EOP
Karen C. Fahle
Joseph C. Fanaroff
Jennifer Ferguson
Julie A. Fernandes
Martha Foley
Carmen B. Fowler
Grace A. Garcia
Arkadi M. Gerney
Jessica L. Gibson
Adam W. Goldberg
Dario J. Gomez
Peter D. Greenberger
John A. Gribben
Sanjay Gupta
Donald Goldberg
Lawrence J. Haas @ OVP@EOP
Maureen A. Hudson
Thomas D. Janenda
david t. johnson
Leanne I. Johnson
Wayne C. Johnson
Michele Jolin
James M. Teague
Jon P. Jennings
Julie E. Mason
David E. Kalbaugh
Jonathan A. Kaplan
Allison J. King
Mark A. Kitchens
Catherine T. Kitchen
Sarah S. Freeman

Jim Kohlenberger @ OVP@EOP
Kris M Balderston
Sara M. Latham
Christopher J. Lavery
Christopher S. Lehane @ OVP@EOP
Joseph P. Lockhart
Laura D. Schwartz
Laura K. Capps
Lisa J. Levin
Christine N. Macy
michael d. malone
Laura S. Marcus
Tanya E. Martin
Doris O. Matsui
Douglas R. Matties
Emory L. Mayfield
Andrew J. Mayock
Anne E. McGuire
Estela Mendoza
R. Scott Michaud
Elisa Millsap
Cheryl D. Mills
Stephanie J. Minato
Rajiv Y. Mody
megan moloney
Kevin Moran
Jonathan Murchinson
Melissa M. Murray
Reuben L. Musgrave Jr.
Mindy E. Myers
Sean P. Maloney
Michael V. Terrell
Steven J. Naplan
Mark D. Neschis
Elizabeth R. Newman
Nathan B. Naylor @ ovp@eop
Neera Tanden
Michael A. O'Mary
Jonathan Orszag
Eleanor S. Parker
Carole A. Parmelee
Sally P. Paxton
Julia M. Payne
Matthew W. Pitcher
Peter O'Keefe
Phillip Caplan
Nicole R. Rabner
Brian A. Reich @ OVP@EOP
Nelson Reyneri
Linda Ricci
Renee C. Riley
Robin M. Roland
Cecilia E. Rouse
Charles F. Ruff

Peter Rundlet
Virginia N. Rustique
Evan Ryan
Jodi R. Sakol @ OVP@EOP
G. Timothy Saunders
Jason H. Schechter
Judithanne V. Scourfield
BROOKS SCOVILLE
Maya Seiden
Barbara Semedo
Ruby Shamir
Jeffrey A. Shesol
June Shih
Robert M. Shireman
Jake Siewert
Shanna P. Singh
Dawn L. Smalls
Brian D. Smith
Craig T. Smith
jonathan e. smith
Mary L. Smith
Richard Socarides
Douglas B. Sosnik
Maria E. Soto
Chandler G. Spaulding
Elisabeth Steele
Aviva Steinberg
Todd Stern
Diane A. Stumpf
Michael J. Sullivan
Jonathan H. Schnur
Tracy F. Sisser
Sylvia M. Mathews
Jordan Tamagni
Sandra L. Tijerina
Amy W. Tobe
Barry J. Toiv
Serena C. Torrey
June G. Turner
Thurgood Marshall Jr
Dag Vega
Virginia Apuzzo
Michael Waldman
Angelina Walker @ ovp@eop
Glen M. Weiner
Robert S. Weiner
Peter A. Weissman
Lowell A. Weiss
Woyneab M. Wondwossen
Debra S. Wood
William H. White Jr.
SUNTUM_M @ A1@CD@LNGTWY
meglynn @ usia.gov@INET@LNGTWY
tingen-terrie @ dol.gov@INET@LNGTWY

backup @ wilson.ai.mit.edu@INET@LNGTWY
wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY
Lori_Anderson @ OA.EOP.GOV@INET@LNGTWY
BARTHOLOW_T @ A1@CD@LNGTWY
BUDIG_N @ A1@CD@LNGTWY
CROWLEY_P @ A1@CD@LNGTWY
CUTLER_L @ A1@CD@LNGTWY
DICKEY_L @ A1@CD@LNGTWY
GRAY_W @ A1@CD@LNGTWY
MOFFETT_J @ A1@CD@LNGTWY
OLCOTT_E @ A1@CD@LNGTWY
PR_U=TDIXON@PR_L=AVUOEOB@MRP@LNGTWY
RUBIN_E @ A1@CD@LNGTWY
NAPLAN_S @ A1@CD@LNGTWY
SMITH_BD @ A1@CD@LNGTWY
darby_E._stott @ oa.eop.gov@INET@LNGTWY
TCSmith @ dol.gov@INET@LNGTWY
WOZNIAK_N @ A1@CD@LNGTWY
cmbeach @ msn.com@INET@LNGTWY
julie_green @ ed.gov@INET@LNGTWY
klasky_helaine @ ustr.gov@INET@LNGTWY
rubins @ lisbowpoa.usl-state.gov@INET@LNGTWY
tingen-terri @ dol.gov@INET@LNGTWY
usia01 @ access.digex.com@INET@LNGTWY
1=US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@LNGTWY
62955104 @ eln.attmail.com@INET@LNGTWY
INFOMGT @ A1@CD@LNGTWY
newsdesk @ usnewswire.com@INET@LNGTWY
usnwire @ access.digex.com@INET@LNGTWY

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Darby E. Stott (CN=Darby E. Stott/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-JUL-1998 13:56:26.00

SUBJECT:

TO: Lynnae C. Roscoe (CN=Lynnae C. Roscoe/OU=OA/O=EOP @ EOP [OA])
READ:UNKNOWN

TEXT:
Here is a sample. Also, Stenos only transcribe the principles. They don't transcribe when WHCA announces them(i.e. ". . .the President of the United States accompanied by ... ")
---------------------- Forwarded by Darby E. Stott/WHO/EOP on 07/21/98 01:54 PM ---------------------------

SUNTUM_M @ a1.eop.gov
07/17/98 11:36:09 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: 1998-07/17 REMARKS BY PRESIDEN TO GIRLS NATION

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 17, 1998

REMARKS BY THE PRESIDENT
AT GIRLS NATION EVENT

Room 450, Old Executive Office Building

9:30 A.M. EDT

THE PRESIDENT: Thank you very much. I think I should take Janet Murguia with me wherever I go to always introduce me.

(Laughter.) I think she's a great advertisement for Girls' Nation. And someday before long, a number of you will have these opportunities as well.

I'd like to welcome your President, Alana Aldag and your Vice President, Jennifer Hall and thank Diane Duscheck and Barbara Kranig and the other members of the American Legion Auxiliary for what they do for Girls' Nation. I hope you've had a very good week in Washington. Some of you may know that, this week, these two days here, the 35th reunion class of my Boys' Nation group is also meeting here. I happened to turn on the television last night to see that Ted Koppel on Nightline was doing a two-day review of it. And I thought to myself, it wasn't all that long ago, but all of us are aging rather gracefully. (Laughter.)

Let me say to all of you, the people I met then, many of whom have been my friends over all these 35 years, made me believe that anything was possible. President Kennedy spoke to us and made me believe that, together, we could change the world. I think that is certainly no less true for you and your generation because you will live in the time of greatest possibility in all human history.

If you think of the revolutionary changes that have taken place just in the course of your still relatively short lifetimes, the Cold War cast a shadow over my childhood -- it has ended -- technology has advanced at a breathtaking pace, fundamentally altering the way all of us live and work and learn. A typical laptop computer today has more computer power in it than the world's largest supercomputer did in the year you were born.

Many of the barriers that kept women from making the most of their potential and contributing their talents to our society have fallen away. Yesterday, the First Lady was up in New York commemorating the 150th anniversary of Elizabeth Kady Stanton and 68 other women and 32 brave men gathering in New York with their statement of sentiments, with their 18 objections against men in America, which included the fact that they did not have the right to own property; even the clothes married women had on their backs belonged to their husbands 150 years ago. They couldn't inherit, they didn't vote. And what a long way we have come in the last 150 years and in your lifetime.

I met my wife in law school when it was still a relatively unusual thing to find a law school with any significant number of women in it. Today, a lawyer in America is 12 times more likely to be a woman than a lawyer was in 1963 when I came to Boys' Nation.

Women are earning more college degrees than men, they outnumber men in graduate school. Women-owned businesses are growing

faster than the national economy. Forty-one percent of our administration's appointees, including the Secretary of State, the

Secretary of Health and Human Services, the Attorney General, the Director of the Environmental Protection Agency, the Secretary of Labor, our Trade Ambassador and many others are women -- by far the highest percentage of women in high positions in any administration in the history of the United States.

I look forward to the day when I read in the newspaper that America's new President has invited her own Girls' Nation reunion class back to the White House to gather.

In the meantime, we need to be working together to strengthen our country for this new century, because it is a time of dramatic change. Five and half years ago, I came here to move America in a new direction based on our old values of opportunity for all, responsibility from all, in an American community of all citizens. We took a new direction in economic policy and education policy and environmental policy, in welfare policy, in health care policy, in crime policy and foreign policy. We also articulated a new role for government. We tried to break through the debate that had then dominated Washington for nearly 20 years, some people saying government could solve all our problems and others saying government was the source of all of our problems. I had been a governor for a dozen years and I thought the argument was frankly ridiculous. I thought that neither extreme was true.

We have sought to create a government whose primary role is to create the conditions and give people the tools to solve their own problems and make the most of their own lives and build good lives, good families, good communities and a strong country. The results have been, I think, quite good. America has the lowest crime rate in 25 years, the lowest unemployment rate in 28 years, the smallest percentage of people on welfare in 29 years.

We're about to have our first balanced budget and surplus in 29 years; the lowest inflation rate in 32 years and the highest homeownership in the history of the country. We have also opened the doors of college to virtually every American through our Hope Scholarships and other tax credits for college education, through a better student loan program, through more work-study positions and more Pell Grant scholarships.

We have added 5 million people who are children to the ranks of people with health insurance who are in the process of doing that. We have the highest rates of childhood immunization in history. We have worked hard on the environment and the water is cleaner, the air is cleaner, the food is safer. There are fewer toxic waste dumps and we have put more land aside to preserve forever than any administration in the history except those of the two Roosevelts.

We started the AmeriCorps program and now have had almost 100,000 young people, like you, just a little older than you serving in their communities, earning money for college, making America a better place. With our America Reads program alone, which is designed to get young college students to go in and help make sure all of our third graders can read independently by the end of the third grade, we now have 1,000 colleges participating.

While all this has happened, we've actually reduced the size of government. The federal government is now the smallest it has been since I came here to meet President Kennedy 35 years ago. So I believe that this country is moving in the right direction.

Now, I think one of the great decisions facing the American people now is what to do about this. I like the fact that there is a good sense of well-being in America. I like the fact that, after over 20 years of downhill movement, public confidence in government and the role of government in our lives is going back up again. I like that very much. But I feel very strongly, and I predict that if you just read the paper, I think you can see, I think, support from my point of view that is a grave mistake to say, "Okay, things are going well in America and we don't need to do much, we should relax now." Why? For two reasons. One is, you will see, the older you get, no condition lasts forever. The good times don't last for ever but neither do the bad ones -- and that's the good news. (Laughter.)

Secondly, we are living in a very dynamic time. We are enjoying the success that we are enjoying today partly because the American people have been very aggressive, because, you know, we live in a country where citizens deserve most of the credit. What we have done to get these impressive numbers again is to create the right conditions, the right environment, the right incentives for the American then to take advantage of it and go forward. But we have to -- this is a very dynamic time. And there are all kinds of difficulties and challenges out there.

So, for America to sit back now would be a great mistake. When times are good, but dynamic, that's the time to bear down, to take on the big challenges, the long-term challenges, the things that will affect your lifetime when you begin to have children, and you begin to do your work, and you begin to take full responsibility for the welfare of the country. What are those things? Let me just mention a few of them.

Number one, I am the oldest of the baby boomers, the largest generation of young people ever in -- to grow up, except the generation of which you are the oldest. That is, we -- for the last year, for the first time since I was in high school, we had a bigger group of children in kindergarten through 12th grade than the baby boom generation. Now, what does that mean? It means, among other things, that if we continue to retire at present trends and the birth rates continue as they are, and the immigration rates continue as they are, by the time all of our baby boomers retire, we'll only have about two people working for every one person eligible for Social Security. And that is unsustainable -- Medicare would be unsustainable.

So what's the answer? The answer is to find a way to preserve these fundamental programs that have lifted the elderly out of poverty and given dignity and strength to our professed family values in a way that does not bankrupt our children and grandchildren. Everybody I know my age is obsessed with the idea that we must not have the cost of our retirement be lowering your standard of living, be undermining your ability to raise your own children.

Now, if we're going to have a surplus, we ought to make sure we've got a long-term plan to save Social Security before we squander that surplus on tax cuts, which may be very popular in the short-run, but which may leave us with a terrible problem that will cost us a lot more than you could ever get in a small tax cut by the time you have to be taking responsibility for your parents' retirements and your children's education. And we should do it now when times are good and we're projecting a surplus.

Number two. We should recognize that while we have the best system of higher education in the world, no one believes our schools are yet the best in the world. And we should take advantage of this moment to make sure all American young people have access to world-class education with higher standards, with technology that hooks up every American classroom to the Internet and all the riches that it holds by the year 2000, with smaller classes and with more access to more constructive choices through things like the charter school movement, which is very prominent in many of your states.

Number three, we should recognize that the environmental challenges we have are real and global. If there is anybody here from Florida -- and I'm sure there is -- if you -- all the rest of us have been watching those fires, I went down and saw -- flew over those areas that have been burned up. Florida had the wettest fall and winter than they had ever had, they had the driest spring they had ever had, and then the month of June in Florida was the hottest month in the history of the state, hotter than any July or August; and in Florida, that's saying something.

There is ample evidence now that what my wonderful Vice President has been saying for years and years and years is true: that the climate of the globe is warming at a rate which is unsustainable, which will lead us to more extreme weather conditions. We now have records going back over 500 years which we can use to measure what the temperature was on this planet. The five hottest years ever recorded have been in the 1990s. Nineteen ninety-seven was the hottest year on record. 1998 is going to be hotter if it continues.

A big part of the problem is the way countries get rich with their use of energy. We have to prove -- and by the way, we can prove -- that we can grow the economy and improve the environment at the same time. The young people of this country, without regard to their other differences of region and political party and philosophy, by and large are much more committed to this proposition than older people are. Young people -- I find even young people in grade school are just instinctive environmentalists. We are depending on you to provide the phalanx of brainpower and voting power to move America to the proposition that we can preserve our environment and grow the economy.

Next, we have to prove that we can bring the benefits of this new economy to people who don't have it yet. Believe it or not, there are still some urban neighborhoods that have unemployment rates above 10 percent, some above 15 percent, while the national unemployment rate is below 5 percent. If you talk to the delegates here from North Dakota where they're having a collapse of farm prices in the aftermath of a terrible, terrible set of natural disasters all through the high plains, it's hard -- you could walk down the street in a lot of towns in North Dakota and they would have a hard time believing we've got the strongest economy in a generation.

If any of you have ever been on a Native American reservation that doesn't have a lot of money from gaming enterprises, you know that there are still an awful lot of the first Americans who have received no tangible benefit from this economic growth. Now that the economy is strong, we should be working to implement strategies that will bring this growth to them to make sure that all Americans feel that they're a part of our future.

Just two more things, quickly. Over the long run, we have got to prove that we can be one America. I like it -- I look around this room, I see all of you come from different racial and ethnic and religious backgrounds. That's a great, great advantage to America in a global society, a global economy. Look around the world at all of the problems we have that are based on racial, ethnic and religious differences. Why did those three little children have to die in that firebomb in Ireland a few days ago? Because somebody just cannot give up the idea that they ought to fight until the end of time over their religious differences.

Why can we not achieve a lasting peace in the Middle East? What is at the root of the problem in Bosnia, in Kosovo? Why did hundreds of thousands of people die in Rwanda in a matter of days in 1994? All over the world you see this. If America wants to do good in a world like that, we must be good at home. We must be able to live in all of our communities like you're working and living together here. And you can lead the way on that.

It is very important that we continue, finally, to be engaged in the world. That's why I went to China, even though some people said I shouldn't -- not because we agree with everything the Chinese do, but because we respect the progress they have made in the last several years and because they are going to be the biggest country in the world, and it is much better if we work them to try to build the kind of world we want than if we're forced into a situation of continuous conflict and estrangement. And I feel a moral obligation to you and your future and your children to try to create that kind of world. But first, the power of the American example is important, and you must never forget that.

Now, against that background, you need to evaluate everything we're doing here. How are we doing to keep America working today, or are we dealing with the long-term challenges of the country? Every issue should be evaluated in that context.

One of the things that's most troubling to me is that we have the best health care in the world but we don't have the best health care system in the world, and we don't have the healthiest people in the world, partly because of institutional problems. One we've been talking about is the necessity to pass the Patient's Bill of Rights so we get the benefit of managed care without the burden of having accountants make decisions doctors should make in the medical area.

Another big problem we have -- it's probably the most prominent health problem your generation faces is the problem of -- epidemic of teen smoking, with 3,000 young people starting to smoke every day -- 1,000 will have their lives shortened as a result of it. More people die from smoking than accidents and murders and AIDS, and other unrelated maladies put together in this country. So it is a very, very serious problem.

I have been working very hard now for a long time to pass legislation that will raise the price of cigarettes, give the FDA the authority to regulate tobacco as a drug, stop the marketing of cigarettes to teenagers, launch new anti-smoking research and education drives, protect the tobacco farmers and their communities, and use the money to pay for health care and medical research, education and child care, and any tax cuts that the Congress wanted to pass, so it didn't affect our surplus and our commitment to save Social Security.

Now, right now, our legislative drive has been stalled in the face of a $40-million advertising campaign by the tobacco companies that has been unanswered by the public health advocates because they don't have that kind of money. But the facts are clear, and if we keep working, I think we will prevail on the issue. Why? Well, the main reason is the evidence that the tobacco companies themselves have given us about the dangers of smoking and their strategy. We now have, as a result of all these lawsuits, internal tobacco company documents that show that even as they publicly denied that nicotine was addictive, they conducted secret research in their labs, devised secret marketing strategies in their boardrooms to addict children to smoking for life, and they knew exactly what they were doing.

How do we know it? Again, look at the documents that they, themselves, have produced in the court cases. These documents tell us in the tobacco companies' own words how children and minorities became the primary targets they saw as new customers. There are memos admitting in plain English, for example, quote, "The base of our business is the high school student." Memos saying, quote, "Creating a fad in the 14- to 20-year-old market can be a great bonanza." And even as they insisted that young people are off limits for advertising, one company document from 1984 recommended targeting younger adult smokers as the only source of replacement smokers in the future. while children are the future of America, not the future of the tobacco companies -- and that future should not go up in smoke.

These documents contain a treasure trove of information that can be used to save lives. Public health experts can design more effective anti-smoking strategies by studying the marketing plans of the cigarette companies. Scientists can look to documents for findings that can aid their research into nicotine addiction and tobacco-related illnesses. And all Americans can understand the role the industry has played in hooking our children to the habit of smoking.

There are tens of millions of pages of these documents. While some of them are already on the Internet, most are stored in depositories all across our nation and as far away as England. They aren't easy to find. So I've decided to use this moment with you to show you one thing that the President can do with executive authority that has nothing to do with legislative action in Congress. I am directing the Secretary of Health and Human Services to report back to me in 90 days with a plan to make these documents more accessible to all Americans, so anybody that can get on the Internet can get them all and can understand them all.

The plan should include a strategy for indexing them and for making that index widely available through both the Internet and other methods. It should also have a strategy for broad and rigorous analysis of the information contained in all these documents. I'm also pleased that the Attorney General will file a brief in support of the State of Minnesota's efforts to make the tobacco industry's own currently existing index to all of these millions of documents available to the general public.

We must lift the veil of secrecy on the tobacco industry so that all Americans understand that there is an epidemic of teen smoking and how it came about. Let us use the darkest secrets of the industry to save a new generation of children from this habit and to help us fight and win.

This administration and many of our nation's leaders are working to make sure that this challenge, along with these larger, longer-term challenges that I've mentioned -- education, climate change, Social Security -- do not become intractable problems of your future. I don't want your generation of Americans to have to face a problem like the magnitude of the deficit that I faced here when we took office.

I can tell you that the tougher problems are, the harder the resolution is and the more controversial the resolution is, and the more painful the price to pay is. We had to make a lot of tough decisions in 1993 to get that deficit under control, and a lot of brave members of Congress lost their seats in Congress because they voted for an economic program in 1993, the benefits of which were not apparent in 1994 when they were up. But when we got ready to pass the Balanced Budget Act in 1997 on a bipartisan basis, guess what? Over 92 percent of the deficit had already disappeared because of what had been done in 1993.

The best thing for a smart country to do is to take these challenges when they come up and deal with them quickly, looking to the long run, not waiting for those things to fester and become infected and become a wound in the nation's psyche. That is what we're trying to do here.

That's why I think programs like Girls' Nation are so important -- because they enlist people in the work of citizenship as a disciplined habit, not as something that you think about when an emergency comes along. I hope you will be able to do that to your friends and your neighbors and your family members when you go home.

I hope you will always continue now to help raise awareness of the issues you care about and propose solutions to them. I hope you will always continue to lobby your elected leaders and to participate until you become one. Our democracy is only as strong as its citizens. Think about this when you go home: Our founders did a revolutionary thing -- they created a whole country based on the idea, at the time totally unheard of, that God gave every person an equal portion -- every person an equal portion the right to life, liberty and the pursuit of happiness. They say, we've got to create this government because there's no way we can individually protect and enhance these rights. That's why we're doing this.

And then they gave us -- all of us -- every American until time immemorial, a mission: They said, "We must work together to form a more perfect Union." They were really smart, those guys. They were really smart. They understood that every generation would have its own challenges. They understood the work of liberty would never be over. They understood all that. They understood it all. And they gave us a permanent mission. And keep in mind, they created a limited government which means that in this country, the most important players will always be the citizens. As great as the leaders are and all the monuments you've seen to our great leaders around this city since you've been here this week, none of them could have accomplished anything if the people hadn't said, okay, we agree; we'll do our part.

So, again, I say, you've had a remarkable opportunity this week to learn more about how your country works. You have, yourselves, been good citizen-servants by doing it. You've had a chance to manifest your love in America and your belief in America. For the rest of your life, I hope you'll do what you can to make our Union more perfect. Good luck and God bless you. (Applause.) Thank you.

Now, I'm just going to go sign this order and I'm going to ask your President and Vice President to stand with me, and then I'm going to turn the microphone over to them. Come on.

Q Mr. President, do you think that the court ruling can --

THE PRESIDENT: I'll answer questions, but let's do -- let us finish the program and then I'll answer a few questions. That'll be fun for them; they'll see a little press conference here. (Laughter.)

Okay, you've got the floor.

MS. ARGUIA: Mr. President, we are absolutely thrilled and honored that you chose to take the time from your highly demanding schedule to meet with us today. And on behalf of Girls' Nation, I'd just like to present this small token of our appreciation. (A presentation is made.) (Laughter and applause.)

THE PRESIDENT: That's wonderful. Thank you.

MS. ARGUIA: Mr. President, distinguished Senators, ladies and gentlemen. It is my honor as the President of the 1998 Girls' Nation Session to present to you the legislation that the Senate of the 1998 Girls' Nation has passed. It represents a wide variety of issues in many of our states.

, Mr. President.

THE PRESIDENT: This is the largest legislative package that's passed in Washington so far this week. (Laughter.) And I thank you very much. (Applause.)

Thank you. I will have our people review this for good ideas. (Laughter.)

Now, go ahead. Helen, first -- we'll take two or three questions. Go ahead.

Q Well, do you think that the court rulings are jeopardizing the duties of the Secret Service?

THE PRESIDENT: Well, they believe -- that is, the Treasury Department and the Secret Service, based on their experience not just with me, but with all the Presidents, in the institutional memory of the Secret Service -- they believe that. And so, they are determined to pursue it and the Attorney General has agreed to represent them in that. But that is their professional judgment. I have decided that it would be inappropriate for me to express an opinion and I have not done so. And I believe that I should stay out of it. But they have a very strong professional opinion about it and they are pursuing it.

Q But you have an opinion, surely.

THE PRESIDENT: I do have an opinion. I have an opinion. I have a legal opinion and I have a personal opinion, but I think that's it not -- I think it's important, and I think it would be completely inappropriate for me to be involved in this. I want the American people to understand that, notwithstanding what some have said, and others have implied, this was a decision that came out of the Secret Service about which they feel very strongly. And these people risk their lives to protect me and other Presidents in a professional way, not a political way. They have strong convictions. They have manifested those convictions. The Attorney General has determined that there is sufficient legal merit in their position that they ought to be represented, and they are pursuing their case, which they have a right to do. I believe that they should speak for themselves and I should not interject myself into it.

Q Mr. President, I wonder if you could respond to the ruling yesterday by the Appeals Court, and specifically the opinion of one judge when he said that the White House had effectively declared war on the Independent Counsel --

THE PRESIDENT: I think you have to consider the source of that comment. And that is simply not true. The judge should -- can have a right to his legal opinion about what the Treasury Department and the Justice Department said, but I have told you that this case is about their professional judgment about what's necessary to do their job. And I have not -- neither I nor the White House has been involved in it in any way, shape, or form -- nor will we, nor will I complicate it by commenting further on what he said.

Q But in a larger sense, you don't believe that the White House is --

THE PRESIDENT: Well, in a larger sense, I am spoken for on that by Mr. Kendall. I think the facts speak for themselves. I think -- again, I say you've got to consider the source of that comment.

MR. MCCURRY: Last question.

Q Mr. President, the trade deficit in May was up around $15 billion. Are you willing to overlook that while the Asian financial crisis -- itself out?

THE PRESIDENT: Well, I don't think -- no, I don't think we should overlook it, I think it ought to prompt us to action. But let's understand why the trade deficit is so large. The trade deficit is large because we live in an integrated global economy, and our economy has been strong while the Asian economy has been in trouble. What does that mean? When their economy is in trouble, the value of their currency goes down. What does that mean? That means that compared to yesterday, if their currency goes down, their money is worth less than ours in the same amounts.

That means it becomes their goods that they sell to us become cheaper, and it means our goods that we would sell to them become more expensive. Almost the entire increase in the trade deficit is due to the Asian economic trouble, which is why, since January, I have been saying we should make our proper contribution to the International Monetary Fund to promote economic reform and economic recovery in Asia. And the fact that we have not done so is endangering the livelihood of American farmers and American factory workers because we are not making the exports -- especially to Asia -- that we otherwise could be making if those economies were coming back. And a critical part of that is our contribution to the International Monetary Fund.

So, we should not ignore it, because, as I said in the State of the Union Address way back in January, our welfare is tied to the welfare of Asia. We've got 16 million new jobs in the last five and half years, 30 percent of our economic growth is due to exports. A significant area of export growth has been Asia.

That's why I worked hard to -- the other big area of real growth has been in Latin America. And what I've tried to do is to head these things off. You may remember a couple of years ago when we moved in aggressively to help Mexico when their economy was in trouble and a lot of people criticized that. But Mexico paid back their loan ahead of schedule and at profit to the United States. And they are now a functioning economic partner with us again. That's what we need in Asia.

So, the American people should be concerned about this, but we should know that there is a disciplined answer. We need to restore growth in Japan, restore growth in Asia, and our major goal here for our own action should be to pay our fair share to the International Monetary Fund so we can support economic recovery, so they can afford to buy our products, and so there's some greater parity in the prices of our products. Meanwhile, what you see is a product of the strength, not the weakness, of the American economy.

Q What do you think of the Speaker's proposal to use this budget surplus for big tax cuts?

THE PRESIDENT: I think, first of all, let's remember how we got where we are. We got the strength of our economy to the point where it is now by being determined to bring down the deficit until we balanced the budget, by expanding trade to sell more American products around the world, and by investing in education, in training, in technology, in scientific research. Those are the engines of our economic recovery.

Now, we have not had a balanced budget for 29 years. And now, before we've had the first year, the first year of a surplus, to be talking about spending hundreds of billions of dollars on a tax cut based on projected surpluses that may or may not materialize before we have spent the first dollar to save Social Security so that you aren't going to have to support your parents in a way that diminishes your standard of living, I think is a mistake. So I'll go back to my position: I think we should save Social Security first. Let's show the American people this balanced budget. Let's show the American people this surplus. Let's try to keep this economy going and get our growth going, and when we have passed a plan to save Social Security, let's see what it costs and then make a decision on the tax issue.

We don't want to count our chickens before they hatch. Now, the end of the fiscal year here is September 30th. And it's now projected that we'll have a $63-billion surplus, and I earnestly hope we do. But it wouldn't do any harm to rack one up before we start spending it. We had 29 years of deficits. Between 1981 and 1983 in 12 years alone, we increased by four times the total debt of the United States. We quadrupled the debt of the United States in 12 years that we had amassed in the previous 200. It won't do us any harm to take one year and enjoy the fact that we've balanced our books, ran up a surplus and planned to save Social Security. That will not do us any harm. It will keep our economy stronger and it's better for America's future.

Thank you very much. (Applause.)

END 10:10 A.M. EDT

Message Sent
To:
SUNTUM_M @ a1.eop.gov
meglynn @ usia.gov
tingen-terrie @ dol.gov
backup @ wilson.ai.mit.edu
wh-outbox-distr @ clinton.ai.mit.edu
Lori E. Abrams/WHO/EOP
Jeannetta P. Allen/WHO/EOP
Lori L. Anderson/WHO/EOP
Brenda M. Anders/WHO/EOP
"Eli G. Attie" @ lngate4.eop.gov
Patrick Aylward/PIR/EOP
Robin J. Bachman/WHO/EOP
Kyle M. Baker/WHO/EOP
Karen L. Barbuschak/OA/EOP
Beverly J. Barnes/WHO/EOP
Brian A. Barreto/OPD/EOP
Mark H. Bartholomew/OA/EOP
BARTHOLOW_T @ a1.eop.gov

David S. Beaubaire/WHO/EOP
Paul E. Begala/WHO/EOP
Mark J. Bernstein/WHO/EOP
Marsha E. Berry/WHO/EOP
Antony J. Blinken/NSC/EOP
Alexander L. Boyle/PIR/EOP
Lanny A. Breuer/WHO/EOP
Patrick E. Briggs/WHO/EOP
BUDIG_N @ a1.eop.gov
Katharine Button/WHO/EOP
Robin J. Bachman/WHO/EOP
Barbara D. Woolley/WHO/EOP
Bradley M. Campbell/CEQ/EOP
"Alejandro G. Cabrera" @ lngate4.eop.gov
Dominique L. Cano/WHO/EOP
Laura K. Capps/WHO/EOP
Elizabeth A. Castellani/WHO/EOP
"Joseph W. Cerrell" @ lngate4.eop.gov
David K. Chai/PIR/EOP
"Andrei H. Cherny" @ lngate4.eop.gov
Nanda Chitre/WHO/EOP
Delia A. Cohen/WHO/EOP
Steven A. Cohen/WHO/EOP
Julianne B. Corbett/WHO/EOP
Michelle Crisci/WHO/EOP
CROWLEY_P @ a1.eop.gov
CUTLER_L @ a1.eop.gov
DICKEY_L @ a1.eop.gov
Elliot J. Diringer/CEQ/EOP
Daniel W. Burkhardt/WHO/EOP
Diane Ikemiyashiro/WHO/EOP
Dorian V. Weaver/WHO/EOP
Dorinda A. Salcido/WHO/EOP
Douglas R. Matties/OA/EOP
Anne M. Edwards/WHO/EOP
Rahm I. Emanuel/WHO/EOP
"Patricia M. Ewing" @ lngate4.eop.gov
Karen C. Fahle/WHO/EOP
Joseph C. Fanaroff/WHO/EOP
Jennifer Ferguson/OMB/EOP
Julie A. Fernandes/OPD/EOP
Martha Foley/WHO/EOP
Carmen B. Fowler/WHO/EOP
Grace A. Garcia/PIR/EOP
Arkadi M. Gerney/WHO/EOP
Jessica L. Gibson/WHO/EOP
Adam W. Goldberg/WHO/EOP
Dario J. Gomez/WHO/EOP
GRAY_W @ a1.eop.gov
Peter D. Greenberger/WHO/EOP
John A. Gribben/WHO/EOP
Sanjay Gupta/WHO/EOP
Donald Goldberg/WHO/EOP
"Lawrence J. Haas" @ lngate4.eop.gov

Maureen A. Hudson/WHO/EOP
Thomas D. Janenda/WHO/EOP
David T. Johnson/NSC/EOP
Leanne I. Johnson/WHO/EOP
Wayne C. Johnson/OA/EOP
Michele Jolin/CEA/EOP
James M. Teague/WHO/EOP
Jon P. Jennings/WHO/EOP
Julie E. Mason/WHO/EOP
David E. Kalbaugh/WHO/EOP
Jonathan A. Kaplan/OPD/EOP
Allison J. King/PIR/EOP
Mark A. Kitchens/WHO/EOP
Catherine T. Kitchen/WHO/EOP
Sarah S. Knight/WHO/EOP
"Jim Kohlenberger" @ lngate4.eop.gov
Kris M Balderston/WHO/EOP
Sara M. Latham/WHO/EOP
Christopher J. Lavery/WHO/EOP
"Christopher S. Lehane" @ lngate4.eop.gov
Joseph P. Lockhart/WHO/EOP
Laura D. Schwartz/WHO/EOP
Laura K. Capps/WHO/EOP
Lisa J. Levin/WHO/EOP
Christine N. Macy/WHO/EOP
Michael D. Malone/WHO/EOP
Laura S. Marcus/WHO/EOP
Tanya E. Martin/OPD/EOP
Doris O. Matsui/WHO/EOP
Douglas R. Matties/OA/EOP
Emory L. Mayfield/WHO/EOP
Andrew J. Mayock/WHO/EOP
Anne E. McGuire/WHO/EOP
Estela Mendoza/WHO/EOP
R. Scott Michaud/WHO/EOP
Elisa Millsap/WHO/EOP
Cheryl D. Mills/WHO/EOP
Stephanie J. Minato/PIR/EOP
Rajiv Y. Mody/WHO/EOP
MOFFETT_J @ a1.eop.gov
Megan C. Moloney/WHO/EOP
Kevin S. Moran/WHO/EOP
Jonathan Murchinson/WHO/EOP
Melissa M. Murray/WHO/EOP
Reuben L. Musgrave Jr./WHO/EOP
Mindy E. Myers/WHO/EOP
Sean P. Maloney/WHO/EOP
Michael V. Terrell/CEQ/EOP
Steven J. Naplan/NSC/EOP
Mark D. Neschis/WHO/EOP
Elizabeth R. Newman/WHO/EOP
"Nathan B. Naylor" @ lngate4.eop.gov
Neera Tanden/WHO/EOP
OLCOTT_E @ a1.eop.gov

Michael A. O'Mary/OPD/EOP
Jonathan Orszag/OPD/EOP
Eleanor S. Parker/WHO/EOP
Carole A. Parmelee/WHO/EOP
Sally P. Paxton/WHO/EOP
Julia M. Payne/WHO/EOP
Matthew W. Pitcher/WHO/EOP
"/R=OPUS/R=MRP/PR-L=AVUOEOB/PR-U=TDIXON/FFN=Timothy Dixon/" @ mr.eop.gov
Peter O'Keefe/WHO/EOP
Phillip Caplan/WHO/EOP
Nicole R. Rabner/WHO/EOP
"Brian A. Reich" @ lngate4.eop.gov
Nelson Reyneri/WHO/EOP
Linda Ricci/OMB/EOP
Renee C. Riley/OA/EOP
Robin M. Roland/WHO/EOP
Cecilia E. Rouse/OPD/EOP
RUBIN_E @ a1.eop.gov
Charles F. Ruff/WHO/EOP
Peter Rundlet/WHO/EOP
Virginia N. Rustique/WHO/EOP
Evan Ryan/WHO/EOP
"Jodi R. Sakol" @ lngate4.eop.gov
G. Timothy Saunders/WHO/EOP
Jason H. Schechter/WHO/EOP
NAPLAN_S @ a1.eop.gov
Judithanne V. Scourfield/WHO/EOP
Brooks E. Scoville/WHO/EOP
Maya Seiden/WHO/EOP
Barbara Semedo/PIR/EOP
Ruby Shamir/WHO/EOP
Jeffrey A. Shesol/WHO/EOP
June Shih/WHO/EOP
Robert M. Shireman/OPD/EOP
Jake Siewert/OPD/EOP
Shanna P. Singh/WHO/EOP
Dawn L. Smalls/WHO/EOP
Brian D. Smith/WHO/EOP
SMITH_BD @ a1.eop.gov
Craig T. Smith/WHO/EOP
Jonathan E. Smith/WHO/EOP
Mary L. Smith/OPD/EOP
Richard Socarides/WHO/EOP
Douglas B. Sosnik/WHO/EOP
Maria E. Soto/WHO/EOP
Chandler G. Spaulding/WHO/EOP
Elisabeth Steele/WHO/EOP
Aviva Steinberg/WHO/EOP
Todd Stern/WHO/EOP
Darby E. Stott/WHO/EOP
Diane A. Stumpf/ONDCP/EOP
Michael J. Sullivan/WHO/EOP
Jonathan H. Schnur/OPD/EOP
Tracy F. Sisser/WHO/EOP

Sylvia M. Mathews/OMB/EOP
Jordan Tamagni/WHO/EOP
TCSmith @ dol.gov
Sandra L. Tijerina/WHO/EOP
Amy W. Tobe/WHO/EOP
Barry J. Toiv/WHO/EOP
Serena C. Torrey/WHO/EOP
June G. Turner/WHO/EOP
Thurgood Marshall Jr/WHO/EOP
Dag Vega/WHO/EOP
Virginia Apuzzo/WHO/EOP
Michael Waldman/WHO/EOP
"Angelina Walker" @ lngate4.eop.gov
Glen M. Weiner/WHO/EOP
Robert S. Weiner/ONDCP/EOP
Peter A. Weissman/OPD/EOP
Lowell A. Weiss/WHO/EOP
Woyneab M. Wondwossen/WHO/EOP
Debra S. Wood/WHO/EOP
WOZNIAK_N @ a1.eop.gov
William H. White Jr./WHO/EOP
cmbeach @ msn.com
julie_green @ ed.gov
klasky_helaine @ ustr.gov
rubins @ lisbowpoa.usl-state.gov
tingen-terri @ dol.gov
usia01 @ access.digex.com
"/R=3$=/C=US/ADMD=WESTERN UNION/O=ATT.COM/DD.ELN=62955104/" @ mrx.eop.gov
62955104 @ eln.attmail.com
INFOMGT @ a1.eop.gov
newsdesk @ usnewswire.com
usnwire @ access.digex.com

ARMS Email SystemRECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Shanna P. Singh (CN=Shanna P. Singh/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-AUG-1998 17:52:34.00

SUBJECT: 1998-07/17 REMARKS BY PRESIDEN TO GIRLS NATION

TO: Erin L. Brinkman (CN=Erin L. Brinkman/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Shanna P. Singh/WHO/EOP on 08/05/98
05:52 PM ---------------------------

SUNTUM_M @ A1
07/17/98 11:36:00 AM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: 1998-07/17 REMARKS BY PRESIDEN TO GIRLS NATION

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 17, 1998

REMARKS BY THE PRESIDENT
AT GIRLS NATION EVENT

Room 450, Old Executive Office Building

9:30 A.M. EDT

THE PRESIDENT: Thank you very much. I think I should take Janet Murguia with me wherever I go to always introduce me. (Laughter.) I think she's a great advertisement for Girls' Nation. And someday before long, a number of you will have these opportunities as well.

I'd like to welcome your President, Alana Aldag and your

Vice President, Jennifer Hall and thank Diane Duscheck and Barbara Kranig and the other members of the American Legion Auxiliary for what they do for Girls' Nation. I hope you've had a very good week in Washington. Some of you may know that, this week, these two days here, the 35th reunion class of my Boys' Nation group is also meeting here. I happened to turn on the television last night to see that Ted Koppel on Nightline was doing a two-day review of it. And I thought to myself, it wasn't all that long ago, but all of us are aging rather gracefully. (Laughter.)

Let me say to all of you, the people I met then, many of whom have been my friends over all these 35 years, made me believe that anything was possible. President Kennedy spoke to us and made me believe that, together, we could change the world. I think that is certainly no less true for you and your generation because you will live in the time of greatest possibility in all human history.

If you think of the revolutionary changes that have taken place just in the course of your still relatively short lifetimes, the Cold War cast a shadow over my childhood -- it has ended -- technology has advanced at a breathtaking pace, fundamentally altering the way all of us live and work and learn. A typical laptop computer today has more computer power in it than the world's largest supercomputer did in the year you were born.

Many of the barriers that kept women from making the most of their potential and contributing their talents to our society have fallen away. Yesterday, the First Lady was up in New York commemorating the 150th anniversary of Elizabeth Kady Stanton and 68 other women and 32 brave men gathering in New York with their statement of sentiments, with their 18 objections against men in America, which included the fact that they did not have the right to own property; even the clothes married women had on their backs belonged to their husbands 150 years ago. They couldn't inherit, they didn't vote. And what a long way we have come in the last 150 years and in your lifetime.

I met my wife in law school when it was still a relatively unusual thing to find a law school with any significant number of women in it. Today, a lawyer in America is 12 times more likely to be a woman than a lawyer was in 1963 when I came to Boys' Nation.

Women are earning more college degrees than men, they outnumber men in graduate school. Women-owned businesses are growing

,

faster than the national economy. Forty-one percent of our administration's appointees, including the Secretary of State, the Secretary of Health and Human Services, the Attorney General, the Director of the Environmental Protection Agency, the Secretary of Labor, our Trade Ambassador and many others are women -- by far the highest percentage of women in high positions in any administration

in the history of the United States.

I look forward to the day when I read in the newspaper that America's new President has invited her own Girls' Nation reunion class back to the White House to gather.

In the meantime, we need to be working together to strengthen our country for this new century, because it is a time of dramatic change. Five and half years ago, I came here to move America in a new direction based on our old values of opportunity for all, responsibility from all, in an American community of all citizens. We took a new direction in economic policy and education policy and environmental policy, in welfare policy, in health care policy, in crime policy and foreign policy. We also articulated a new role for government. We tried to break through the debate that had then dominated Washington for nearly 20 years, some people saying government could solve all our problems and others saying government was the source of all of our problems. I had been a governor for a dozen years and I thought the argument was frankly ridiculous. I thought that neither extreme was true.

We have sought to create a government whose primary role is to create the conditions and give people the tools to solve their own problems and make the most of their own lives and build good lives, good families, good communities and a strong country. The results have been, I think, quite good. America has the lowest crime rate in 25 years, the lowest unemployment rate in 28 years, the smallest percentage of people on welfare in 29 years.

We're about to have our first balanced budget and surplus in 29 years; the lowest inflation rate in 32 years and the highest homeownership in the history of the country. We have also opened the doors of college to virtually every American through our Hope Scholarships and other tax credits for college education, through a better student loan program, through more work-study positions and more Pell Grant scholarships.

We have added 5 million people who are children to the ranks of people with health insurance who are in the process of doing that. We have the highest rates of childhood immunization in history. We have worked hard on the environment and the water is cleaner, the air is cleaner, the food is safer. There are fewer toxic waste dumps and we have put more land aside to preserve forever than any administration in the history except those of the two Roosevelts.

We started the AmeriCorps program and now have had almost 100,000 young people, like you, just a little older than you serving in their communities, earning money for college, making America a better place. With our America Reads program alone, which is designed to get young college students to go in and help make sure all of our third graders can read independently by the end of the third grade, we now have 1,000 colleges participating.

While all this has happened, we've actually reduced the size of government. The federal government is now the smallest it has been since I came here to meet President Kennedy 35 years ago. So I believe that this country is moving in the right direction.

Now, I think one of the great decisions facing the American people now is what to do about this. I like the fact that there is a good sense of well-being in America. I like the fact that, after over 20 years of downhill movement, public confidence in government and the role of government in our lives is going back up again. I like that very much. But I feel very strongly, and I predict that if you just read the paper, I think you can see, I think, support from my point of view that is a grave mistake to say, "Okay, things are going well in America and we don't need to do much, we should relax now." Why? For two reasons. One is, you will see, the older you get, no condition lasts forever. The good times don't last for ever but neither do the bad ones -- and that's the good news. (Laughter.)

Secondly, we are living in a very dynamic time. We are enjoying the success that we are enjoying today partly because the American people have been very aggressive, because, you know, we live in a country where citizens deserve most of the credit. What we have done to get these impressive numbers again is to create the right conditions, the right environment, the right incentives for the American then to take advantage of it and go forward. But we have to -- this is a very dynamic time. And there are all kinds of difficulties and challenges out there.

So, for America to sit back now would be a great mistake. When times are good, but dynamic, that's the time to bear down, to take on the big challenges, the long-term challenges, the things that will affect your lifetime when you begin to have children, and you begin to do your work, and you begin to take full responsibility for the welfare of the country. What are those things? Let me just mention a few of them.

Number one, I am the oldest of the baby boomers, the largest generation of young people ever in -- to grow up, except the generation of which you are the oldest. That is, we -- for the last year, for the first time since I was in high school, we had a bigger group of children in kindergarten through 12th grade than the baby boom generation. Now, what does that mean? It means, among other things, that if we continue to retire at present trends and the birth rates continue as they are, and the immigration rates continue as they are, by the time all of our baby boomers retire, we'll only have about two people working for every one person eligible for Social Security. And that is unsustainable -- Medicare would be unsustainable.

So what's the answer? The answer is to find a way to preserve these fundamental programs that have lifted the elderly out of poverty and given dignity and strength to our professed family values in a way that does not bankrupt our children and

grandchildren. Everybody I know my age is obsessed with the idea that we must not have the cost of our retirement be lowering your standard of living, be undermining your ability to raise your own children.

Now, if we're going to have a surplus, we ought to make sure we've got a long-term plan to save Social Security before we squander that surplus on tax cuts, which may be very popular in the short-run, but which may leave us with a terrible problem that will cost us a lot more than you could ever get in a small tax cut by the time you have to be taking responsibility for your parents' retirements and your children's education. And we should do it now when times are good and we're projecting a surplus.

Number two. We should recognize that while we have the best system of higher education in the world, no one believes our schools are yet the best in the world. And we should take advantage of this moment to make sure all American young people have access to world-class education with higher standards, with technology that hooks up every American classroom to the Internet and all the riches that it holds by the year 2000, with smaller classes and with more access to more constructive choices through things like the charter school movement, which is very prominent in many of your states.

Number three, we should recognize that the environmental challenges we have are real and global. If there is anybody here from Florida -- and I'm sure there is -- if you -- all the rest of us have been watching those fires, I went down and saw -- flew over those areas that have been burned up. Florida had the wettest fall and winter than they had ever had, they had the driest spring they had ever had, and then the month of June in Florida was the hottest month in the history of the state, hotter than any July or August; and in Florida, that's saying something.

There is ample evidence now that what my wonderful Vice President has been saying for years and years and years is true: that the climate of the globe is warming at a rate which is unsustainable, which will lead us to more extreme weather conditions. We now have records going back over 500 years which we can use to measure what the temperature was on this planet. The five hottest years ever recorded have been in the 1990s. Nineteen ninety-seven was the hottest year on record, 1998 is going to be hotter if it continues.

A big part of the problem is the way countries get rich with their use of energy. We have to prove -- and by the way, we can prove -- that we can grow the economy and improve the environment at the same time. The young people of this country, without regard to their other differences of region and political party and philosophy, by and large are much more committed to this proposition than older people are. Young people -- I find even young people in grade school are just instinctive environmentalists. We are depending on you to provide the phalanx of brainpower and voting power to move America to the proposition that we can preserve our environment and grow the

economy.

Next, we have to prove that we can bring the benefits of this new economy to people who don't have it yet. Believe it or not, there are still some urban neighborhoods that have unemployment rates above 10 percent, some above 15 percent, while the national unemployment rate is below 5 percent. If you talk to the delegates here from North Dakota where they're having a collapse of farm prices in the aftermath of a terrible, terrible set of natural disasters all through the high plains, it's hard -- you could walk down the street in a lot of towns in North Dakota and they would have a hard time believing we've got the strongest economy in a generation.

If any of you have ever been on a Native American reservation that doesn't have a lot of money from gaming enterprises, you know that there are still an awful lot of the first Americans who have received no tangible benefit from this economic growth. Now that the economy is strong, we should be working to implement strategies that will bring this growth to them to make sure that all Americans feel that they're a part of our future.

Just two more things, quickly. Over the long run, we have got to prove that we can be one America. I like it -- I look around this room, I see all of you come from different racial and ethnic and religious backgrounds. That's a great, great advantage to America in a global society, a global economy. Look around the world at all of the problems we have that are based on racial, ethnic and religious differences. Why did those three little children have to die in that firebomb in Ireland a few days ago? Because somebody just cannot give up the idea that they ought to fight until the end of time over their religious differences.

Why can we not achieve a lasting peace in the Middle East? What is at the root of the problem in Bosnia, in Kosovo? Why did hundreds of thousands of people die in Rwanda in a matter of days in 1994? All over the world you see this. If America wants to do good in a world like that, we must be good at home. We must be able to live in all of our communities like you're working and living together here. And you can lead the way on that.

It is very important that we continue, finally, to be engaged in the world. That's why I went to China, even though some people said I shouldn't -- not because we agree with everything the Chinese do, but because we respect the progress they have made in the last several years and because they are going to be the biggest country in the world, and it is much better if we work them to try to build the kind of world we want than if we're forced into a situation of continuous conflict and estrangement. And I feel a moral obligation to you and your future and your children to try to create that kind of world. But first, the power of the American example is important, and you must never forget that.

Now, against that background, you need to evaluate everything we're doing here. How are we doing to keep America

working today, or are we dealing with the long-term challenges of the country? Every issue should be evaluated in that context.

One of the things that's most troubling to me is that we have the best health care in the world but we don't have the best health care system in the world, and we don't have the healthiest people in the world, partly because of institutional problems. One we've been talking about is the necessity to pass the Patient's Bill of Rights so we get the benefit of managed care without the burden of having accountants make decisions doctors should make in the medical area.

Another big problem we have -- it's probably the most prominent health problem your generation faces is the problem of -- epidemic of teen smoking, with 3,000 young people starting to smoke every day -- 1,000 will have their lives shortened as a result of it. More people die from smoking than accidents and murders and AIDS, and other unrelated maladies put together in this country. So it is a very, very serious problem.

I have been working very hard now for a long time to pass legislation that will raise the price of cigarettes, give the FDA the authority to regulate tobacco as a drug, stop the marketing of cigarettes to teenagers, launch new anti-smoking research and education drives, protect the tobacco farmers and their communities, and use the money to pay for health care and medical research, education and child care, and any tax cuts that the Congress wanted to pass, so it didn't affect our surplus and our commitment to save Social Security.

Now, right now, our legislative drive has been stalled in the face of a $40-million advertising campaign by the tobacco companies that has been unanswered by the public health advocates because they don't have that kind of money. But the facts are clear, and if we keep working, I think we will prevail on the issue. Why? Well, the main reason is the evidence that the tobacco companies themselves have given us about the dangers of smoking and their strategy. We now have, as a result of all these lawsuits, internal tobacco company documents that show that even as they publicly denied that nicotine was addictive, they conducted secret research in their labs, devised secret marketing strategies in their boardrooms to addict children to smoking for life, and they knew exactly what they were doing.

How do we know it? Again, look at the documents that they, themselves, have produced in the court cases. These documents tell us in the tobacco companies' own words how children and minorities became the primary targets they saw as new customers. There are memos admitting in plain English, for example, quote, "The base of our business is the high school student." Memos saying, quote, "Creating a fad in the 14- to 20-year-old market can be a great bonanza." And even as they insisted that young people are off limits for advertising, one company document from 1984 recommended targeting younger adult smokers as the only source of replacement

smokers in the future, while children are the future of America, not the future of the tobacco companies -- and that future should not go up in smoke.

These documents contain a treasure trove of information that can be used to save lives. Public health experts can design more effective anti-smoking strategies by studying the marketing plans of the cigarette companies. Scientists can look to documents for findings that can aid their research into nicotine addiction and tobacco-related illnesses. And all Americans can understand the role the industry has played in hooking our children to the habit of smoking.

There are tens of millions of pages of these documents. While some of them are already on the Internet, most are stored in depositories all across our nation and as far away as England. They aren't easy to find. So I've decided to use this moment with you to show you one thing that the President can do with executive authority that has nothing to do with legislative action in Congress. I am directing the Secretary of Health and Human Services to report back to me in 90 days with a plan to make these documents more accessible to all Americans, so anybody that can get on the Internet can get them all and can understand them all.

The plan should include a strategy for indexing them and for making that index widely available through both the Internet and other methods. It should also have a strategy for broad and rigorous analysis of the information contained in all these documents. I'm also pleased that the Attorney General will file a brief in support of the State of Minnesota's efforts to make the tobacco industry's own currently existing index to all of these millions of documents available to the general public.

We must lift the veil of secrecy on the tobacco industry so that all Americans understand that there is an epidemic of teen smoking and how it came about. Let us use the darkest secrets of the industry to save a new generation of children from this habit and to help us fight and win.

This administration and many of our nation's leaders are working to make sure that this challenge, along with these larger, longer-term challenges that I've mentioned -- education, climate change, Social Security -- do not become intractable problems of your future. I don't want your generation of Americans to have to face a problem like the magnitude of the deficit that I faced here when we took office.

I can tell you that the tougher problems are, the harder the resolution is and the more controversial the resolution is, and the more painful the price to pay is. We had to make a lot of tough decisions in 1993 to get that deficit under control, and a lot of brave members of Congress lost their seats in Congress because they voted for an economic program in 1993, the benefits of which were not apparent in 1994 when they were up. But when we got ready to pass

the Balanced Budget Act in 1997 on a bipartisan basis, guess what? Over 92 percent of the deficit had already disappeared because of what had been done in 1993.

The best thing for a smart country to do is to take these challenges when they come up and deal with them quickly, looking to the long run, not waiting for those things to fester and become infected and become a wound in the nation's psyche. That is what we're trying to do here.

,

That's why I think programs like Girls' Nation are so important -- because they enlist people in the work of citizenship as a disciplined habit, not as something that you think about when an emergency comes along. I hope you will be able to do that to your friends and your neighbors and your family members when you go home.

I hope you will always continue now to help raise awareness of the issues you care about and propose solutions to them. I hope you will always continue to lobby your elected leaders and to participate until you become one. Our democracy is only as strong as its citizens. Think about this when you go home: Our founders did a revolutionary thing -- they created a whole country based on the idea, at the time totally unheard of, that God gave every person an equal portion -- every person an equal portion the right to life, liberty and the pursuit of happiness. They say, we've got to create this government because there's no way we can individually protect and enhance these rights. That's why we're doing this.

And then they gave us -- all of us -- every American until time immemorial, a mission: They said, "We must work together to form a more perfect Union." They were really smart, those guys. They were really smart. They understood that every generation would have its own challenges. They understood the work of liberty would never be over. They understood all that. They understood it all. And they gave us a permanent mission. And keep in mind, they created a limited government which means that in this country, the most important players will always be the citizens. As great as the leaders are and all the monuments you've seen to our great leaders around this city since you've been here this week, none of them could have accomplished anything if the people hadn't said, okay, we agree; we'll do our part.

So, again, I say, you've had a remarkable opportunity this week to learn more about how your country works. You have, yourselves, been good citizen-servants by doing it. You've had a chance to manifest your love in America and your belief in America. For the rest of your life, I hope you'll do what you can to make our Union more perfect. Good luck and God bless you. (Applause.) Thank you.

Now, I'm just going to go sign this order and I'm going to ask your President and Vice President to stand with me, and then

I'm going to turn the microphone over to them. Come on.

Q Mr. President, do you think that the court ruling can --

THE PRESIDENT: I'll answer questions, but let's do -- let us finish the program and then I'll answer a few questions. That'll be fun for them; they'll see a little press conference here. (Laughter.)

Okay, you've got the floor.

MS. ARGUIA: Mr. President, we are absolutely thrilled and honored that you chose to take the time from your highly demanding schedule to meet with us today. And on behalf of Girls' Nation, I'd just like to present this small token of our appreciation. (A presentation is made.) (Laughter and applause.)

THE PRESIDENT: That's wonderful. Thank you.

MS. ARGUIA: Mr. President, distinguished Senators, ladies and gentlemen. It is my honor as the President of the 1998 Girls' Nation Session to present to you the legislation that the Senate of the 1998 Girls' Nation has passed. It represents a wide variety of issues in many of our states.

,

Mr. President.

THE PRESIDENT: This is the largest legislative package that's passed in Washington so far this week. (Laughter.) And I thank you very much. (Applause.)

Thank you. I will have our people review this for good ideas. (Laughter.)

Now, go ahead. Helen, first -- we'll take two or three questions. Go ahead.

Q Well, do you think that the court rulings are jeopardizing the duties of the Secret Service?

THE PRESIDENT: Well, they believe -- that is, the Treasury Department and the Secret Service, based on their experience not just with me, but with all the Presidents, in the institutional memory of the Secret Service -- they believe that. And so, they are determined to pursue it and the Attorney General has agreed to represent them in that. But that is their professional judgment. I have decided that it would be inappropriate for me to express an opinion and I have not done so. And I believe that I should stay out of it. But they have a very strong professional opinion about it and they are pursuing it.

Q But you have an opinion, surely.

THE PRESIDENT: I do have an opinion. I have an opinion. I have a legal opinion and I have a personal opinion, but I think that's it not -- I think it's important, and I think it would be completely inappropriate for me to be involved in this. I want the American people to understand that, notwithstanding what some have said, and others have implied, this was a decision that came out of the Secret Service about which they feel very strongly. And these people risk their lives to protect me and other Presidents in a professional way, not a political way. They have strong convictions. They have manifested those convictions. The Attorney General has determined that there is sufficient legal merit in their position that they ought to be represented, and they are pursuing their case, which they have a right to do. I believe that they should speak for themselves and I should not interject myself into it.

Q Mr. President, I wonder if you could respond to the ruling yesterday by the Appeals Court, and specifically the opinion of one judge when he said that the White House had effectively declared war on the Independent Counsel --

THE PRESIDENT: I think you have to consider the source of that comment. And that is simply not true. The judge should -- can have a right to his legal opinion about what the Treasury Department and the Justice Department said, but I have told you that this case is about their professional judgment about what's necessary to do their job. And I have not -- neither I nor the White House has been involved in it in any way, shape, or form -- nor will we, nor will I complicate it by commenting further on what he said.

Q But in a larger sense, you don't believe that the White House is --

THE PRESIDENT: Well, in a larger sense, I am spoken for on that by Mr. Kendall. I think the facts speak for themselves. I think -- again, I say you've got to consider the source of that comment.

MR. MCCURRY: Last question.

Q Mr. President, the trade deficit in May was up around $15 billion. Are you willing to overlook that while the Asian financial crisis -- itself out?

THE PRESIDENT: Well, I don't think -- no, I don't think we should overlook it, I think it ought to prompt us to action. But let's understand why the trade deficit is so large. The trade deficit is large because we live in an integrated global economy, and our economy has been strong while the Asian economy has been in trouble. What does that mean? When their economy is in trouble, the value of their currency goes down. What does that mean? That means that compared to yesterday, if their currency goes down, their money is worth less than ours in the same amounts.

That means it becomes their goods that they sell to us become cheaper, and it means our goods that we would sell to them become more expensive. Almost the entire increase in the trade deficit is due to the Asian economic trouble, which is why, since January, I have been saying we should make our proper contribution to the International Monetary Fund to promote economic reform and economic recovery in Asia. And the fact that we have not done so is endangering the livelihood of American farmers and American factory workers because we are not making the exports -- especially to Asia -- that we otherwise could be making if those economies were coming back. And a critical part of that is our contribution to the International Monetary Fund.

So, we should not ignore it, because, as I said in the State of the Union Address way back in January, our welfare is tied to the welfare of Asia. We've got 16 million new jobs in the last five and half years, 30 percent of our economic growth is due to exports. A significant area of export growth has been Asia.

That's why I worked hard to -- the other big area of real growth has been in Latin America. And what I've tried to do is to head these things off. You may remember a couple of years ago when we moved in aggressively to help Mexico when their economy was in trouble and a lot of people criticized that. But Mexico paid back their loan ahead of schedule and at profit to the United States. And they are now a functioning economic partner with us again. That's what we need in Asia.

So, the American people should be concerned about this, but we should know that there is a disciplined answer. We need to restore growth in Japan, restore growth in Asia, and our major goal here for our own action should be to pay our fair share to the International Monetary Fund so we can support economic recovery, so they can afford to buy our products, and so there's some greater parity in the prices of our products. Meanwhile, what you see is a product of the strength, not the weakness, of the American economy.

Q What do you think of the Speaker's proposal to use this budget surplus for big tax cuts?

THE PRESIDENT: I think, first of all, let's remember how we got where we are. We got the strength of our economy to the point where it is now by being determined to bring down the deficit until we balanced the budget, by expanding trade to sell more American products around the world, and by investing in education, in training, in technology, in scientific research. Those are the engines of our economic recovery.

Now, we have not had a balanced budget for 29 years. And now, before we've had the first year, the first year of a surplus, to be talking about spending hundreds of billions of dollars on a tax cut based on projected surpluses that may or may not materialize before we have spent the first dollar to save Social

Security so that you aren't going to have to support your parents in a way that diminishes your standard of living, I think is a mistake. So I'll go back to my position: I think we should save Social Security first. Let's show the American people this balanced budget. Let's show the American people this surplus. Let's try to keep this economy going and get our growth going, and when we have passed a plan to save Social Security, let's see what it costs and then make a decision on the tax issue.

We don't want to count our chickens before they hatch. Now, the end of the fiscal year here is September 30th. And it's now projected that we'll have a $63-billion surplus, and I earnestly hope we do. But it wouldn't do any harm to rack one up before we start spending it. We had 29 years of deficits. Between 1981 and 1983 in 12 years alone, we increased by four times the total debt of the United States. We quadrupled the debt of the United States in 12 years that we had amassed in the previous 200. It won't do us any harm to take one year and enjoy the fact that we've balanced our books, ran up a surplus and planned to save Social Security. That will not do us any harm. It will keep our economy stronger and it's better for America's future.

Thank you very much. (Applause.)

END 10:10 A.M. EDT

Message Sent
To:____

Lori E. Abrams
Jeannetta P. Allen
Brenda M. Anders
Eli G. Attie @ OVP@EOP
Patrick Aylward
Robin J. Bachman
Kyle M. Baker
Karen L. Barbuschak
Beverly J. Barnes
Brian A. Barreto
Mark H. Bartholomew
David S. Beaubaire
Paul E. Begala
Mark J. Bernstein
Marsha E. Berry
antony j. blinken
Alexander L. Boyle
Lanny A. Breuer
Patrick E. Briggs
Katharine Button
Robin J. Bachman

Barbara D. Woolley
Bradley M. Campbell
Alejandro G. Cabrera @ ovp@eop
Dominique L. Cano
Laura Capps
Elizabeth A. Castellani
Joseph W. Cerrell @ OVP@EOP
David K. Chai
Andrei H. Cherny @ ovp@eop
Nanda Chitre
Delia A. Cohen
Steven A. Cohen
Julianne B. Corbett
Michelle Crisci
Elliot J. Diringer
Daniel W. Burkhardt
Diane Ikemiyashiro
Dorian V. Weaver
Dorinda A. Salcido
Douglas Matties
Anne M. Edwards
Rahm Emanuel
Patricia M. Ewing @ OVP@EOP
Karen C. Fahle
Joseph C. Fanaroff
Jennifer Ferguson
Julie A. Fernandes
Martha Foley
Carmen B. Fowler
Grace A. Garcia
Arkadi M. Gerney
Jessica L. Gibson
Adam W. Goldberg
Dario J. Gomez
Peter D. Greenberger
John A. Gribben
Sanjay Gupta
Donald Goldberg
Lawrence J. Haas @ OVP@EOP
Maureen A. Hudson
Thomas D. Janenda
david t. johnson
Leanne I. Johnson
Wayne C. Johnson
Michele Jolin
James M. Teague
Jon P. Jennings
Julie E. Mason
David E. Kalbaugh
Jonathan A. Kaplan
Allison J. King
Mark A. Kitchens
Catherine T. Kitchen
Sarah S. Freeman

Jim Kohlenberger @ OVP@EOP
Kris M Balderston
Sara M. Latham
Christopher J. Lavery
Christopher S. Lehane @ OVP@EOP
Joseph P. Lockhart
Laura D. Schwartz
Laura K. Capps
Lisa J. Levin
Christine N. Macy
michael d. malone
Laura S. Marcus
Tanya E. Martin
Doris O. Matsui
Douglas R. Matties
Emory L. Mayfield
Andrew J. Mayock
Anne E. McGuire
Estela Mendoza
R. Scott Michaud
Elisa Millsap
Cheryl D. Mills
Stephanie J. Minato
Rajiv Y. Mody
megan moloney
Kevin Moran
Jonathan Murchinson
Melissa M. Murray
Reuben L. Musgrave Jr.
Mindy E. Myers
Sean P. Maloney
Michael V. Terrell
Steven J. Naplan
Mark D. Neschis
Elizabeth R. Newman
Nathan B. Naylor @ ovp@eop
Neera Tanden
Michael A. O'Mary
Jonathan Orszag
Eleanor S. Parker
Carole A. Parmelee
Sally P. Paxton
Julia M. Payne
Matthew W. Pitcher
Peter O'Keefe
Phillip Caplan
Nicole R. Rabner
Brian A. Reich @ OVP@EOP
Nelson Reyneri
Linda Ricci
Renee C. Riley
Robin M. Roland
Cecilia E. Rouse
Charles F. Ruff

Peter Rundlet
Virginia N. Rustique
Evan Ryan
Jodi R. Sakol @ OVP@EOP
G. Timothy Saunders
Jason H. Schechter
Judithanne V. Scourfield
BROOKS SCOVILLE
Maya Seiden
Barbara Semedo
Ruby Shamir
Jeffrey A. Shesol
June Shih
Robert M. Shireman
Jake Siewert
Shanna P. Singh
Dawn L. Smalls
Brian D. Smith
Craig T. Smith
jonathan e. smith
Mary L. Smith
Richard Socarides
Douglas B. Sosnik
Maria E. Soto
Chandler G. Spaulding
Elisabeth Steele
Aviva Steinberg
Todd Stern
Diane A. Stumpf
Michael J. Sullivan
Jonathan H. Schnur
Tracy F. Sisser
Sylvia M. Mathews
Jordan Tamagni
Sandra L. Tijerina
Amy W. Tobe
Barry J. Toiv
Serena C. Torrey
June G. Turner
Thurgood Marshall Jr
Dag Vega
Virginia Apuzzo
Michael Waldman
Angelina Walker @ ovp@eop
Glen M. Weiner
Robert S. Weiner
Peter A. Weissman
Lowell A. Weiss
Woyneab M. Wondwossen
Debra S. Wood
William H. White Jr.
SUNTUM_M @ A1@CD@LNGTWY
meglynn @ usia.gov@INET@LNGTWY
tingen-terrie @ dol.gov@INET@LNGTWY

backup @ wilson.ai.mit.edu@INET@LNGTWY
wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY
Lori_Anderson @ OA.EOP.GOV@INET@LNGTWY
BARTHOLOW_T @ A1@CD@LNGTWY
BUDIG_N @ A1@CD@LNGTWY
CROWLEY_P @ A1@CD@LNGTWY
CUTLER_L @ A1@CD@LNGTWY
DICKEY_L @ A1@CD@LNGTWY
GRAY_W @ A1@CD@LNGTWY
MOFFETT_J @ A1@CD@LNGTWY
OLCOTT_E @ A1@CD@LNGTWY
PR_U=TDIXON@PR_L=AVUOEOB@MRP@LNGTWY
RUBIN_E @ A1@CD@LNGTWY
NAPLAN_S @ A1@CD@LNGTWY
SMITH_BD @ A1@CD@LNGTWY
darby_E._stott @ oa.eop.gov@INET@LNGTWY
TCSmith @ dol.gov@INET@LNGTWY
WOZNIAK_N @ A1@CD@LNGTWY
cmbeach @ msn.com@INET@LNGTWY
julie_green @ ed.gov@INET@LNGTWY
klasky_helaine @ ustr.gov@INET@LNGTWY
rubins @ lisbowpoa.usl-state.gov@INET@LNGTWY
tingen-terri @ dol.gov@INET@LNGTWY
usia01 @ access.digex.com@INET@LNGTWY
1=US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@LNGTWY
62955104 @ eln.attmail.com@INET@LNGTWY
INFOMGT @ A1@CD@LNGTWY
newsdesk @ usnewswire.com@INET@LNGTWY
usnwire @ access.digex.com@INET@LNGTWY

ARMS Email SystemRECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Slate Magazine <delivery@slate.com> (Slate Magazine <delivery@slate.com> [UNKNOWN])

CREATION DATE/TIME:28-AUG-1998 10:38:00.00

SUBJECT: Today's Papers - Slate Briefing - August 28, 1998

TO: papers@slate.ecourier.net (papers@slate.ecourier.net [UNKNOWN])
READ:UNKNOWN

TEXT:
Today's Papers - Slate Briefing - From Slate Magazine
(http://www.slate.com)

Russian to Sell
By Scott Shuger

After Today's Papers: International Papers surveys the overseas coverage of the Russian collapse and terrorism.

Everybody leads with yesterday's bad day in the financial markets. The headlines speak of a world crisis, and USAT, the WP, and the LAT headers refer to the Dow's drop of 357 points. The NYT headline opts instead to state that the DJ was off 4.1 percent. But none of the big type mentions what USAT has in its second paragraph--this wasn't even in the Dow's top 20 bad days. So one wonders why that paper still fronts its business section with such lines as "Crisis Hits Home" and "World Economic Troubles Arrive 'On Our Doorstep.'" In the same Chicken Little spirit, the WP lead delays until the sixteenth paragraph the news that the day also saw the release of strong figures on the U.S. labor market and on housing starts.

Everybody duly notes all the overseas financial setbacks. USAT reports Japanese stocks were down 3.55 percent, Mexican stocks down 6 percent, Brazilian shares down 10 percent, Russian stocks down 17. The papers have a word for the cause of all this: Russia. Except for the NYT, the papers pass up the usual trading floor desperation pix in favor of shots of full contact banking on Russian streets. Everybody's front describes the mounting pressure on Boris Yeltsin to quit, and report that without the support of Russia's central bank, the ruble has continued to fall. The (mostly non-Russian) institutions that had purchased the country's debt now find themselves, says the NYT, holding only 10 percent of the value they had last week.

The papers agree that investors fear that Russian chaos could spread to other emerging market economies, such as those in Latin America. USAT says Russia's influence in the world markets is due to its nuclear stockpile. The NYT notes this reasoning, but still wonders--after all, the Russian economy is only the size of Denmark's. But the NYT notes at least one clear cause of the meta-Russian acceleration: Russia's troubles have made it clear to other countries that IMF bail-outs are probably not in the offing for them and might not work anyway. The WSJ observes that the dubious record of IMF rescue packages in the past year probably deepens the rift among Republicans in Congress over whether to give the organization a fresh infusion of federal billions. (Democrats are mostly for that, as is Newt Gingrich. Dick Armey is deeply opposed.)

Perhaps the scariest feature of the market turmoil served up by the papers is the realization that for all their new analytical tools, those in the business are no more capable of cognitive significance than in the days of ticker tape. Thus, the WP quotes one "chief equities trader" saying, "If you can withstand the pain and you've chosen good stocks, you should come out okay," and USAT has another "strategist" saying, "We could rally from this, but a lot of damage has been done."

Everybody has the same off-lead: that federal authorities have brought into the U.S. and charged a suspect in the African embassy bombings. The suspect, Mohamed Rashed Daoud al-'Owhali, was injured in the Kenya blast and has reportedly confessed his role to the feds. He is said to have admitted that he was trained at Afghani terrorist camps run by Osama bin Laden. A second suspect, Mohammed Saddiq Odeh, is still in Kenyan custody, but is expected in the U.S. soon. USAT says he will arrive here today. The NYT and WP run front-page pictures of the men--with al-'Owhali smiling. The LAT quotes Janet Reno saying that the turn in the case came as a result of the most extensive criminal investigation in U.S. history. If convicted, the bombers could get the death penalty.

The WP has an interesting detail about the alacrity of the extradition to the U.S. Apparently, the Kenyans were worried that prosecuting any bombers would expose them to further terrorism. "You'd think," the paper quotes one U.S. official, "they'd want first crack at these guys." The WP adds that under a strengthening of U.S. jurisdiction overseas passed by Congress in 1986, 11 suspected terrorists have been returned here from overseas. But the Post doesn't tell us what then happened to them in the courts.

The WP runs an AP report about a recently concluded study of seven years' worth of HIV tests given to 350,000 Job Corps participants. Findings: the rate of infection among women age 16-21 is 50 percent higher than that of men in the same age bracket. And the highest rates of infection were among black women--five out of every 1,000.

The WP's "Reliable Source" asks who's going to make more money off the Clinton scandals--Bob Bennett, one of the president's private lawyers, or his brother Bill, author of a new book, "The Death of Outrage: Bill Clinton and the Assault on American Ideals"?

The NYT runs a story purporting to cast light on women's post-Monica attitudes towards Bill Clinton, based, it says, on dozens of interviews with "women across the country." It's interesting to see what the Times means by that phrase. Here is the complete listing, in order of appearance, of the occupations of the women quoted in the story: shareholder activist, novelist, author and editor, graduate school dean, volunteer, hair salon owner, university public relations executive, producer, writer, English professor. Apparently, the Times couldn't find any women who are secretaries or housewives.

Also in today's papers:

Explainer: Our legal right to bomb
http://slate/work/Code/explainer/explainer.asp

Moneybox: Stock Market Talking Points
http://slate/work/Code/Moneybox/Moneybox.asp

Chatterbox: Bill's Mea Culpa Part II
http://slate/work/Code/chatterbox/chatterbox.asp

And for the rest of Slate, click here:
http://www.slate.com

For the latest news, check out MSNBC (http://www.msnbc.com).

INTERNATIONAL PAPERS -- The Russian collapse and terrorism.

Apocalypse Now

By Alexander Chancellor

While papers across the world led Thursday with apocalyptic headlines about the collapse of Russia, none were more apocalyptic than those in Russia's own press. Izvestiya warned that the addition of a political crisis to the existing economic crisis might result in "a revolutionary situation." The possibility that the country might be left without legislative power for the next three months is "fraught with the most dangerous consequences--including the disintegration of the state," it said.

Segodnya reported that Dagestan is on the edge of civil war and that the halting of rouble-dollar trading on the financial markets means that Russia is facing the threat of a return to a fixed dollar-rouble exchange rate, as in Soviet times.

Nezavisimaya Gazeta said that Russia could be facing hyperinflation, as in 1992, and that the country's general situation is rapidly approaching the critical point: It faces simultaneous financial, industrial, social, and political meltdowns; it must also deal with the fighting already taking place in the Northern Caucasus, and with the danger of Afghan military action on its southern border.

Wednesday's Russian papers concentrated on the reappointment of Victor Chernomyrdin as prime minister. Izvestiya said that, with this, President Boris Yeltsin has effectively given up power and Novye Izvestiya that his second coming is attributable not to any failings by his predecessor, Sergei Kiriyenko, but to Yeltsin's decision not to seek re-election in 2000.

In Rome, La Repubblica said in a front-page comment by Sandro Viola that "seldom in history has a country received from the same person so many reasons for hope and then so many afflictions as ... Russia with Boris Yeltsin."

Under the headline "Stop This Bloody Terrorism," the Cape Times of Cape Town, South Africa, condemned Tuesday's bomb blast at the Planet Hollywood restaurant as "cold-blooded, mindless, unjustifiable terrorism" going to "the heart of the tensions in our troubled society." Making no reference to the United States or to the possibility that the attack might have been a reprisal for U.S. missile attacks in Sudan and Afghanistan, it blamed terrorists who "want our communities to remain divided." It urged that the people "use this opportunity to recommit ourselves to a united city and isolate all those who have different and sinister intentions."

In an editorial Thursday, the Pakistani newspaper Dawn warned that Pakistan's economic crisis will reach "a point of no return" by mid-September failing a miracle. It proposed stopping negotiations for a bailout package with the Islamic Development Bank--with which "it is not Islamic fraternal feeling, as some of us would like naively to believe, but pure profit motive which seems to have weighed." Instead, it advocated a closer look at a prospective International Monetary Fund package, even though "[o]f course, an IMF programme would bring massive hardships for the common people."

In Canada, the Toronto Star accused Britain and the Irish Republic of riding roughshod over civil liberties in the new laws they are drafting to make it easier for the police and courts to convict suspected terrorists. Referring in an editorial Thursday to the "firestorm of anger and revulsion" that had followed the recent bombing in Omagh, Northern Ireland, the paper said that "this new crackdown, so late in the day, smacks of over-reaction." It concluded, "Civil liberties, once eroded, are not easily regained."
The Irish News of Belfast led its front page Thursday with the news that President Clinton will meet more than 100 members of the new Northern Ireland assembly next Thursday. He will also visit Omagh.
