Case Number: 2006-0460-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title:
7/94 Trip - Message Meetings

Staff Office-Individual:
Speechwriting - Boorstin

Original OA/ID Number:
421

Row: 48  Section: 6  Shelf: 5  Position: 1  Stack: V
6/21/91

Becker/67 Message

\[ \text{two documents: Saturday 6-7 Economic} \]
\[ \text{Sunday 6-7+1 Political} \]
\[ \text{Korea, Bosnia -} \]
\[ \text{Naples - growth + jobs} \]
\[ \text{moving summit from macro to micro, international} \]
\[ \text{and domestic} \]
\[ \text{macroeconomic plan of action on jobs} \]
\[ \text{Uruguay round commitment} \]
\[ \text{(additional trade)} \]

3) new infrastructure for the global economy
\[ \text{telecommunications initiative,} \]
\[ \text{int'l financial markets} \]
\[ \text{call for renewal of global financial institutions} \]

4) economies in transition -
\[ \text{Russia, Ukraine etc. / CIS} \]
\[ \text{nature of lending facilities - institutionalized approach} \]

4) environment/sustainable development
\[ \text{Chevron,} \]
\[ \text{third world debt} \]
\[ \text{population / Cairo conference} \]
0-7 Message/Bezger (i)

labor force plan of
shift from macro → structural related to space +
what's necessary to revive our economy
Clinton as force of optimism, strength —

0) a new way to look at jobs — not compr-
geting w/ each other
2) new infrastructure
3) new economies
4) new environmental questions

out of recession —
journey

not to expect

process of renewal is tied to countries'
development — ratchet down expectations
—
 everybody is doing framework —

6-7

notion of moving toward next century —
(3) Berger
turned back — if we don't do this, people will
generate —

— golden age that lies ahead — our parents' presentation to the press —
someday we will come back - JFK quote -

a season of renewal for the O.T. /industrial -

Eastern Europe -
civil courage -
challenge of reviving moral culture -
tearing down things or holding the line - now they are builders -

don't turn back - now is no time to turn back - need for patience -

P. Day - light motif -

Polish parliament - reassurance -

ordinary people doing extraordinary things -
60, meeting Faev, Rossie, Waldman, Wilkie etc.

· old resentment against the Russians living in their midst
· you must understand that the hardwork of tolerance is the key to reconciliation from Johannesburg to Jerusalem
· in Russia, political system gifted culture
· just speech - how to build a new morality - challenge w/ nationalism - celebrate in Poland the value of the church

half a century dedicated to tearing down, holding the line, evading - we must build

individual responsibility - freedom comes w/ responsibility - to have tolerance, patience, courage - number one

defining challenge is to stitch together the end of Cold War has given us a chance to do what was long deferred
The challenge of renewal -

The world faces a season of renewal -

A renewal of the soul -

In his own history of civil rights,
struggles - we have moved ahead -

Reaching courage + confidence -

Seize the season of renewal.
Requires civil courage -
living in era of dramatic change—
prospers in the "emerging global economy."

we have seized the future
new era
new economic era
must empower people to adapt, face change—

community, renewing values of hope—grim—

we've done it before—everything in collapse
then
we have the resources
technology can be used, carry us to an
even higher plateau
what a lucky time we live in—understand

a month ago we honored the sacrifices
of those, now it's time for a new mission—

for 45 years, the int. strategic mission

was about holding the line or tearing down—

East Room, former sec's of state,
(2)

find a way around the wall, over
or around the wall - the question remains
what will we build in its place? the new world, a property
for each of us.

this is no time to lock up the borders -
it is a time to look inward and gather
energy and strength
to define the path - the new path - a mission
we will slip and stumble along the way

- Tokyo
- Ape
- C.T. Jobs
- Japan

- windows are too small - the window of opportunity
- replaced the window of vulnerability is slow;
Statement of overarching theme

2) Substructural stuff

Speech

Definition of new mission - Am’s doing this - now it fits in -

Riga / Dom Square - honor led them

By independent look outward, look upward -

Contender’s legitimacy on them - you know the path

Polish Parliament - going in the right direction - not overnight (stand a)

Ultimately, it’s up to you - trade

Warsaw uprising - history + we have the power to restart - the essence of

Reform - the odds against them were so

Giantenburg gate - the Berlin Wall is gone

Inactivation ceremony - we’re leaving

but we’re not - the building that required
Is to be here.
the third path: the new direction (growth)
the new way: work
the new course

recognizes that econ/policy intertwined:
great waves about modernization:
- modernization requires trade, convertability of currency.
- integration w// huge rifts between rich-poor.
- exacerating ethno tensions.

we don't have answers - most unequal distribution of income.
only way to open markets is if people feel jobs will be created.
not zero-sum game; not a fixed job.

great failure after WWI was isolationism.
smoot/hawley
after end of WWI, had a stale in it.
and rebuild -
not zero-sum; innovation from anywhere.

no limit to ingenuity of human mind. no limit to the needs that require ingenuity.
Reich (r)

Clinton Doctrine

1) Free Trade
2) Macroeconomics - govt. spending/# supply
3) Adaptable workforce

in Europe, debate over govt. regulation vs. laissez-faire -

false debate: assumes govt.'s task is either to preserve status quo, activism on incomes or productivity.
everyone must come along -

new path, new course, new direction -

giving up old welfare, unemployment system-
most important: keep people who work -
people need help, but not like now -
huge youth unemployment program - proportion
only helped by great depression
very different than jobs of the past -

system geared to archaic industrial era

information highly
we are embarking on this changing the way
we do business
need Europe/Japan to move in same direction-
only way to help developing nations
divide of public/private sector -
big fight in EU/US -
the real change is between public/private consumption - clearly we need
both investments (public as complement)
all of options face structural changes by
technology, our also post military -

health care
etc is only way to beat job/welfare lock-
picking what works from other countries -
enabling people to develop "on their own" -
the old solution - macro stability
Reach (10)

Industries play a greater role in economic growth and development. They create jobs and stimulate economic activity. However, the decline of traditional industries can lead to unemployment and economic hardship in affected areas. The government needs to implement policies to support these regions and create new job opportunities. The shift towards service industries and technology-driven industries provides new opportunities for economic growth. The government should encourage innovation and invest in education to develop the workforce and support these new sectors.

Macroeconomic policies can also play a significant role in managing the transition. Fiscal policy can be used to stimulate the economy through increased government spending or tax cuts. Monetary policy can influence interest rates and the money supply to control inflation and promote growth. International trade policies can also impact the economy, and the government needs to carefully consider the benefits and costs of trade agreements.

In summary, industries are crucial for economic growth and development. The government needs to implement policies to support traditional industries, create new job opportunities, encourage innovation, and manage economic transitions. Fiscal and monetary policies can be used to stimulate the economy, and international trade policies need to be carefully considered to promote growth and development.
SENIOR ADMINISTRATION OFFICIAL: I'm going to talk very briefly about the President's visit to Riga, Latvia, next Wednesday, and then say a few words about another stop on the trip for which I have responsibility -- it's the bilateral with President Yeltsin on July 10, immediately following the G-7 Summit. My colleagues will follow with brief introductory remarks and then we'll be glad to take your questions.

The President's visit to Riga is the first time an American president has ever visited a Baltic country. It's in that sense a highly symbolic visit, both for the Balts and for the Americans involved. I think you know that the United States has had a longstanding relationship with these countries. For 52 years we refused to recognize the Soviet occupation of the Baltic states. And since independence in August and September of 1991, the United States has led the way in trying to support the independence of these countries economically and with security. President Clinton has been in the forefront of those Western leaders who have been arguing for a complete withdrawal of the Russian troops from Estonia and Latvia.

Let me just take you through very briefly the events. The President is going to arrive in the morning. He'll be met by the three presidents of the three Baltic countries. There will be first a bilateral meeting with the Latvian Prime Minister, the signing of a trade agreement, discussion of some of our economic issues. Then there will be a working lunch, which is the main substantive event of his visit, for about an hour and 45 minutes, the President and the three Baltic Presidents, Foreign Ministers and Prime Ministers -- with those countries that have prime ministers.

The major issue, obviously, is troop withdrawals. And just to give you our position on that, the troops are out of Lithuania. There's an agreement when the troops will leave Latvia by August 31, and we hope very much that the Russians and Estonians will agree to a deal to have the Russian troops leave Estonia by August 31st of this year.

Certainly, the President will want to discuss the Partnership for Peace and the eagerness of these three countries to participate in it. We'll also be talking about economic support. The President will announce the members of the Baltic-American Enterprise Fund, a $50-million fund meant to stimulate small business.

He's then going to go and lay flowers at the Freedom Monument, which is a place where many of the rallies for Baltic independence were held between 1988 and 1991. He will then give a speech there in Freedom Square. We expect a very large crowd of Latvians, people coming up from Lithuania and down from Estonia for
that. And the visit will conclude with a reception in Latvia for business and cultural and political leaders, mainly from Latvia.

That is a very brief description of the visit to Riga. Let me fast-forward you to July 10th.

Q How many Russian troops are there?

SENIOR ADMINISTRATION OFFICIAL: Left in the Baltics? There are about, I would estimate, 4,000 to 5,000 between the two countries, Estonia and Latvia. But the troops will be leaving Latvia -- in fact, they are leaving now. And we expect them to be out by August 31st.

Q Is there still an exception for that radar station?

SENIOR ADMINISTRATION OFFICIAL: The Latvians and Russians have agreed that the Scrunda ABM radar facility will remain operational for roughly four years, with Russians operating it. But then it will close down. There's also a transfer agreement. The facility and the territory is obviously Latvian territory and it's going to be rented back to the Russians.

Let me just hold questions to give my colleagues a chance to brief you, and then we can all take questions together.

Very briefly, at the close of the G-7 Summit there is a day with Boris Yeltsin -- Sunday, July 10th, where the G-7 leaders meet with him. We can go into that if you'd like.

At the conclusion of the G-7 meeting with Yeltsin there is a two-hour bilateral meeting between President Clinton and President Yeltsin -- actually, a 90-minute meeting; I think a 30-minute joint press conference. This will be their fourth meeting. They will have spent Saturday evening together and all day Sunday, focusing on Russian economic reform, and also focusing on Russia's cooperation with the G-7 countries on a number of important foreign policy issues, like North Korea, Bosnia, and the Middle East process.

In the bilateral meeting, I expect that President Clinton will want to discuss, certainly, the economic assistance efforts that we have launched over the past year and a half here in the United States; the very good economic performance of the Russian government over the past six months. As you know, the budget has been very tight, the inflation rate is down, the IMF and World Bank are expanding their programs.

Security issues will be discussed. You remember from the January trip, the President signed with Kravchuk and Yeltsin this historic Trilateral agreement that gets the nuclear weapons out of Ukraine. That agreement called for 200 warheads to leave Ukraine for Russia by November. And I believe that nearly 300 have already crossed the border; so we're way ahead of schedule. And that agreement is working and is being implemented.

Certainly they will discuss PFP, and Russia's recent decision to participate in the PFP. And finally, I think the Baltics will be a big issue. The President will have been in Riga, will have met the three leaders. Since the Russian-Estonian talks are not yet complete, I think the President will obviously want to discuss that issue with President Yeltsin, as well as a number of conflicts on Russia's borders -- Georgia, Nagorno-Karabakh, Moldova.

That's a brief sketch of the bilateral meeting. Again, at the end of this, I'd be glad to take questions on Russia's involvement in the G-7 Summit, as well. Thanks.
SENIOR ADMINISTRATION OFFICIAL: Very briefly, the President's trip to Poland is an important trip. Poland is an important country for us because it is a central country in the democratic and market economic transformation of what used to be the communist world. Poland has made tremendous progress. There are things yet to do, and the President will be going with a very broad and balanced agenda.

Let me run through some of the events. He will arrive in Warsaw in the afternoon. Immediately after Riga, he will have a bilateral meeting with President Walesa. There will be a state dinner that evening. The following morning, he will meet with Prime Minister Pawlak. He will make a major address at the Polish Parliament, the Sejm. This will be the principal speech of the European trip.

He will then visit one of the monuments to the Warsaw Uprising. The 50th anniversary of that uprising takes place this year, August 1st. That's a very important event for Poles; it was a very important event in World War II history. The President is going to make remarks also out of doors at this monument.

As I said, it is a broad agenda. We expect to discuss security issues and the Partnership For Peace with the Poles, plus economic and some social initiatives that we have been working on very closely with the Polish government, I should say. The President will be discussing these, and we'll have very specific things to say.

This is obviously not the first high-level visit. The last presidential visit to Poland was in 1992. President Walesa was here and met with President Clinton during the opening of the Holocaust Museum. Of course, they met in Prague in January at the Visegrad Summit, and they met briefly during the June European trip. We're looking very much forward to this event.

SENIOR ADMINISTRATION OFFICIAL: Okay, let me fill in the gaps and close out the itinerary. In Naples, at this point, there aren't too many bilateral events planned. The President will meet briefly with Prime Minister Berlusconi, whom he met during the last trip. And that will focus on preparations for the G-7 Summit since the Italians are the host and the chairmen. We expect there will be some discussion of Bosnia. The Italians have an active interest in the ongoing negotiations. They've, of course, been playing a very critical role in hosting the NATO forces that are engaged in the enforcement of the no-fly zone and the exclusion zones in Bosnia. They may, if they have time, get into some discussion of the new Italian government's emerging economic policies.

The other bilateral that's now on the agenda is one with Prime Minister Chretien of Canada. There we expect, again, a discussion of Bosnia, looking ahead to the Summit of the Americas in December, and on some of the economic issues that are active on our bilateral agenda with the Canadians.

I would expect that other bilaterals will materialize impromptu with some of the other G-7 leaders. As you know, these discussions will be taking place a few days after the planned ministerial meeting on Bosnia in Geneva on the 5th. And there's likely to be considerable interest on the part of those who weren't attending that in the future of the peace process. And we're hoping that the G-7 Summit itself will give an endorsement to the Contact Group effort as it moves into a decisive phase.

Of course, as my colleague said, the main event for the G-7 Summit itself on the political side is Russia's involvement. Russia is going to be a participant in discussions with the G-7 rather than meeting after the event, as in previous years, and will...
be associating itself with the political decisions announced in the Chairman's statement at the conclusion of the summit.

Moving on to the final leg of the trip, Germany -- this will be the first presidential visit to Germany since the fall of the Berlin Wall. It's also an election year in Germany, and the President will be meeting with the major party leaders as well as with Chancellor Kohl.

The focus of his talks with the Chancellor will be on intensifying our bilateral partnership as Germany assumes the presidency of the European Union, which occurs today. The President will also be calling on the newly-elected President Herzog, largely a courtesy call -- a get-acquainted session. President Herzog has been Chairman of the German Constitutional Court, and we are interested in that Court's impending decision on Germany's role in international peacekeeping operations. And, indeed, one theme of our discussions with the Germans is our hope that Germany will play an increasingly role in international affairs, assuming more of the burdens commensurate with its status and size in world affairs.

Both the bilateral with Chancellor Kohl and the follow-on meetings in Berlin with both Kohl and EU President Delors, the bilateral U.S.-EU summit, will focus on a number of issues. The number-one priority for both sides is intensifying our cooperation in support of reform in Central and Eastern Europe.

In a sense, the U.S.-EU summit will tie in with the opening stops on the President's trip to Riga and Warsaw, with an emphasis on how we can accelerate the process of integrating the new democracies of the East into Western institutions. We expect that the U.S.-EU summit will announce the establishment of groups to study how we can improve our coordination in providing assistance to the democratic and economic reform processes in the East, as well as how we can improve U.S.-EU cooperation across the board as the Union assumes greater responsibilities from the member states under the Maastricht Treaty.

Areas like counterterrorism, fighting organized crime are of particular interest to the Germans and to us, and I think those will be principal topics on the U.S.-EU summit agenda. And, of course, Germany has been taking an active role in support for reform in Russia and Ukraine, and I expect that that, too, will be a key subject on the U.S. EU summit agenda.

There will also be some other events on the Germany trip. The President will have a private visit to Chancellor Kohl's home in Oggersheim. And then on the way from Bonn to Berlin, he will stop off at Ramstein Air Force Base for a brief visit with American troops.

In Berlin, he'll give a speech at the Brandenburg Gate, which will be occasion to celebrate the newfound freedom in the East and to stress the goal of integrating the new democracies in the West. The President will also visit the newly reconstructed Oranienburger Synagogue in Berlin to recall the Holocaust and to stress the importance of rooting out racism and ethnic hatreds in Europe. And finally, the President will participate in a ceremony to commemorate the inactivation of the Berlin Brigade. This is part of the process of the completion of Germany's unification, and will tie in with the final departure of Russian and other allied forces by September of this year.

Q What is the brigade?

SENIOR ADMINISTRATION OFFICIAL: It's the last remaining American unit in Berlin. It's been there since the '40s.
Q What does Yeltsin want to take away from the G-7 political discussion concrete -- is there something concrete he wants? And is this a step toward making it the G-8?

SENIOR ADMINISTRATION OFFICIAL: I think Yeltsin wants a couple of things. Clearly, he certainly is pleased, as is President Clinton that President Yeltsin and the Russian government will play a larger role in the G-7 summit than it has ever done before, in the past four years, I think, when Russian and Soviet leaders have been present.

There's a qualitative difference. At previous summits, Russian Soviet leaders came and they described their programs, and their programs were commented upon, both in communiques and in private meetings. This year he comes as a full participant in the political discussions. So the discussions of global issues, like North Korea and Bosnia and terrorism. He also, I think, will take the opportunity to present his own views on where Russia is headed economically. Certainly he wants to do that. And there will be a good deal of discussion on that.

And as my colleague mentioned, the G-7 chairman and the Italian Prime Minister will then issue statement that expresses the common position of Russia and the G-7 on these issues. And that is a first. It is something that the Russians wanted, and it's something that the United States, and specifically President Clinton felt was important to have evolve. So that, I think, is a very important symbolic step for Russia.

Second, President Yeltsin, I think, believes and has discussed with President Clinton a number of times that Russia and the United States, specifically but Russia and the West in general, have got to have a way to continually discuss some of the problems for which we both obviously have some responsibility, like Bosnia. And like the situation in North Korea. And I think that we agree now after some of the problems we had back in February in communication, that we've had very good communication on Bosnia with the creation of the Contact Group, and that we need to have regular communications. And the G-7 Summit is a place to do that.

I don't believe this leads inevitably to a G-8; a full G-8. I think that the United States is pleased the present arrangement. I think that Russia is pleased with the present arrangement as well.

Q Why won't it lead to it? I mean, isn't it inevitable?

SENIOR ADMINISTRATION OFFICIAL: I don't know if it's inevitable or not. I mean, it may be -- the G-7 has not made the decision to expand. If it does expand --

Q You certainly are taking Russia into the fold here.

SENIOR ADMINISTRATION OFFICIAL: If the G-7 does expand, there are a number of countries that might be new members. I think there has been a decision that Russia must be more closely involved. There's been a way worked out to do that. But it does not mean that in Naples, we're going to announce the creation of a G-8. In fact, that will not be the case.

Q Is it accurate to see this as an economic G-7 now, and a political G-8?

SENIOR ADMINISTRATION OFFICIAL: Not totally, because the G-7 leaders, when they meet alone on Friday evening and Saturday, are going to discuss economic and political issues. The communique on Saturday will refer to economic and political issues. And
conversely, on Sunday, when President Yeltsin is participating, it won't be solely political.

As I said, one of his biggest issues is to make sure that the G-7 continues to support vigorously Russian economic reform. And he's going to want to describe his program and I think he's going to look to the G-7 leaders for continued affirmation that they're going to be there. So it's not as clean as a lot of people have been saying. Political and economic issues are going to be discussed on both sides of this summit.

Q Did you say something about Chernobyl? You know, the problem and Ukraine in a larger sense, with its problems -- is there anything that will be done in their behalf?

SENIOR ADMINISTRATION OFFICIAL: Yes, I'm glad you mentioned it, actually. I should have said that in my short briefing. I think another way that this summit differs from last year's and the year's before is that Ukraine is going to be a major focus of the G-7 attention in two respects.

The G-7 has been trying to work out with Ukraine an agreement on energy in general; but specifically, to see if it's possible to shut down the four nuclear reactors at Chernobyl in return for Western assistance to try to improve the safety at nuclear power plants in Ukraine and diversify energy resources. This is a major issue. It requires a lot of negotiation and a lot of money. And I think we are close to an agreement in the G-7 that we ought to go forward with it.

Secondly, there is an increasingly strong view in the United States government -- and I think it's shared by the Germans and some others -- that Ukraine is a very, very important country for us in many respects. You've seen President Clinton express that with two meetings with Kravchuk in the last six months, a doubling of American economic assistance, the signing of a trilateral agreement.

I think the G-7 leaders will express their strong support for an independent Ukraine. I think they will also, in effect, challenge Ukraine to reform its economy. Most of us believe that the great threat to Ukraine's long-term future is the fact that it has not reformed. It is alone in that, really, in Eastern Europe and the former Soviet Union. The economy is disintegrating. We believe that they must make some determined efforts. And the G-7 will essentially challenge them to do that, and promise, I think, that there will be a major response from the G-7 -- supportive response, with money -- if they should do so.

Q You said affirmation of Ukraine independence. Is that a loaded -- is that a political thing now with Kravchuk and the people against him, pulling toward Russia? Is that designed to --

SENIOR ADMINISTRATION OFFICIAL: No, I don't mean to give it that inflection.

Q I'm asking you if that's the intention, you think?

SENIOR ADMINISTRATION OFFICIAL: I think that it's fair to say, if you talk to the Ukrainian leadership and Ukrainians in general, they have felt a little bit neglected over the past two or three years by the West. President Clinton has made, as I said, a really strong effort to turn that around, both with his personal attention to the issue and with money. Ukraine is now the fourth largest recipient of United States foreign assistance anywhere in the world.

Q How much?

SENIOR ADMINISTRATION OFFICIAL: Well, this year, in 1994, the United States is providing $700 million in assistance to MORE
Ukraine -- $350 million in economic assistance, and $350 million in

Q Is that aid of all --

SENIOR ADMINISTRATION OFFICIAL: I'm talking about, yes, I'm talking about security and economic assistance levels -- and $350 million in Nunn-Lugar assistance. And a proportion of assistance that Ukraine receives next year, if the Congress agrees with us, will increase. And so, we are trying to signal its importance.

Q The 350 number is above the 700?

SENIOR ADMINISTRATION OFFICIAL: No, it's included in it

-- 350/350.

Q Russia?

SENIOR ADMINISTRATION OFFICIAL: Russia, yes.

Q How much money's involved in the Chernobyl clean-up?

SENIOR ADMINISTRATION OFFICIAL: That's the $64,000 question. The G-7 is trying to work out with Ukraine how much --

Q You're only giving them $64,000? (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: But, it's not $64,000. (Laughter.) Here's the way it works. The deal is going to be that Ukraine, we hope, will agree to shut down the Chernobyl reactors. In return, of course, Ukraine is going to have to make up the energy that it loses from that facility. It will want to, obviously, improve the performance of existing power plants and diversify its energy resource. It's going to cost some money to do that. We in the G-7 are willing to put money into it.

The key question is, how much do we think it's going to cost to accomplish all this. And that will be the first thing that we, I think, will negotiate with the Ukrainians after the summit.

Q Do we have any new initiatives to offer at G-7?

SENIOR ADMINISTRATION OFFICIAL: On Russia and Ukraine?

Q On anything.

SENIOR ADMINISTRATION OFFICIAL: Well, I can't speak to the other issues. I think that Tony and Bob Rubin spoke to growth and jobs and so forth. But I can speak to Russia and Ukraine. The Ukraine initiatives are new, and -- the two that I talked about. On Russia, there's not going to be a pledging session this year. Last year we came up with a $43 billion program, $30 billion of that has been approved by Western governments and financial institutions, which is a fairly good record.

This year the emphasis is going to be, with Russia, on implementing that $43 billion program, and on, perhaps, expanding the capacity of the financial institutions to do more.

Q Can we hear a little bit more about Poland? You said that there are some very specific -- the President was going to say some very specific things, but I didn't hear anything very specific. And also, is still taking Lane Kirkland with him? I remember he invited him. Is he going -- why is he going? What's he going to do there?

SENIOR ADMINISTRATION OFFICIAL: Well, let me answer the second question first. Lane Kirkland, at my latest understanding, will be there in Poland.
Q Is he going with the President?

SENIOR ADMINISTRATIVE OFFICIAL: He won't be going on Air Force One. My understanding is he's getting there on his own. But Lane Kirkland has especially close relations with the President Walesa and was involved in Poland from the Solidarity days and the martial law days. And he has made tremendous contributions, and still is. So he is certainly going to be there with the President during the trip.

Now, as far as the initiatives go, yes, there are going to be a series of concrete things in the economic side in support of trade and investment and some initiatives to help the Polish government work through some of the social dislocations that have accompanied the collapse of the old system. So there will be some specific things that we've been working to put together very closely with the Polish government over the last couple, or the last few months.

Q What is his message there?

SENIOR ADMINISTRATIVE OFFICIAL: His message, his primary message is that Poland made a strategic choice in 1989 to proceed toward the West through democracy and a market economy, and that choice is valid. That road is open. That is the message that it is we do not see Poland or the other democracies of Central and Eastern Europe falling into what the Poles sometimes call a grey zone of insecurity that that's -- we don't believe in vetoes by Russia or anyone else or spheres of influence or divisions.

And that's all -- that's certainly not our policy. We look at Poland as one of the leaders in the process of building a new democratic free market community in that part of the world.

Q What is the principal anxiety, the nature of the principal anxiety that the Poles feel right now? Is it the possibility of a military problem that they might have, or is it economic concerns? What?

SENIOR ADMINISTRATION OFFICIAL: That's a complicated question. But I don't think that the Poles feel militarily threatened in an immediate sense at all. I don't think that that's the problem. I think that there is a general sense of insecurity which has several sources. One is geography and history. And I don't want to suggest that the Poles are prisoners of the past, but Polish history gives them something to think about.

Secondly, there is a natural insecurity; I think, that comes from the developments of the last four years. This is a society which, like all the other societies that have been turned inside out and upside down -- in Poland's case, they happen to have something to show for it. Whereas in Ukraine's case, you have the down sides without any of the accomplishments because they didn't do what Poland did in '89 and '90, which is take that plunge, which does pay off. Still you have a society under stress and you have -- Poles feel anxiety about the East and about the future there, and these things come together. Our message is that we do take their security seriously.

Q If you asked a leading Polish political figure what was the next dangerous development that would occur, what would it be?

SENIOR ADMINISTRATION OFFICIAL: The next dangerous --

Q The thing they most fear, that they think could happen next.

MORE
SENior administration: It depends on which person you ask. I mean, they don't trot out the same line. Some of them will talk about a deterioration in Russia, and they'll point to Zhirinovsky and the elections and all of that. Others will say, it isn't just Russia, it's chaos in the East, which is a concept that we Americans have some trouble with, but they understand --

Q Why don't we understand --

Q We don't have it.

Senior administration: Well, we have sort of low level all the time. So you get different views. Other Poles --

Q They also have more political than economic.

Senior administration: Well, but it's also driven by -- I think it's driven by economic insecurities. I mean, this gets -- we could talk at great length about this, but I think a sense of insecurity also comes from the fact that a lot of people lost their jobs and they're worried about their future. And connected with this is a kind of existential worry about what's going to happen to the neighborhood.

Q Will this be big bucks for the Poles in terms of bilateral assistance from the U.S.?

Senior administration: Big bucks for the Poles in terms of bilateral assistance? I mean, the short answer to that is, no, if you define big bucks in terms of billions of dollars coming out of the U.S. budget. But we also have been working very closely with, and are continuing to work very closely, with the international financial institutions.

Q Can we get back to Russia for one more question? Is Chernomyrdin going to be on this trip? And could you just give us a thumbnail feeling right now of -- with the economic reforms that seem to be having some effect, to what extent is that driven by Chernomyrdin himself, vis a vis Yeltsin? Does Yeltsin now have an active role in driving economic policy --

Senior administration: I don't believe Chernomyrdin is going to be part of the delegation. He wasn't last year. Normally, he and Yeltsin don't travel together. One stays in Moscow while the other travels. And that's not a surprise to us that he wouldn't be there. He was here last week, and had, I think, with the Vice President one of the most successful U.S.-Russia meetings ever -- if you look at what we accomplished together with the creation of the space station, the decision to shut down the plutonium production reactors, the announcement of a $10-billion offshore oil and gas deal. We have finally gotten to the point where we're really making concrete progress in a number of areas.

He's a key player. I think he surprised a lot of people. When he came in, in December '92, a lot of people thought he was going to be a two or three-month wonder. He has turned out to be the central economic player in the Russian government. He's a very strong person. He's decisive; he has got the budget under control; he defied the military on the budget; he got it through the Duma and the Federation Council when people said he couldn't do it. And he's got inflation down to single digits, monthly basis -- single digits for the last four months.

Yeltsin is the person who is the architect. He's the one who I think has given the instructions to keep to economic reform. Chernomyrdin's the day-to-day manager of the economy. So I think it's a fairly effective team.

Q Will there be any move at the G-7 to create an elaborate package like was created for Russia in past years of

MORE
Q For Ukraine.

SENIOR ADMINISTRATION OFFICIAL: Ukraine. It's going to be more in the -- it's going to be in essence, as I said, the G-7 urging Ukraine to reform it's economy, to take the decisive historic step to do so, and the G-7 saying, we will come through with major substantial assistance should you do that. Be we will not announce a detailed package the way we did last year for Russia, because Ukraine hasn't reformed yet. And our belief is that they've got to take the step before we can meet the commitment.

Q The energy part of this is not dependent on their reform?

SENIOR ADMINISTRATION OFFICIAL: Correct. The energy part -- the Chernobyl initiative is not dependent upon the status of the economic reform.

Q In Latvia, Is the President going to raise any concerns about the new citizenship requirement for Russians in that country?

SENIOR ADMINISTRATION OFFICIAL: The President has already raised his concerns privately with the Latvian government about the citizenship law. We were very pleased that the Latvian president returned that law to the parliament three days ago. In our judgment, it was a very bad law and did not fulfill what we think is a fundamental responsibility of the Baltic governments, and that is to ensure that the ethnic minorities, the Russian, Ukrainian and Polish minorities in those countries have a fair shot at citizenship and having a full life in participating in the country. So I think that issue will come up again. It's an important issue for us.

Q And you said the Prime Minister returned the law?

SENIOR ADMINISTRATION OFFICIAL: The President, President Ulmanis, returned the law to parliament and asked them to redraft it. We were very pleased by his action.

Q Is that a veto, in effect?

SENIOR ADMINISTRATION OFFICIAL: In effect, I guess -- it may be the Latvian equivalent of what we would know to be a veto. Essentially what it means is, he refused to sign the law, and he said I don't want this law to go into force, I want the parliament to rewrite it and to send it back to me in some other form.

And we were pleased by that. We were not alone. I think all the European governments and the CSCE felt that that law was going to be injurious to the ethnic populations.

Q Could you tell us how likely it is that the Russian troops will be, in fact, removed from Estonia by the end of August, and what the issues at play are?

SENIOR ADMINISTRATION OFFICIAL: They'll definitely be out of Latvia. Estonia -- the negotiations continue. I just want to reaffirm our position. It's terribly important that the troops be out by August 31. That was the deadline set by the Russian government. We think there's a fundamental principle at stake here in the post-Cold War era. If troops of one country are deployed on the soil of another country, it has to be with the express consent of that second country.
That is clearly not the case with Estonia and with Latvia. And therefore, we think as a general principle of international behavior the Russian troops ought to leave. Now, obviously we want that to be done. We think it should be done negotiation, by a mutual agreement. It's better if that agreement is written down and spelled out. And we're very hopeful that that will happen by the 31st.

Now, the President has an opportunity, obviously, in meeting with President Meri of Estonia in Riga on July 6th, next Wednesday, and then meeting with President Yeltsin four days later, to raise the issue with both countries.

I think it's fair to say our view is it takes two to tango. Both sides are responsible for successful negotiations. We think there are issues that both sides can compromise on. We do think it's doable.

Q Why more optimistic with obviously Latvia and Lithuania and not Estonia?

SENIOR ADMINISTRATION OFFICIAL: Okay, let's just review the facts. The Russian troops withdrew from Lithuania on August 31st of 1993 -- they're out. Russia and Latvia on April 30th signed a troop withdrawal agreement. There's no question that the troops will be out of Latvia. There's an agreement been signed. What is missing in this equation is an agreement between Russia and Estonia. The issues are status of the Russia military retirees -- will they get to stay, will they have to leave, the status of a naval nuclear research facility called Paldiski, and also the availability of housing for Russian officers returning to Russia.

Now, let me just say there, you remember Vancouver, President Yeltsin asked President Clinton for some assistance in housing. President Clinton went to the Congress last year, go $160 million to provide 5,000 houses. And we are providing those houses through a combination of vouchers that we are giving to Russian officers in Estonia and Latvia to leave this summer, take a voucher, buy a house or an apartment in Russia with it. And we're also constructing some apartment units in -- Novosibirsk in Russia. We think the contribution of our housing units has actually accelerated the negotiations both with the Latvians and Estonians.

Q These negotiations, I presume, are ongoing.

SENIOR ADMINISTRATION OFFICIAL: Yes, they are.

Q Where are they?

SENIOR ADMINISTRATION OFFICIAL: Well, they're meeting in Talon and Moscow; they're meeting in Geneva this coming week. And there are letters and phone calls back and forth between the two governments; they're very active.

Q I think you mentioned briefly Moldova, Negorno-Karabakh, Armenia. The question is not so much about G-7, which doesn't seem to be the place, but the meeting in Germany with the European Union -- will there just be discussion? Is there a common position? Might we see a common -- I ask because of the Russians now being in the Partnership for Peace. Does Europe have or will this be an opportunity for the Europeans to take a position on Russian intervention -- or call it what you will, peacekeeping -- in these former republics?

SENIOR ADMINISTRATION OFFICIAL: Maybe my colleague and I can join together in this answer.

SENIOR ADMINISTRATION OFFICIAL: Well, I think at the G-7 Summit there will be some talk about these conflicts. I'm sure there will be some talk with President Yeltsin about Georgia.
Negorno-Karabakh, Moldova, the Baltics because the international community has some legitimate concerns about the way some of these conflicts are being resolved. And obviously, each are different, and we have slightly different positions on each; but we have some concerns. And so they'll be discussed.

Q: What I mean is will there be some endorsement as Russians as peacekeepers now maybe under a NATO --

SENIOR ADMINISTRATION OFFICIAL: No, I don't believe so. I don't believe we're close to that.

Q: Will he meet with opposition leaders in Germany?

SENIOR ADMINISTRATION OFFICIAL: Let me just say, this will, I think, be more of an issue at the G-7 among the seven. And it's one of the political issues that may not be exclusively for the G-7 plus one -- the whole issue of international peacekeeping worldwide and in Europe, where, as is well-known, we want to see either the U.N. or the CSCE be the mandating organization. That may be discussed with President Yeltsin in the G-7 plus one. Whether there will be a meeting of the minds, we shall see.

It has not traditionally been as big an issue in the U.S.-EU dialogue. We deal with it at NATO and in CSCE, proper. But it may well come up in Berlin.

Q: Can I just double-check something? Were you suggesting that he is not going to have separate bilaterals with all the G-7 leaders?

SENIOR ADMINISTRATION OFFICIAL: None are formally scheduled. I think there will be more in --

Q: You didn't mention the Japanese prime minister.

SENIOR ADMINISTRATION OFFICIAL: There will, since I'm Eurocentric. There will be a bilateral with the new Japanese Prime Minister. There was one scheduled with the previous one, and I assume that the slot is being held for the new one. But the President spoke with the new Prime Minister on the phone yesterday, and they apparently had a good conversation.

Q: But not Major and Mitterand?

SENIOR ADMINISTRATION OFFICIAL: Not yet scheduled. They see plenty of each other. They just hosted the President in their countries. And there's plenty of time, with dinners, all-day meetings on Saturday, to have lots of conversations.

Q: Opposition leaders in Germany?

SENIOR ADMINISTRATION OFFICIAL: The President will have sort of an extended photo op with each of the major leaders -- Kinkel, head of the FDP; Waigel, head of the CSU; and with Sharpey, the SPD leader. They're being called photo ops, but there will be time for a small but serious discussion.

Q: Can you talk a little bit about what you're expecting on Bosnia?

SENIOR ADMINISTRATION OFFICIAL: At the G-7, or --

Q: At the G-7.

SENIOR ADMINISTRATION OFFICIAL: Okay, well, the main action next week will be in the ministerial in Geneva. And there we hope that the ministers of the Contact Group participants -- U.S., EU, and Russia -- will reach agreement on the map that's been developed by their representatives; and at least preliminary
agreement on the kinds of consequences that the parties would confront in the event they've refused to go along with the proposal. This would not be a take it or leave it proposal. There could well be a follow on ministerial meeting later in July after the parties have had some time to reflect on what the ministers had approved. The ministers would not themselves meet with the parties. The contact group would later, in the same day, meet with the parties.

So at the G-7, I expect there will be some discussion about the prospects for this process and about the implementation of some of these threatened measures, including tightening of sanctions, more strict enforcement of the exclusion zones, and, at the final rung of the ladder, possible lifting of the arms embargo.

Canada and Italy, obviously, have very direct interests -- Canada being a member of UNPROFOR; Italy providing its bases. They are not a part of the contact group so, therefore, I think they will want to have a serious discussion of this. And, as I said, we hope that the G-7 and the G-7 plus one, for that matter, will endorse the Contact Group effort.

Q On Russia, I wanted to clarify -- you were saying that G-7 wants to support an expanded capacity of lending institutions to support Russia in some way. Specifically, how do they want to do that? How much more do they want to see the IMF or World Bank kick in?

SENIOR ADMINISTRATIVE OFFICIAL: I probably think it's best to get into that when we get to Naples because there needs to be some further discussion in the G-7 about that. But, in general, we think that both the IMF and World Bank ought to play the lead role on the key issue of macroeconomic stabilization, that the needs in the East, both in Central Europe and the former Soviet Union, are sufficiently great to warrant some further action.

This is not a comment on the quality of what they've been doing. I think the debate that we had certainly in this government and other governments in the past is really kind of over. The IMF and World Bank have made a fundamental commitment to Russia, at least, and they want to make to Ukraine if Ukraine reforms. And I think we're very pleased with what the IMF and Bank have done.

Q Isn't the next step for Russia a normal IMF agreement?

SENIOR ADMINISTRATIVE OFFICIAL: Yes. The next step for Russia is what they call a stand-by agreement. I think the IMF and Russia would like to achieve that by the end of this calendar year. It would be worth about $4 billion in IMF lending to Russia. The further step beyond that would be Russia's decision to convert the ruble which would -- and we would respond with a $6 billion currency stabilization fund.

Both of these items -- the $4 billion and the $6 billion were part of last year's $43 billion package. And we'll be giving you in Naples a fax sheet that spells out what we promised last year, what money's been approved, what money's been disbursed, and the remaining sum. And I told you there's a $43-billion commitment, a $30-billion response. Ten of the $13 billion that hasn't been disbursed represents the stand-by in the Currency Stabilization Fund -- four plus six.

Q Can I ask a about the SDR allocation? Will we change our position on that in order to try to get more reserves freed up?

SENIOR ADMINISTRATIVE OFFICIAL: I'd refer you to Treasury on that. But it's certainly an issue that's going to be discussed, and we hope, positively, in Naples.

END 11:21 A.M. EDT