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THE WHITE HOUSE
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PRESS BRIEFING BY
AMBASSADOR LINCOLN GORDON AND AMBASSADOR VERNON WALTERS

The Briefing Room

2:43 P.M. EDT

MR. JOHNSON: Good afternoon again. The second part of our briefing on the President's forthcoming trip concentrates on the Marshall Plan, and we're very fortunate today to have Lincoln Gordon from the Brookings Institution, and Ambassador Vernon Walters, who was General Marshall's aide during the time of the Marshall Plan.

So, gentlemen, I welcome you to the White House podium.

AMBASSADOR GORDON: What I did during the Marshall Plan I wrote an article about in 1988, which was published, called "Recollections of a Marshall Planner." If anybody wants a copy, there are about 10 or a dozen here, and you're welcome to them.

What I want to do this morning is just introduce this with six points quickly. The first is that the Marshall Plan I regard as the embodiment of success, for simple reasons. First, it accomplished more than hoped for or anticipated. That is, Europe was better off, had recovered more by 1951 than we hoped it would in 1952. Second, its purposes were accomplished basically in three and a quarter years instead of four and a quarter. And thirdly, it cost only \$13.5 billion, not \$17 billion, which was the projected amount. Now, if anybody can show me some other governmental program, foreign or domestic, which did more than was hoped for, took less time, and cost less, I'd like to know about it. I think the Marshall Plan is unique.

Second point is that it was not an easy sell to the public and Congress. You got to remember that 1946 had a certain resemblance to 1994. It was the year in which the Republican Party took control of both Houses. President Truman was not doing very well in the polls. Most people, except for Truman

himself, thought he would be defeated if he ran for reelection in 1948. And the country had been spending a lot of money and didn't like the idea of continuing large expenditures.

Nonetheless, and this was the difficult sell, having already spent something like \$15 billion since the war ended on relief and rehabilitation -- what was called GROA, which was Government Relief in Occupied Areas. That meant mostly Germany, of course, in Europe, and Japan in the Pacific. Spent that. And the big thing was that in 1946 we made a loan on very easy terms of \$3.75 billion -- incidentally, for present prices, multiply everything by seven, all these numbers that I give you; present prices are about seven times what they were in 1948 -- \$3.75 billion, that's the equivalent of \$22 billion or so. And we sold it to the -- or the administration, I was not then it -- sold it to the Congress saying this is the last really big extraordinary expenditure on European recovery.

And you come back a year later and say, we slipped, we really need a four-year effort -- four and a quarter actually, in detail -- and it's \$17 billion. That was not an easy sell to a politically hostile Congress, wouldn't have been an easy sell even to a Democratic Congress.

How was it sold? There was an extraordinary campaign to win over public opinion. There was a committee chaired by Secretary of Commerce Harriman, but he was the only government official on it. It had the leaders of American business, the leaders of American agriculture, the leaders of American labor, and a number of highly respected academics, and it came out with the unanimous report supporting the program. They in turn, each in his own particular specialty -- I say "his" because in those days there were not women in committees like that -- were able to make the sale.

Arthur Vandenberg, Republican senator, who was chairman of the Foreign Relations Committee, who had been an isolationist before the war, got converted -- partly, personally, by George Marshall, partly by some other key people -- and his role was crucial.

Christian Herter, who later became Secretary of State, was a member of Congress from Massachusetts. He set up a series of subcommittees to go visit the European countries that were to participate in the country. One little subcommittee for each big country, and then one for groups of countries like the Holland and Belgium, or the Scandinavian countries. They came back, written reports, personal impressions and the like, dozens of high-level and medium-level speeches.

I think my own level is certainly not high, it was medium. But I made several. We were all subject to command to go out and talk about this program. In February, 1948, as the legislative period was coming to its climax, Stalin helped us by intervening with a very heavy hand in Prague. It led to either the suicide or the pushing out of a window of Jan Masaryk, the son of the founder of Czechoslovakia and the complete communist take-over of the Czech government, and that helped. I think it probably would have been passed anyway. It was passed finally early in April, but the size of the majority in Congress was undoubtedly substantially helped by that -- sometimes known now as the second "definistration" of Prague.

Let me remind you of the scale: \$17 billion over 4.25 years was the program. That would be \$117 billion today. That was the program, we didn't spend that much. The actual expenditures in the first year were \$5.3 billion, which today would be about \$40 billion. It was then two percent of our gross national product. If you looked at two percent of today's gross national product it would be \$140 billion in one year. Now, you think about congressional attitudes and public attitudes about spending government money, all of this in foreign aid, most of it on a grant basis, some on loans on very easy terms.

The third point I want to make is that the actual working of the plan was in three successive phases. The first was essentially relief and rehabilitation -- destroyed industry, destroyed housing, getting food to starving people, particularly in Germany, shelter, transportation going again, coal and energy supplies -- in those days, coal was the main source of energy -- water systems hooked up in cities again. All of that kind of thing. Very, very basic relief and rehabilitation.

Second thing was the rebuilding of productive capacity. In early 1950 I visited the Krupps Work in Essen, in the Ruhr Valley, just east of the Rhine -- extraordinary thing. In those days, Germans were working on a six-and-a-half day week, only Sunday afternoons were taken off. This was on a Sunday morning, people working like blazes all over the place. And they had a map showing how it had been before the war, what had been taken out by the Russians in the form of reparations. Anything that could be unbolted from the floor had been removed and shipped off to the Soviet Union. But that was the spirit and one could see that recovery was going to be pretty rapid there.

But the third thing, which was certainly as important as the other two, absolutely indispensable, was the removal of intra-European barriers to trade and payments -- barter arrangements. Alfred Friendly, who was a great correspondent of The Washington Post for many years -- been dead for seven or eight years now --

took leave from the Post for half a year. He was Averell Harriman's press officer. He composed a very amusing so-called operetta using popular tunes at the time. One of them was a French minister getting on the stage with a Belgian minister and singing to the tune of "Love for Sale," will you swap a little bit of steel for Chateau Neuf DuPop (phonetic)? That, in fact, epitomized the kind of arrangements that were made between European countries. Obviously, that had to be done away with.

There were all kinds of quantitative restrictions, as well as tariffs. None of the currencies were convertible, one to another. And the big thing that year, that was in the spring of 1950, was the creation of the European Payments Union.

Next point, it was a genuine partnership. The OSCE, the Marshall Plan organization in Paris, was very effective in spite of various hot disputes, tremendous dispute in 1949 about the exchange value of sterling, which was -- a pound was worth \$4.03, basically the pre-war rate of exchange. There was a lot of tension between the American and British governments. The British government, of course, was a Labor Party government. Sir Stafford Cripps, the Finance Minister, Chancellor of the Exchequer, was a very strong, devoted socialist. He tried desperately to keep the rate at \$4.03. It was draining the sterling system of reserves. Finally, in the fall of 1949, it was moved to \$2.80. There was a lot of tension there.

There was tension between social democratic governments, like the British and the Norwegian on the one hand, and conservative, like the Belgian and the Swiss and once they got their economic miracle going, the West Germans, the German Federal Republic.

There was a big debate in connection with the European Payments Union as to whether it should be European-wide, covering the whole area, or whether it should be focused on a small inner group of hard currency countries, known as FINBL, France, Italy, Netherlands, Belgium, and Luxembourg. And yet all of these things were ironed out through genuine cooperative give-and-take with Europeans contributing ideas just as freely as we were, and with a kind of recognition on all parts that there was an important set of common goals.

Fifth point, what did it make possible besides European economic recovery? Three things, I think, stand out. One, it made it possible for West Germany to be restored to full partnership, full participation in Western Europe as an equal sovereign state. That was symbolized in October '49 when a German minister came to the OEC, representing the Federal Republic for the first time on absolutely equal terms with

everybody else. This Marshall Plan was the first international organization anywhere in the world in which Germany was represented on fully equal terms, starting in October 1949.

And that in turn made possible the Shuman Plan, the European coal and steel community, started in 1950, basically one of several brain children of Jean Monet, the father of the European Economic Community, the European Union as we call it now. Monet's original policy, I think, was based on the fact that he saw that German iron and steel production was going to get bigger than French. And in those days, there was a sort of mythological idea that the power of a country depended on how many ingot-tons of steel they produced.

The French had tried to detach the Ruhr Valley and put it under allied administration. That failed. They had tried to detach the czar, but there was a plebiscite, and that failed. So on the principle of join-them-if-you-can-lick-them, Monet came up with this notion of an international or supranational administration of the coal and steel industries of northwestern continental Europe. They invited the British to join, but the British were not interested at that time.

And that in turn was the foundation of the later proposal for a European defense community in 1951, and finally the Treaty of Rome in 1956, which was, of course, the European economic -- the Common Market, the European Economic Community, and today is the European Union. None of that would have been possible without the successful Marshall Plan, although those ideas were not part of the original Marshall Plan thinking.

And finally, I would say, NATO as an effective working alliance rather than a mere paper guarantee of non-neutrality. When that treaty was signed in April 1949, basically it simply meant that if another war broke out in Europe we wouldn't sit around for three years the way we had from 1914 to 1917 and again from 1939 almost to the end of 1941. And then it was the Japanese who pushed us into it. We would be involved from the start.

But the conversion into an effective working alliance, the sending of Eisenhower to set up the Supreme Allied headquarters at that time near Paris, near Versailles, the building up of an effective joint military organization, all of that would not have been possible without the Marshall Plan.

So I end by asking whether there are any analogies to the situation of Russia today. That could become a very long, long argument. In 1991, Graham Allison at Harvard had this idea he called the Grand Bargain, which was a sort of Marshall Plan scale

assistance to Russia to help in privatization and the conversion of the former Soviet Union into democratic and capitalist market oriented systems.

I had great doubts about that at the time. I still think, as I think one of our former ambassadors in Moscow said, if we'd done it probably another \$20 billion would today be in Swiss bank accounts belonging to abarachiks (phonetic) who have suddenly become capitalists. But, in any case, I don't think it was a genuine analogy. There may be an analogy today between Germany in 1947 and Russia in 1997, but that's a different story.

Q You didn't mention the Churchill speech, Iron Curtain speech, wasn't that also -- and wasn't there really the threat of communism taking over Europe as a spur to the Marshall Plan?

AMBASSADOR GORDON: Oh, no question about it. Marshall had spent -- Marshall originally hoped that the German problem could be resolved by genuine agreement among the four occupying powers, because the French were sort of marginal -- they were given a zone, although they hadn't earned it by fighting, so to speak. But Marshall spent weeks in four-power conferences, and the most important which led directly to the formation of the Marshall Plan was in the spring, I think starting in April, March or April of 1947, a couple of months before the speech was delivered that we are commemorating next month.

And by then it became clear to him that there was no possibility of a genuine four-power agreement. But the Russians intended to keep -- the Russians originally, two years earlier had thought that -- we now know from the Russian archives -- had thought that unified Germany might be to their interests on the extraordinary ideological theory that the communized part of Germany, the East German sector where they had their troops, would be so successful and so attractive that if you open to the West Germans the possibility of joining that they would just all rush to join up with this glowing society in East Germany.

Well, of course, by 1947, it was obvious that that was not going to be the case. The German situation was still pretty poor then, you know. The real beginning of German recovery came with Erhard's currency reforms, which started in April 1948, while the Marshall Plan legislation was just about the same time it was passed. And then by 1949 they were showing these signs of very rapid recovery and what was called in those days the German Economic Miracle. By 1950, it had taken off like a rocket and kept for the next 10 years this extraordinary economic accomplishment in Western Germany.

But the other concern about the communists, apart from Germany was, of course, in France and Italy. The electorate was running pretty consistently 33 percent Communist Party in Italy and 25 percent Communist Party in France. And there were all kinds of things apart from voting. You know, there were the trade unions in both cases were run basically by Communist Party apparatus people. They tried to sabotage the Marshall Plan once it was passed -- all kinds of things. I remember the rumor that the sacks of flour that we were exporting during this first phase of avoiding starvation would make any man impotent if he ate. This was a communist plan.

We launched through our trade union movement, the AFL-CIO, a very effective program to start organizing non-communist trade unions. The old official unions in both countries were almost 100 percent communist run. So all of this was part of it. But in 1947, of course, what's his name was still living, had written his famous ex article -- George Kennan -- ex article in foreign affairs, 1947. And that caught on, I mean a tremendous amount of attention, the whole notion of containment as a possible and desirable policy. And it had both these internal political aspects of reducing communist power in countries like France and Italy, which were the two biggest, most vulnerable ones to possible communist takeovers then; and also the external aspect.

And Korea, when the war broke out in Korea I was then in Paris working with Harriman, I represented the United States on what's called the Program Committee of the OEEC. My counterparts from the European countries were, I would say, upper middle, maybe third level people, but close to policy-making. I happen to have a bad cold that day -- June 25th, also my wedding anniversary -- and I was at home, and I got half a dozen telephone calls from Europeans who were other members, my counterparts on that committee -- all the same line, thank God your President acted -- sending McArthur back to fight with the South Koreans against this invasion from the north -- because if he hadn't we would have been next.

Now, the Archives raised doubts as to whether, in fact, there was a plan to invade Western Europe, but the psychological and political reaction in Europe was, my God, this is just a dress rehearsal in this unimportant little country in the Western Pacific, but we are the important ones. And that is when NATO was converted from being just a sort of political guarantee into being a real force -- what it became, a real military alliance.

AMBASSADOR WALTERS: Good afternoon. I've been asked to talk to you about General Marshall as a human being. General Marshall presented from outside such a formidable, austere figure that people weren't always sure that he was a real human being.

I can assure you as someone who worked very closely for him, he was indeed a very -- in fact, I think I have two letters that I intend to give to the Marshall Memorial after I've taken them on trips around World War I battlefields with his wife -- which the whole letter was handwritten, and it was signed, "affectionate regards." General Marshall was not a man who threw "affectionate regards" around lightly.

General Marshall was the man who created the armies of Eisenhower and the armies of McArthur that won the war. I went into the army as a young soldier in 1941, when the U.S. army was the size of the Belgian army. I don't mean proportionately. It was literally the size of the Belgian army. Three years later it had nine million men in it. He built those armies. Churchill once called him the architect of victory because he built the armies that won the war in both theaters of operations.

He was a very austere man. And once Mrs. Marshall told me the reason why she married him was that he was the first officer she never saw get drunk. And I'll be honest with you, I don't drink, except in the service of my country. (Laughter.) Where I've done a considerable amount of drinking, to be polite, and everything with everybody else. But General Marshall was a widower and he married when he was Commandant of the Infantry School at Fort Benning -- he married Mrs. Marshall.

And she wrote a wonderful book called, Together, which described her life with him very well at an earlier date. And the book always stayed in my memory because he was in Paris in 1948 for the U.N. General Assembly, and President Truman decided he was going to send Chief Justice Vincent to Moscow. And General Marshall was very upset by this and thought it was a bad idea and went through -- back to the United States to talk President Truman out of this. And he did so successfully. He said, take my wife down to the Normandy landing beaches. I said, General, I wasn't there. He said, I know, but you know all about it. I said, I was in Rome cursing those landings -- because that day we had liberated Rome and the liberation of Rome was on page five of the newspapers. So we were not too happy with them.

But, anyway, I took her down and he came back -- and he'd heard me at some point complain about the lack of fresh milk, and he brought back six cartons of milk from the United States. Mrs. Marshall on that day asked me to come up to her room to give me this book she'd written. General Marshall came in and he, as I say, he was a formidable-looking man. And he said, Walters, what exactly is going on? First I ask you to take my wife away for the weekend and now I find you in her bedroom. (Laughter.) General Marshall -- it wasn't the sort of thing you expected to hear.

I only saw him twice in his life with tears in his eyes. Once was when I took him to the place in Italy where his step-son had been killed. And Mrs. Marshall, in describing the step-son -- the book was called Together -- said, "and they were together to the end." And he had been a young tank commander and he opened the tank to motion the German prisoners who were surrendering on the other side of the road, and someone shot him through the head. And General Clark, whose aide I was in Italy at that time, asked me to take General Marshall to the exact spot and had the tank crew there so they could talk to him, which I did.

The other time I saw tears in his eyes was when he got the Nobel Peace Prize, the only general in history ever to get a Peace Prize.

There was a dignity about the old man which was not pompous. He would have a way of disconcerting people. Someone would say to him, General, I stake my reputation on this. General Marshall would say, that's very interesting, General. Exactly what is your reputation? (Laughter.) Which was fairly disconcerting to the guy.

He understood -- he had no feeling of vindictiveness about the war. He understood that the Germans, the Nazis had to be eliminated. And I must say, I was once sent on a mission where I was to tell people that we were about to bomb Libya because of Gadaffi blowing up that cabaret in Berlin. And I remember, in Germany they said to me, but that's -- a military solution, there was no military solution, you should give more time to negotiations. And it was more than I could resist -- I said, tell me exactly what kind of negotiations were used to remove Adolf Hitler from the German government. And that was the end I heard of the negotiations part of it.

General Marshall was a very human man. He once told me that one of the pictures that had pushed him to this Marshall Plan was a picture of a little Austrian boy holding up a pair of new boots that someone had sent. And the expression on his face was absolutely the beatific vision. And I know a friend of mine, an army officer, who owned -- his family owned a shoe factory in Tennessee. And they sent 10,000 shoes to Europe. And I said, because of the picture? And he said, because of the picture.

He understood that. Yes, it was to stop the Soviets from overrunning Europe. Europe was and is the largest industrial infrastructure in the world. Europe was and is the largest pool of skilled labor in the world. And if it passed into the other

hands, either by violence or by elections, the whole balance of world power would be changed.

And he understood that we had to do something. And, as the architect who had created the armies that had helped defeat Germany, he had the moral authority to say, we've got to do something now to put an end to the situation in which Europe is.

I was in Bogota with General Marshall, and there was a revolution. And 1,000 people were killed the first day. And they burned the house of the Liberator, Bolivar, which is like burning Mount Vernon here. And General Marshall, I remember we were having lunch in the house, and General Carter, who was General Marshall's assistant, came in and said, somebody has just shot the leader of the opposition downtown. And I said, then there is going to be a war or a revolution now. And he said, Walters, you shouldn't make statements like that in the presence of General Marshall. General Marshall said, why do you think that? I said, because the acrimony in the press between the two parties, the opposition and the government, is like us and the Nazis; it's not like a normal political opposition.

Then we heard the first shots. Soon there was shooting all around the house. At about 4:00 p.m. in the afternoon, a young Colombian lieutenant, wearing a German helmet, and 13 men showed up. A German helmet would make Liberace look like a Valhalla warrior. And this young lieutenant put his men at the front door -- there was shooting going on, audibly, around the house -- and sat in the front.

General Marshall, who was reading "Blood and Thunder on Bar X Ranch" -- he was very fond of westerns -- said, send the lieutenant in. So I brought the lieutenant -- he came in, reported like a British sergeant major. And General Marshall said, lieutenant, how many men do you have? He said, 13, sir. General Marshall said, they're all at the front door. The lieutenant said, yes, sir. He said, what are you going to do if they come to the back door? He said, I don't know, General, what should I do? And then the architect of the 9 million man army said, well, as I remember my small unit tactics, when you are defending a perimeter, what you do is garrison the perimeter lightly and hold a large, centrally located mobile reserve that can move rapidly to any threat on the perimeter. The lieutenant said, what do I do, General? He said, put one man at the front door, one man at the back door, and all the others in the garage where they can keep warm. Bogota is at 9,000 feet and the nights are very cold.

The lieutenant eventually became the chief of staff of the Colombian army on the basis of personal instructions from General of the Army Marshall. (Laughter.) His name was Valencia.

One day General Marshall was in Bogota for the inter-American conference there. This is where I first really got to work with them. And that night the Argentine embassy was giving a great reception for Evita Peron, who had come to assist, to be present at the conference. And I was dying to see Evita Peron -- I was much younger than I am now. But I didn't know whether I could leave him. We were in these villas up in the mountains at Petropoli, which you know, near the Quesandina Hotel (phonetic).

So happily I noticed that his schedule seemed to be free of anything. And I said, by the way, General, do you mind if go down to Rio, I have some things I want to do there. He said, no. I said, apparently you're going to stay here, yes? He said, we're not going anywhere. So I got all dressed up to go to this Argentine reception. And as I was walking out the front door, General Marshall said to me, give my regards to Evita Peron. (Laughter.)

You know, the people who thought he was so austere and didn't understand those things just -- it wasn't so. And curiously, at the Argentine reception, which was very crowded, we were all bunched up and I felt somebody tap me on the shoulder, and I looked around and it was Mrs. Peron. I was standing on the train of her dress. Later, she came up and he met her, and they talked together.

But this great man, this extraordinary man who was probably the most unselfish man I have ever known except for my own father, understood that we had a responsibility to the world. We could not let these people starve. We could not let these people back into a new coming of the dark ages like when the barbarians overran the Roman Empire. And Congress had such faith in him that they gave him \$500 million -- those dollars multiplied by seven, as Ambassador Gordon said; that's \$3.5 billion now -- to develop the atomic bomb without asking him what it was for.

General Marshall's dream was to lead the army that he had created in the liberation of Europe. President Roosevelt said to him, General, if you leave Washington, I will have many a sleepless night. I need you here. And so he gave up his greatest dream, which was to lead that army of liberation. And in a sense, in the end, he did lead an army of liberation.

When I got to Paris in -- incidentally, at this Bogota thing, Mr. Harriman was there, and he had already been designated to head up the Marshall Plan. And he knew I spoke a lot of

languages, so he decided he wanted me. And he asked President Truman to assign me there. And someone said, but he's an army officer and yours is a totally civilian organization. He said, every ambassador has a military attache; I'm the ambassador at large; I want a military attache at large. And he got me. And my job involved a lot of traveling around in Europe with Mr. Harriman to explain to these trade unions, the non-communist trade unions and so forth, what we were really doing.

One day I took General and Mrs. Marshall to -- where he'd been with Pershing during World War I. And he was a good deal younger than I am now, but I always remembered, he said to his wife, around the next curve there is a monument from the War of 1870 to the 17th Brandenburg Infantry Regiment. As we came around the curve, 30 years later from when he'd seen it, there was a monument to the 17th Brandenburg Infantry Regiment. He also had that kind of a memory of remembering things and details.

And I think Mr. Truman, of course -- when General Marshall got to the State Department as Secretary of State, he was concerned at the lack of long-term vision, so he created the Policy Planning Group, which had not existed there before, to look some years into the future and start planning for what might lie down the road further along.

And George Kennan was the head of that group at the time. And he thought always of the future and where we were going. Human touch -- he had been quartered in World War I in the house of a woman in a little town called Gordracous (phonetic) in the east of France. And during the war he said to General Patton, if you go through Gordracous do something for Madame Juwat (phonetic) -- which was the lady's name. Patton pulled up a 2.5 ton truck full of food and then had a battalion parade past the house while she took the food on the balcony. (Laughter.)

When we went to -- in 1948, he said, call up and find out if Madame Juwat is alive. I did, she was. We went there the next day and he said to me, let's break it slowly, you go up and tell her. So I went up and she was there and she said, what are you doing here. I said, I'm here with General Marshall. She said, he's not here. I said, yes, he is and he wants to see you because he remembers. Now, incidentally, she had a son that was a prisoner of war in World War I and through General Marshall and General Pershing they got her son out of the prison camp a little earlier than most of the other prisoners. I mean, he did these sort of things, which if you see and remember -- nobody here is really old enough to remember -- but the austere figure that he presented, you didn't realize that underneath this was an extraordinary human being.

Q Whose idea was the Marshall Plan, actually? Was it his? I know he gave it at a commencement --

AMBASSADOR WALTERS: At Harvard, yes. But it was a very speech, it only had nine paragraphs. I think there was a general feeling in the United States of concern. Ambassador Gordon has told you how we spent \$13 billion, but it was sort of somewhat more disorganized. And the Marshall Plan was done with the Europeans. We made them create a matching organization, the Organization for European Economic Cooperation.

Whose idea? It is hard to say. It probably originated in this policy planning group, which he had created, to look where we'd be in five, 10, 15 years. But he adopted it and he sold it to President Truman, because it wouldn't have passed without President Truman. And I think General Marshall probably did more to convince Senator Vandenberg, who as Ambassador Gordon said, was an isolationist, to support this plan. And so it passed and so it came. And in those four years the gross national produce of Europe -- those three years, the gross national product of Europe, according to your figures, rose by 32 or 40 percent.

Q General, as a military man, what do you think about this move to expand NATO? Do you think the American people, one, understand that an attack on Budapest would be the same as an attack on Baltimore if Hungary is one of the countries it is involved in? And also --

AMBASSADOR WALTERS: I am not a member of this administration and I do not read the daily telegrams. And, really, when you don't read the daily telegrams you're fantastically ignorant of what's really going on. The only thing I can comment is, it seems to have convinced the Russians finally. But, as I say, I am not in a position to pass any real judgment -- at least, I am, but I don't think it would be appropriate for me to do it now. And any situation that threatens peace and that threatens the well-being of people is of concern to us.

You know, we are an extraordinary people. We are a unique people. We are moved by things that move only us and don't move other people. And human misery moves us very much. And I think this was it. He came back from one of these European conferences in which Molotov walked out and working with Kennan and with his people they developed the idea. They took it to President Truman. He supported it. They realized there would be opposition from the Republicans in the Senate. They enlisted Senator Vandenberg and he did it.

Q But, I mean, it's a military principle you can extend your lines too far. Is there a danger here that that may be what we're doing extending NATO?

AMBASSADOR WALTERS: Well, as I say, if I knew more about what was going on actually than what I read in the newspapers, and I've learned in a long life that a lot is going on that you don't know about in the newspapers -- I would be in a better position to answer that.

Q Ambassador Walters, have you briefed President Clinton? And also, he's going to use this occasion to talk about the next 50 years and the U.S. role -- how challenging is it for him to sell the importance of a U.S. world role --

AMBASSADOR WALTERS: I think it's a terribly important thing for him to do. But I have no words to the effect that he's going to do this. No one has told me that he's going to do this. But I think it is a wise way to -- to warn the American people of the various things that may lie ahead, some good, some less good.

Q One thing that both of you gentlemen are in a position to do, though, is to talk a little more about the historic parallels that you see between then and now. I mean, clearly the administration wants to take us back 50 years and say what was necessary then is needed now. Do you see that same parallel or not?

AMBASSADOR WALTERS: Well, I can't say that I do. It's a very different situation. I mean, you know, the Russians the other day just presented an aircraft 1.5 times the size of a 747. Anybody who thinks the Russians are in the gutter -- I've taken two recent trips and I speak Russian, so I can talk to the local people. Last October I took a boat from Moscow to Astrakhan, on the Caspian Sea. And when you arrive everywhere, in the morning there would be an excursion; in the afternoon I'd go out and hire a taxi and say, take me to a department store or, take me to the food market, take me to the fish market, take me to an appliance store. And I would talk to the local people. It's not nearly as bad as what you read in the newspapers.

Let me just give you two figures. Last year somebody bought 2,700,000 automobiles in Russia, including 76,000 Mercedes Benz's, which is about \$100,000 a piece. I was in Astrakhan and I saw this huge area, like an American area of real estate developing, and they were building houses that I would judge in the United States would cost between \$350,000 and a \$500,000. And I said, who did these? They said, the rich. I said, you've got a lot of rich people; what is happening?

And I don't want to get into it, I'm getting away from my subject. Russia is developing a middle class. They've never had one under the czars, they've never had one now and to them anybody who has more than nothing is rich. The kids walk around and tell you, I only earn \$100 a month, and I haven't been paid in five months. And I'd say, that's a beautiful leather jacket you've got. That would cost \$200 in the United States. Where did you get it?

Q Black market.

AMBASSADOR WALTERS: But you had to have the money to buy it, even in the black market. Russia is not down in the ground like they tell you. I didn't see any sign of starvation, I'll be honest with you, in Russia. In Europe the starvation was everywhere.

When I got to Paris as a young officer, every other streetlight was out and no shop window could be lit at night. People would come to my mother, who was living with me, and say, you want to buy some whipped cream, you want to buy some butter? If you got the money, you can find anything.

On this Volga trip, I found Italian canned fish in Samara, I found French Brie cheese in Khazan. You can find anything if you want to look for it, which means somebody somewhere has the money to buy it. So I just don't see any real immediate parallel with the Marshall Plan situation in Europe.

Q General, you both talked about the success of the Marshall Plan.

AMBASSADOR WALTERS: Why do I talk about the success of the Marshall Plan? I think it was --

Q What I was going to ask you is what you attribute the success to, the way the job was done or the nature of the job itself, that had to be done?

AMBASSADOR WALTERS: The nature of the job and the way it was done. Just remember that no other nation in history has ever financed its competitors back into competition with it. We are the only people in the whole history of mankind who have ever done that. That's what made it a success.

AMBASSADOR GORDON: Let me add a word to that. Among my later activities was being one of the foster fathers -- perhaps more than a foster father -- of the Alliance for Progress in Latin America, under President Kennedy. I then went to Brazil as

ambassador and General Walters, who was then a colonel, became my defense attache, much to my benefit.

AMBASSADOR WALTERS: I had been stationed in Rome until you reached for me. (Laughter.)

AMBASSADOR GORDON: He thought it was a demotion, but he learned better.

AMBASSADOR WALTERS: I became a general during that time.

AMBASSADOR GORDON: Yes, we had met in Harriman's office in 1948, so our friendship goes back a long time.

On the question of the nature of the problem, you had all of the institutions -- if you compare the business of converting the former Soviet Union into modern-style market economy, that sort of thing, it's a different kind of problem because it wasn't so much a matter of dollar shortage or hard currency shortage in Russia, it was a problem of absence of privatization. To this day, land can't be owned by Russians. I mean, urban land can be, but rural land can't.

If you want to rebuild a sort of family farming economy, if you want to make use of the energy of the peasants to go back and fend for themselves, they've got to have ownership rights and land. It's clear as can be, but this ideological hang-up private ownership of land still sticks in the mud, so to speak, in that field.

Other institutions -- you've got to have bankers who understand how to evaluate credit risks. During the Soviet period, the communist period, there was no commercial banking. You've got to have the rule of law. You've got to have enforcement of contracts. You've got to have possibilities of bankruptcy. You've got to have a structure of capital ownership and capital movements. You have to have arbitration law. You have to have some regulations, weights and measures, and all of these kinds of things that make a market economy work.

And that is gradually being developed. It's coming much more quickly in the East European countries because, after all, they were only under communist control for roughly 50 years or a little short of 50 years, whereas Russia goes back to 1917. And even the pre-1917 Russian economy, although it was coming along, it was developing maybe 30 or 40 years behind western Europe. That 30 or 40 years made a big difference.

So this task of reconstruction in Europe in principle was relatively simple. People knew how to do things the right way,

but they were stuck with the dollar shortage at the beginning, and they were stuck with these barriers to trade and payments. And once you got those out of the way, they took off.

We also instructed them in productivity methods, things of that kind. Paul Hoffman, the Marshall Plan administrator -- in this field, he and Sir Stafford Cripps, the socialist British finance minister, got along very well. And these teams were sent, management and labor both, they were sent across the Atlantic in both directions, first with Britain and then with the European continental countries too, to show people working in factories -- how is it that you're able to produce three times as much per worker in your kinds of factories as we are? The Europeans are very intelligent people; there was no basic problem about adapting those methods.

But the pre-World War II, and especially the pre-World War I European economies were class-ridden societies in which there was very little effective communication between the aristocratic elites and the working people. The middle classes weren't big enough. They were gradually getting bigger. But there was a tremendous of what in retrospect is social backwardness which had to be overcome. And learning American methods made a great contribution to that.

AMBASSADOR WALTERS: And in light of what Ambassador Gordon has just said, last week I was in Turkey, and the President, Suleyman Demirel, told me that he was one of the 18,000 young Europeans we brought under Marshall Plan funds to the United States to teach them techniques in productivity and management.

And I think we'll close what I have to say with quoting Churchill on what the Marshall Plan was: the single most unselfish act in the history of nations.

Thank you.

THE PRESS: Thank you.

END

3:30 P.M. EDT

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PRESS BRIEFING BY
NATIONAL SECURITY ADVISOR SAMUEL BERGER
AND DEPUTY SECRETARY OF STATE STROBE TALBOTT

The Briefing Room

2:00 P.M. EDT

MR. JOHNSON: Good afternoon, ladies and gentlemen, and welcome to the White House Briefing Room. The briefing today will be about the President's forthcoming trip to Europe. Your briefers will be Samuel Berger, the President's National Security Advisor; and Strobe Talbott, the Deputy Secretary of State.

MR. BERGER: Thank you, David. Let us go on a brief preview of the journey of next week. With the signing of the partnership between NATO and Russia coming exactly 50 years to the week the Marshall Plan was announced, the President's trip next week comes at a unique moment in history. The trip enables the President to pursue his vision for the future of the transatlantic alliance against the backdrop of the legacy of a previous generation of Americans.

There are three distinct and complementary parts of the trip: the historic signing of the NATO-Russia act in Paris, the commemoration of the Marshall Plan in The Hague, and the first meeting the President and the -- the first official meeting the President will have with Tony Blair in London. Together they highlight the importance of America's leadership and give the President the opportunity both to advance and to address the goal that he set back in Brussels in 1994 of a peaceful, undivided, democratic Europe for the first time in history.

The week really begins on Monday here in Washington, or at least in Arlington, with the Memorial Day traditional wreath-laying ceremony at Arlington. The site of the wreath-laying ceremony is steps away from the grave of George Marshall, and this will enable the President to both honor the Americans whose past sacrifice has led to our freedom, but also to build the

bridge from the vision that George Marshall laid out 50 years ago to the vision that we seek to pursue over the decades ahead.

We will leave Monday evening, about 5:00 p.m., and arrive bright and fresh at 6:00 a.m. in Paris on Tuesday morning. The President will have a bilateral with President Chirac at the Elysees, and then will be participating in the signing ceremony of the NATO-Russia Founding Act, which I believe is a truly historic event, clearly demonstrating that it is possible to proceed with enlargement of NATO, strengthen our alliance, and build a partnership between NATO and Russia.

Following that event, the President will attend a lunch hosted by President Chirac at the palace, and then will have a bilateral meeting with President Yeltsin.

That evening, he will fly to The Hague, where he will have the evening -- he will meet with the Queen. And then on Wednesday morning, we begin in the Netherlands the semiannual U.S.-EU Summit, with Dutch Prime Minister Kok, EU President Santer and others.

The cooperation that the United States has built with the EU on political, economic and law enforcement issues is an integral part of the transatlantic fabric that the President is seeking to build for the period ahead, and there will be a number of issues that will be discussed at the summit, at the EU-U.S. Summit. We hope and expect that the leaders will sign an agreement that will provide for greater cooperation in stemming the flow of precursor chemicals that can be used in chemical weapons and really -- and used also as part of drug trafficking.

You heard the President this morning talking about, with the mayors, the overall effort on the drug front, and this is a very important part -- that is, the international dimension of that effort.

The President then will attend a lunch that will be hosted by Queen Beatrix that will be attended by approximately 40 heads of state, leaders from nations of Europe, OSCE, nations of Europe, where he will deliver an address commemorating the 50th anniversary of the Marshall Plan. This will be a major opportunity for the President to celebrate the vision of a remarkable generation of Americans who laid the foundation for 50 years of peace, from 1947 until now; and then to lay out his vision of the future of U.S.-European relations and the future of a peaceful, free, prosperous Europe whose stability is very much tied to our own.

Later that day, I believe that evening, the President will travel to Rotterdam, which has designated Wednesday, May 28th, as a day to thank Americans and the American people for the contribution that we made to the recovery of the Netherlands with the Marshall Plan. They call their celebration "Thank You, America." As many of you know, Rotterdam was destroyed almost completely during World War II and was rebuilt almost entirely with Marshall Plan funds. And the President will participate in those events on Wednesday evening.

The triumvirate events that day -- the U.S.-EU Summit, the Marshall Plan commemoration and the Rotterdam speech -- provide the President the opportunity, as I said, to set out a vision for the future of the transatlantic alliance and the future partnership between the United States and Europe for the next 50 years.

On Thursday, the President will travel to London, and he will meet with the new Prime Minister Tony Blair. They have met a few times in the past, but this will be -- and they will presumably be together in Paris, but this will be the first official one-on-one meeting between the two and will provide an opportunity for the President to reaffirm the special relationship that we have, longstanding relationship that we have with Britain, and discuss and deal with a wide range of issues of mutual interest, including Northern Ireland, the Persian Gulf, Hong Kong, Bosnia, NATO and others.

He will return here Friday night, but I think the week really ends on Saturday, from our perspective, and that is with his speech to the West Point commencement where the President will talk directly to the American people about America's leadership responsibilities in Europe and in the world, and explain why engagement in Europe and elsewhere remains vital to America's security and prosperity, and why NATO, including enlargement, is the foundation for that engagement.

We will return on Saturday night and there are no international events that I know of planned for Sunday.

Let me ask Secretary Talbott to speak more specifically about the NATO-Russia element of this.

DEPUTY SECRETARY TALBOTT: Thank you, Sandy, and good afternoon to all of you. I know quite a number of you have had some briefings on the subject of the NATO-Russia Founding Act, including from this podium, so I won't go on at any length on that so that you can get quickly to your questions.

But just to recap very briefly, the NATO-Russia Founding Act is in five parts. The preamble and part one constitute a review of both the rationale for greater cooperation between the Alliance and the Russian Federation, and also the principal guidelines and understandings for international relations. Some of these are reiterations of principles from the United Nations Charter, the OSCE, the Lisbon OSCE document from last December, and those of you who were in Helsinki will also I think recognize some of the principles from that document, as well.

The document also sets forth the concept of and the mechanism of the so-called NATO-Russia Permanent Joint Council, which is a new body, a new entity that will institutionalize the cooperative relationship that already exists between NATO and Russia. And the document sets forth a number of areas for consultation, coordination, and, where possible as it emerges over time, joint decision-making and joint action between NATO and Russia.

And then the final section of the document is on the issue of the military dimension of the relationship. A great deal of that will depend on agreements still to be reached in the CFE talks in Vienna, but there is also considerable reliance on positions that NATO has already taken with regard to the deployment of nuclear weapons and of permanent-stationed forces, and there are some guidelines with respect to the CFE negotiations.

And Sandy and I would be happy to take any specific questions you have on that, but let me just say a word or two more about the NATO-Russia dimension and the U.S.-Russian dimension of the President's travel next week.

There will be a meeting, of course, between the two Presidents, President Clinton and President Yeltsin. The agenda will be partly on the subject of NATO-Russia, which has tended to dominate their last couple of meetings, but they will also look ahead to the Denver summit and to areas where the United States hopes to use its influence within the Summit of the 8 and the international financial institutions in order to support Russian economic reform. And I'm sure that the two Presidents will also talk about the remaining issues on the arms control and security agenda, particularly the importance of Duma ratification of START II and the desire that both Presidents have to move ahead with the related issue of ABM-TMD demarcation.

The last thing I would say is that in the weeks and months ahead we hope to see building on the progress that has been achieved both in the Helsinki meeting between the two Presidents and also in the NATO-Russia Joint Document further progress on

CFE. The locus of that will be in Vienna, and we also hope to see in coming months the NATO-Russia Permanent Joint Council get up and running. I think you can expect to see that happen between now and perhaps the beginning of the fall.

So we can go to questions, and Sandy is available as well.

Q Especially at a time when parallels will be drawn to the Marshall Plan era, could you be a little more specific about the type of assistance -- do you mean more money, do you mean multilateral -- insofar as helping Russia promote reform? And could somebody speak a little bit more about the meeting with Blair, particularly the Irish issue?

DEPUTY SECRETARY TALBOTT: Yes, I'm sure Sandy will take the latter question.

There are several dimensions, of course, to our willingness to cooperate with Russia on economic reform. There is a bilateral dimension under the aegis of the -- of our assistance program for the New Independent States. We are hoping to have more money in fiscal '98 than was available in fiscal '97. We're hoping to have \$240 million for Russia as part of that package.

As for the multilateral dimension, the United States is prepared to support the Russian aspiration for membership in the Paris Club and the World Trade Organization and the OECD, assuming, of course, that Russia is able to meet the conditions for membership in those organizations. And the Denver Summit of the 8 will talk, as it always does, of course, about ways in which the international financial institutions, particularly the World Bank and the IMF, can help.

Q Strobe, continuing on this issue, will the meeting between the President and President Yeltsin clarify this current dispute over the meaning of the Charter, with the Russians saying that it gives them a veto effectively over NATO decisions, and the U.S. saying, well, they have a voice, but not a veto?

DEPUTY SECRETARY TALBOTT: Well, I honestly do not think that there is a misunderstanding on that score. The issue here is two different entities, two different bodies. There is an existing body called the North Atlantic Council, which you might see as the governing board of NATO. That is made up exclusively of the 16 members of the Alliance. That is a sovereign body representing the sovereign interests of the allies. That has not been, and will not be, subordinated to any other body.

Now, there is going to be a new body, which is the Joint Council, the Permanent Joint Council. The membership of that is

made up of the currently 16 members of the Alliance and the Russian Federation. That body will operate by consensus. If it chooses by consensus to do something, then it can do something jointly. If there is not a consensus, then it won't do something. But the absence of a consensus in the NATO-Russia Joint Council does not in any way affect the freedom of action, the freedom of decision either of NATO and the NAC, or of Russia.

Q Well, how do you keep it from spilling over, though?

DEPUTY SECRETARY TALBOTT: Well, I don't think there's any danger or way that it will spill over. The NAC is perfectly capable, and has demonstrated this many times, I might add, particularly in the way that it has overseen and guided the negotiations that have gone on between the Secretary General Mr. Solana, and the Foreign Minister Mr. Primakov -- has guided those negotiations, is capable of acting very much on its own.

You know, one way to look at this is at a institutionalization -- that is, the Permanent Council as an institutionalization of something that already exists. There is already in Brussels a device or an arrangement known as 16 plus 1. This means that any member of the Partnership for Peace can hold consultations at any time with the Alliance and with the NAC. And the NATO-Russia Permanent Joint Council is an institutionalization or a formalization of that. It's existed before, it hasn't in any way eroded or diluted the Alliance and it will not do so now.

Q So the NAC is not a constituent member of the Joint Council through its representatives?

DEPUTY SECRETARY TALBOTT: That is correct. The NAC stands on its own, will continue to stand on its own. And the Alliance, as such, will take its guidance from the NAC.

Q Strobe, given the fact that President Yeltsin has explained it that way, does the administration look upon this as something that's necessary that Yeltsin had to do in order to sell it; or is there a danger inherent in him selling it that way in that the first time NATO acts against Russia's wishes, the Russian people and some Russian leaders can say, see, they're violating what we told you the deal was -- even though you say that's not what the deal is?

DEPUTY SECRETARY TALBOTT: I understand the question. I think it's extremely -- I take the thrust of the question and I think that we have taken the thrust of that question ever since this issue first arose, which, of course -- and it isn't new.

It's very important that everybody understand this agreement in exactly the same way, what it does and it doesn't do.

The document, itself, is absolutely explicit on this point. It makes quite clear that the existence and the operation of the NATO-Russia Permanent Joint Council will not in any way undermine or prejudice or overrule the NAC, any more than it will have those effects on the freedom of action of Russia itself. This document was extremely carefully negotiated. It's quite explicit in its terms. And that is the document that will be signed on Tuesday.

I don't want to get into the inner workings of Russian domestic politics on this, but as the Russian position has been explained back to us, it refers to precisely the workings of the Joint Council and does not have a bearing on the NAC itself.

Q Strobe, as you know, most -- a lot of think-tankers you have been too kind to Russia. One of the things -- you haven't been kind enough to Russia. One of the things you've been too kind --

DEPUTY SECRETARY TALBOTT: Who have you been talking to?
(Laughter.)

Q Well, one who you know quite well who thinks you've been too kind to Russia raises the point that if Russia is the cause of the problem -- we don't know what that problem would be at this point -- is the cause of a problem where NATO may try to take -- they consider military action, and you discuss it with Russia in your own council, and obviously, they disagree with the way you in the West are looking at it, it's going to be harder for a consensus to form within the main NATO body. Do you follow me and do you buy that?

DEPUTY SECRETARY TALBOTT: I follow you; I do not buy it. I just don't think --

Q You understand the thinking.

DEPUTY SECRETARY TALBOTT: I do, indeed, but I don't think there is any reason for that concern. There has been, since the end of the Cold War, since the formation of the Partnership for Peace, an opportunity for Russia and all of the other partner countries to consult with NATO about anything that they consider to be in their interest. We have nothing to fear from the continuation, the deepening, and the broadening of that kind of consultative relationship -- not just with Russia, but Ukraine and a number of other states -- as long as there is no ambiguity,

no misunderstanding whatsoever that NATO remains NATO, NAC remains the NAC, and it hasn't been in any way subordinated.

And by the way, the member states of NATO and of the NAC have their own bilateral relationships, quite properly, with the Russian Federation. Those bilateral relationships came in -- played quite an important role in bringing us to the promising point where we now are. I'm thinking particularly about the good and workmanlike relations that exist between Chancellor Kohl and President Yeltsin, between President Chirac and President Yeltsin. So simply institutionalizing a way for Russia to talk about its concerns is nothing to be concerned about.

MR. BERGER: If I can just add one other point, Barry, to Strobe's answer, which I agree with fully. By extension of that logic, we would not be heading to Madrid to begin the process of NATO enlargement. I think NATO has demonstrated, from 1994 to today, that notwithstanding the misgivings that the Russians, misgivings probably is an understatement, that it felt that enlargement of NATO was in the overall security interests of NATO and of Europe, and it's proceeded without being deterred by the disagreement with that policy that Russia may have. And I think that -- in a sense, the proof is in the pudding here in terms of NATO's willingness to act in its interest even where there may be a disagreement.

DEPUTY SECRETARY TALBOTT: There was a question about Northern Ireland.

MR. BERGER: You asked about the Blair meeting. I think the Blair meeting will be fairly far-ranging; there's a lot to talk about. I expect that they will talk about Northern Ireland. As you know, Prime Minister Blair has taken some steps in the last week; there are meetings that are taking place, actually, today between representatives of the British government and Sinn Fein. And he has indicated that were there to be an unequivocal ceasefire there would be an early resumption of inclusive talks. That is a view that we support, and I'm sure the President will want to hear from Prime Minister Blair where he believes that stands and how we can continue to be helpful in the process.

We will also -- they will also talk about Bosnia as we enter a very important 16 or 18 months when there is an enormous amount to accomplish on the ground. I think there's been good progress, but there clearly needs to be more progress in terms of particularly on the civil implementation side. There are issues in the Persian Gulf that they will be discussing -- Iraq, Iran. So I think it will be a pretty far-ranging discussion.

Q Mr. Berger, to what extent will the President be using his various speeches in this trip to start selling the American public and the Senate on this idea of NATO expansion, the idea -- potential for American troops being called upon to join a force that might defend Prague or some other capital --

MR. BERGER: Well, I think the whole trip. And I think as I've described it. If you begin it, in a sense, at Arlington Cemetery and end it at West Point, and all of the events in between I think will be very much an exercise in talking about how America's relationship with Europe in the past has been inextricably intertwined in war and in peace; how it continues to be intertwined; and therefore, why America's engagement in Europe through NATO enlargement and other mechanisms will lay the basis for perhaps another 50 years of peace. And I think there are opportunities in Arlington, there are opportunities in The Hague speech, there are opportunities in Rotterdam and then back in West Point, all of which I am sure will address the issue of NATO enlargement.

And I think this is the beginning of a long dialogue that will take place in this country about NATO enlargement. The President has spoken about it frequently -- he spoke about it in Detroit during the campaign, he spoke about it in the State of the Union. But it now begins to take on some real substance as you move from Helsinki, which was, I think, the pivotal event -- Solana, very important meetings -- then to Paris and then to Madrid. These things have a kind of vitality and reality that they don't have when they're simply abstractions.

Q You're a political advisor to the President in addition to being a National Security Advisor. How much -- well, you go to those Wednesday meetings and whatnot.

MR. BERGER: I go to meetings every day. Go ahead.

Q How much of a factor was domestic politics in the original decision to make NATO enlargement one of the principal foreign policy goals?

MR. BERGER: I don't think it was an important factor at all. And I think the notion somehow that NATO enlargement sprung up during the '96 campaign is ahistorical. The President set this course back in 1994, when he first articulated it in Brussels, when he talked about a peaceful, undivided democratic Europe for the first time in history -- a sweeping, broad, historic, strategic objective. And it has been something that he has worked for since.

This is not -- this has a rationale that really goes to how you define the future and how you define America's security. Our view is that by embracing the emerging democracies of Central Europe in an enlarging NATO, we can begin to help build the stability in the East that NATO has in the West and that the Marshall Plan did in the West 50 years ago. And in Paris I think we'll demonstrate that we can do that without undermining the U.S.-Russia relationship.

This has sort of been the Scylla and Charybdis of NATO enlargement. You do this in a way that both enlarges NATO and does not undermine the security or create second-class members on the one hand, and on the other hand, does not undermine Russian democracy. And I think what's been proven over the last year of very painstaking work -- the last two years or three years -- is that that's possible.

Q Let me just follow that, Sandy. Can you address the criticism of people who say that what the Eastern European new democracies need is economic integration into Europe, not military integration? And, while we're talking about Marshall, that was what the Marshall Plan was about, was economic assistance, not military.

MR. BERGER: It's not one or the other; I think it's both. Clearly, EU expansion is important and the integration of these economies into the European economy is important. Through the EU, through the institutions that Strobe discussed, all of that helps to bolster them economically and pull them into an increasingly integrated international economy.

But the EU does not include the United States. NATO is the institution that ties the United States to Europe and ties the United States to a Europe that ought to be expanding to embrace, help stabilize the new democracies of Central Europe. So I don't think it's a choice between the two, I think it's both.

DEPUTY SECRETARY TALBOTT: Let me just add a word. By the way, on your first point, I go to a lot of meetings on Wednesdays, too, but never been accused of going to the one that you referred to.

Let me just give you a perspective on this issue of domestic politics versus long-term strategy. I think this notion that persists, that this was somehow driven by domestic politics is not only ahistorical but even counter-intuitive. And the earlier question about the coming effort to convince the United States Senate to ratify enlargement by a two-thirds majority really proves the point. This is not a slam dunk. This is not going to be easy. And it shouldn't be easy, precisely because of the

stakes involved. And the notion that this idea would be an instant, widespread political winner for a politician I think misses the point of what's involved here and also misses, as Sandy says, the history of the thing.

Let me just say a word about Central Europe and its economy. Central Europe is not going to succeed in making the progress that it wants to and deserves to make unless it can do so in a secure security environment, and that's what a large part of what NATO enlargement is all about. If those countries were to be consigned to a limbo or a gray zone between the old Soviet Union and the old NATO, and the old NATO were to be frozen in amber, a number of things that would be bad economically as well as politically would be likely to happen. Among other things, those countries would be very likely to kind of scramble around in a very ad hoc fashion to develop their own security arrangements in a way that would pit them against each other and also end up with much higher levels of military spending, which would, of course, tie up money that ought to go to the economy.

Q Strobe, I don't know which one of you wants to tackle this question, but one of the issues that seems to be bubbling up on the agenda is that the EU Competitive Commissioner, Competition Commissioner, is publicly criticizing the Boeing-McDonnell Douglas deal. Do you expect that to come up in any way, shape, or form at the summit?

MR. BERGER: I don't know whether it will come up at the summit. It is a matter before the FTC here and before the EU Competition Commission, and therefore, I am told by people with practicing law degrees, as opposed to non-practicing law degrees, that it's inappropriate for me to comment on it.

Q As a follow, it's being criticized as antitrust, so who is going to be talking about it besides the FTC once you get over there?

MR. BERGER: Not me.

Q But who will?

MR. BERGER: I don't know whether this will be on the agenda. We'll have to find out how -- what is the appropriate way, obviously, if the Europeans raise it, for the President to address it in a way that is consistent with U.S. antitrust laws. I don't know the answer. I'm not trying to be cute, but I have been told that this is not something, because it's pending before the FTC, that I really should get into.

Q To return to Russia for a second, the Duma once again is saying that it is not going to ratify START II, so then what is your answer to critics of NATO expansion who say that for U.S. security it is more important to get these limits on nuclear forces than it is to stabilize a situation in Europe that so far is not leading to any problems, and then what we have done is, in fact, once again, created a confrontation with Russia?

MR. BERGER: Well, let me try -- let me answer and then Strobe can comment.

We still expect the Duma to ratify START II. President Yeltsin, as late as Helsinki and again yesterday, reaffirmed that this was his commitment and this was his intention. And so I think it is premature to conclude that START II ratification is not going to take place. START II is not only in our interests, which is why President Bush signed it, it is also in Russia's interest both on its own terms, in terms of the world they live in if it's not ratified -- i.e. START I -- and in terms of the door that it unlocks to get to START III, which has been outlined at Helsinki for cuts to the 2000, 2,500 level. So for all of those reasons it's in Russia's interest, as well as ours. And I continue to expect and hope that the Duma will act on it and that this is not a trade-off here.

'DEPUTY SECRETARY TALBOTT: The only thing that I would add to that is that there is a false premise, not necessarily one that you share, but sometimes when this is put forward, that START II didn't run into difficulties in the Duma until the NATO enlargement, NATO-Russia issue came into sharp focus. That's not true. And, as Sandy says, President Yeltsin is committed himself several times to vigorously pursue a ratification. He has now started to do so when he met with the faction leaders and the committee chairman yesterday. So let's see how it plays out.

Q Strobe, you said that the United States will support Russia's membership in organizations like the WTO, the OECD and the Paris Club, provided Russia meets the routine requirements. Now, if Russia can meet the routine requirements, does it need that U.S. support, or is it token, or are there other forces besides Russia's own performance that would militate against its being admitted to those organizations?

DEPUTY SECRETARY TALBOTT: I think the United States has a very important role to play in all of those institutions. And American support is substantively valuable to Russia. Certainly, the Russians take that position.

MR. BERGER: Also, John, I'd just say, for example, WTO, our support can be quite active -- that is to say, at a technical

level. We will work -- we will be working with the Russians, who don't have a lot of experience, obviously, with the international trade rules, with the WTO, to help them deal with and fashion proposals that can help them meet the WTO basic criteria. So it is not just support in a sense of we will stand up at the meeting and give a seconding speech, the support here is also technical assistance.

So that you know what's in store for you, I've been asked to indicate that when we are liberated, Lincoln Gordon and Vernon Walters will be here to talk, who are both original participants in the Marshall Plan, 50 years ago, to talk a bit about the history of the Marshall Plan and give you some of the kind of flavor of what things are like as the Marshall Plan was launched 50 years ago.

Q In that list of organizations that you mentioned and the requirements that Russia needs to meet, could you just refresh my memory -- how many of those conditions is Russia able to meet at this point, for any of those organizations?

DEPUTY SECRETARY TALBOTT: No, I cannot refresh your memory on that. We can perhaps get you a fact sheet on the WTO, what the requirements --

MR. BERGER: I don't think -- any country that comes into WTO has to accept the basic principles and construct of the WTO -- national treatment, most favored nation status. There are whole set of principles that come with that in addition to a set of tariff proposals that are acceptable to other members. I mean, it's a fairly elaborate negotiation. We are having this negotiation with the Chinese; there is this negotiation with the Taiwanese. These are very -- it's not like seven boxes to check. Basically there is a fairly elaborate set of negotiations that take place, like any trade negotiation.

Q But who, to the best of your knowledge -- it sounds as though you're saying that there is none of those that you can recall --

MR. BERGER: No, that's not true. This discussion has been going on with Russia and the WTO. At Helsinki, the two Presidents committed to try to accelerate that discussion. President Clinton said, let's try to get it done by next year. President Yeltsin said, let's try to get it done by next year. Our President said we will try to help you in ways that we can. So it's really -- there is now a political impetus or a political will behind something that will be done largely by trade negotiations.

THE PRESS: Thank you.

END

2:42 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript

May 23, 1997

INTERVIEW OF THE PRESIDENT
IN ROUNDTABLE DISCUSSION

The Oval Office

12:00 P.M. EDT

Q What do you expect from your new relationship with the new British Prime Minister, Tony Blair?

THE PRESIDENT: Well, I think it will be very good. Based on the conversations I've had with him and the fast start that he has made, I think that we have a chance to have a very good partnership and I'm excited about it.

But keep in mind the fundamental basis of our partnership has to do with the common values and ties and interests that the American people and the British people share. I felt I had a very good relationship with John Major and I think we did a lot of good work together, especially in Bosnia and in the peace process in Northern Ireland. And I hope that there will be more progress in Ireland now. I'm encouraged by what Prime Minister Blair has done in arranging for meetings with Sinn Fein and I hope the IRA will declare an unequivocal cease-fire so we can get back to the business of peacemaking.

Q Is it still a case that British influence in Washington is going to depend upon British influence in Europe? Do you expect a new British initiative there?

THE PRESIDENT: I don't know yet. The tone of the remarks that have been made so far by the new government has been encouraging. But that's one of the things I hope to talk to the Prime Minister about when I see him in London. I just am not -- by my "don't know" you shouldn't take that to be a negative "don't know," I just don't know yet.

I think there are clearly some continuing ambivalence among the people in Great Britain about exactly what their relationship

to Europe ought to be. But I basically have been a supporter of continued European integration and a strong European Union, and I've always felt that there's a way to preserve national sovereignty and national identity and national interests among the countries in Europe and still draw closer together economically and have closer cooperation politically and on security issues. So I think that history is on our side on that.

Q This relates precisely to the big NATO enlargement that you're going there to sign. How difficult is it going to be in realistic terms to give the new security relationship with Eastern Europeans meaning until they have the economic link to the European Union through a parallel enlargement?

THE PRESIDENT: Well, I would hope they would proceed in parallel. But I think that -- keep in mind, the important thing to me about NATO enlargement and the agreement that has been made between NATO and Russia is that it gives us a chance to create a framework of an undivided, democratic Europe, which I hope over the long run will reduce internal security concerns -- that is, of a traditional sort, the kind that wrecked Europe in the 20th century repeatedly -- and will increase the capacity of nations involved in the partnership to deal with shared problems that cross borders.

It also gives the United States and Canada a way to maintain our continued partnership with Europe for a united Europe and for a free and democratic Russia and for this partnership over the long run. It provides a systematic framework. So I think it has merit that is quite profound.

Now, in order for the former communist countries to succeed over the long run there will have to be more economic integration, as well, and perhaps even more political integration. But those are decisions for the European Union to make. But we've made it clear that the United States, as long as I've been here, never felt threatened by European integration and, indeed, supports it. So these things will have to proceed apace, but they don't have to proceed in lock-step.

Q Is it premature to say that NATO has now become not the old military lines aimed at Russia, but a new transatlantic security system that includes it?

THE PRESIDENT: Well, we're much closer to that. NATO and Russia have agreed on a partnership, which is not the same as membership but it is a huge step toward redefining the strategic realities of Europe for the 21st century. If you think about the whole -- if you can go back before the 20th century, great power politics in Europe have bedeviled the lives of ordinary citizens

and sometimes destroyed states for centuries. And what we are trying to do is to create a security structure which will continue to bind the United States and Canada to Europe in a way that would dramatically reduce the chances of the bad things which happened in the 20th century and in previous centuries, recurring in the 21st century, and will dramatically increase our capacity to deal with common problems, as we are doing today in Bosnia.

So that's the idea of it. And this partnership is a huge step in that direction. We're really trying to write a future for Europe that is very different from its past. In the last 50 years -- it's interesting, I'm going to Europe, you know, to celebrate the 50th anniversary of the Marshall Plan, as well as to celebrate the signing of the NATO-Russia partnership. The two things are quite interesting because in the last 50 years we at least prevented another a world war, created a structure of unity and prosperity in the free world and a structure of deterrence with continuing contact with the communist world until communism collapsed.

But I think it's important not to leave a vacuum or just assume that those old patterns can't recur. We have to have structures in which people, nations redefine their interests away from their capacity to conquer or dominate or coerce their neighbors geographically toward the shared interest that all states have in developing the human capacities and the quality of life of their people, and in cooperating against the new security threats of the 21st century.

That is the central idea behind both NATO expansion and the partnership with Russia. And it is a fundamental departure from the way geopolitics have been practiced by nation states for quite a long while and certainly for the last 50 years. But I believe we have it within our capacity to create that new reality; that we have to define our -- that Russia, that NATO, that Europe or the United States, we all have to define our greatness in the future in ways that do not entail the necessity of dominating our neighbors.

Q Some would say that the balance of power is not merely a particular theory, but reflects an underlying reality in the relations of nations.

THE PRESIDENT: I agree with that, but what is -- but if -- the balance of power does not always have to be defined in the same terms as it has been previously. The balance of power in Europe historically has involved the dominance of your near neighbors, at a minimum. And it -- in its most primitive terms, it's premised on the theory that any country that's powerful

enough will take over more land and dominate more people, and therefore, there has to be a countervailing balance to stop that. What we've done is to construct a balance of power that both restrains and empowers all the people who come within the framework of the agreement.

It cannot be in the interest of the Russian people to spend huge amounts of money on military expenditures to dominate their neighbors when they're sitting on a wealth of natural resources, when they have enormously talented people whose life expectancy has been diminished by the problems of the last few years and who have an incredible future both toward Europe and toward Asia as a peaceful, powerful, democratic power. That is in their interest. So what they should want is a balance of power which encourages that development. That's why I think we have common interests here.

It cannot be in the interest of the United States, for example, just to have a balance of power that moves the dividing line of Europe a little bit further to the east when we have the chance to create a reality in which no one sees their interests in those terms anymore.

And I think -- just the way the world is today is supporting these new efforts. If you look at the difficulties, the cost, the bloodshed and the pain the Russians endured in Chechnya or if you want to take -- or Afghanistan, and other countries have had similar experiences, I think that we have the chance to create a new framework for the way states relate to each other.

Furthermore, I think the likelihood that we will all, in a more open society, face common threats from terrorism and organized crime and weapons proliferators and drug traffickers, and may mean that we have to define our balance of power in terms of our capacity to resist those and maintain the conditions for progress and prosperity and decency within our own countries, and that we need people who are neighbors to help us more than we need to try to be dominating them in an old-fashioned way.

Q Could I take you to Bosnia? Is there some new determination by the United States to draw the peacekeeping force into particular chores that it hasn't been so active in in the past, for instance, helping refugees return? Is that a new decision within your administration? I'm a little confused about it.

THE PRESIDENT: What we are doing now -- we know that SFOR has a mission and that it's been authorized for an 18-month period. And what we want to do is to make the most of the time we have left to try to preserve the integrity of the Dayton

Accords within the limits that are imposed on SFOR. Therefore, there is no simple answer to your question. And the truth is that we've made no policy decision with this administration to take a dramatic departure from what has been done, but we are looking at the kinds of things that will have to be done to try to preserve the integrity of the Dayton Accords and the peace that was signed in Paris.

And that mostly depends upon the parties. They have to make up their mind that they're prepared to try to create the reality that they promised to create. But we want to do what we can within the limits of our capacity to do it and within the operational limits that have been imposed upon SFOR.

Q Well, is it within -- inside the limits or outside the limits to do --

THE PRESIDENT: To assist in refugee resettlement? It depends upon what the facts are in each case. That's why I -- we're reviewing that now. And one of things that -- I'm in process of now going through a rather extensive review of it because I want what we're doing in Bosnia to succeed. But we also are working with all the parties to encourage them to live up to the letter and the spirit of the agreement because the -- we made a decision that neither the United States nor the Europeans could occupy Bosnia forever to keep people at peace. And they made a promise to try to create a state that would recognize the ethnic differences of the various -- of the three groups, but still in very specific ways permit them to work together in one nation. And we're going to do what we can to try to see that that happens.

Q But the time for withdrawal of SFOR is firm?

THE PRESIDENT: Well, the time for the end of that mission is set and it is firm.

Q Mr. President, do you ever wish that you'd been born 30 years earlier and maybe had been on George Marshall's staff or played around with the wise man in the last 1940s to remake the world?

THE PRESIDENT: I think it would have been a very exciting time. About 30 days after I first met my wife she said that I was a person born out of my time, I was born 30 years too late. It was an interesting comment. I never was sure what she meant by it. (Laughter.) But she just said I was a little too old-fashioned for the world I was living in in some ways.

But the -- I actually think that we have an opportunity just as great and the responsibility just as heavy and in some ways more difficult to effect because we're not coming out of the ashes of war in the same sense that Marshall and his generation did, and therefore, no one can speak with the authority, if you will, that victors in a war can. And no one can play to a large, popular understanding of the dimensions of the moment the way you can when people have just been traumatized -- hundreds of millions of people have been traumatized by the impact of war.

And I guess, Michael, one of the things that I would say is that almost brings me to a prior point I should have made in response to Martin's questions -- this is a moment to create a structure that will carry us for the next 50 years in the same ways that Marshall and his generations and Europeans created a structure that carried us through the Cold War, saw the growth of the great economies, saw the rise of the enormously successful middle classes in all these countries. We are trying to create something that will work in a way just as profoundly for the next 50 years.

And it requires, I believe, a level of American leadership and engagement that is -- basically runs against the historical grain of the United States, except for the last 50 years. That is -- it was the searing experience of the Depression and the way and the stark reality of Stalin that coalesced forces in this country that made it possible for our leaders to construct the world they did 50 years ago.

Historically, the United States has been much more, if not isolationist, at least non-involved. Now we see, ironically, that we have all this influence or all this power -- not only military power, but economic power, but it only amounts to something insofar as we were willing to acknowledge our interdependence with others.

And, therefore, sometimes I think my biggest challenge is to create a climate within the country to meet the challenge. And I see it -- you look at the debate we had on the Chemical Weapons Convention. Actually, I think the understandings that were adopted at the end that secured the Senate ratification clarified the Convention were perfectly consistent with it and strengthened the level of confidence Americans can have. So I think that on balance, we have a document with a fuller, richer, better meaning. But the effort that it took showed a certain underlying reluctance just to continue this process of integration and partnership.

So I see that with this, the struggle we're going to have on fast track in the same way. I don't understand -- we've got the

lowest unemployment rate we've had in 24 years, and the lowest inflation rate in 30 years, and the highest business investment in 35 years, and the biggest decline in equality of incomes since the '60s. And there are people who are reluctant to give the President the authority to negotiate a trade agreement with Chile.

And I think that is -- it shows you this sort of resurgence of the historic American impulse of reluctance, and that is -- another thing that I hope will come out of this great week we're about to have, I hope the American people will see we are going to be safer, we're going to be more prosperous, the world will be a more decent place if we maintain our engagement. And we don't want to lose our leadership, but it can only be maintained if it is exercised and it has to be exercised in a fundamentally different way that recognizes our mutual obligations and our interdependence on other nations, even if it's not immediately apparent to people in their daily lives.

Q But even if you could -- as you probably can -- persuade American public opinion of the necessity of that, in Europe itself you have a continent that is pretty self-absorbed with issues on which with the best buildup in the world, American influence is hard to bring about, like monetary and economic integration. So I just wonder whether in practice you can offer much that Europeans are now presently --

THE PRESIDENT: Oh, but, see, I have a different view of this, on the economic issues. From my point of view, when the United States ratified the GATT and we created the WTO, basically the last hurdles there were resolutions we had to make with our friends in Europe. We still have a world of economic disputes. You know what they are -- Boeing, bananas and a bunch of other stuff. That will go on forever. This is a highly complex economic relationship. But if we have a framework which permits Europe to work these questions out, that permits the Europeans to resolve these matters in their own good time and their own way, but still to keep democracy expanding and to keep security partnerships structured in ways that don't recreate the horrors of the 20th century and give us the tools to meet the challenges of the 21st, I think the economic realities of the time will lead free people to good decisions. That's what I believe will happen there.

So I'm not particularly concerned about that. I don't feel -- as I've said, I've never felt that the United States should feel threatened by the prospect of European currency, of European integration generally. But every nation will have its own concerns about that, as Great Britain has, and I just think that's just something for the Europeans to work out. We

shouldn't worry about what we can't control. What we should be worrying about here is to create the framework which maximizes the chances that the people of Europe will be focused on building a better life, shouldering responsibilities in the world, and doing it in partnership with us. That's what I think.

I'm not -- the internal European problems on integration, those are just -- that's natural. This is a huge thing. You have to work out how you're going to integrate all these cultures that have been separate and sovereign for many, many centuries, and how the sovereignty can be maintained while the benefits of integration can be achieved. This is not a simple task and I don't think it should be frustrated by the fact that it's not being accomplished overnight. I think the main thing is just to keep the thing going along.

And Chancellor Kohl is sort of my role model there, he just rolls on. He just kind of keeps moving along. And I think that's kind of what we all need to be doing.

Q Mr. President, going back to your point about the American public's historical tendency to -- you haven't used the word "isolationism," but non-involvement, Senator Lugar argues that on NATO enlargement, a lot of the public, a lot of the Congress hasn't focused on what the implications of that are.

THE PRESIDENT: I agree with that.

Q Do you think you're starting late on this? How much -- how difficult do you think ratification is going to be? And when members of Congress and the public ask what, to them, are going to be -- naive questions, but to them are going to be clear ones, does this mean stationing American troops in new countries closer to Russia, does this mean spending a lot more money, what are you going to say?

THE PRESIDENT: I'm going to say, first of all, that NATO has spoken on what its intentions are in terms of this stationing of troops and weapons in new member countries. And on the weapons -- on the nuclear weapons, we've said we have no plans, no intention and no reason to do that at this time. On the troops, what we've said is we'd have no plans for large-scale redeployment, but we will have to conduct military exercises and there has to be enough infrastructure to do reinforcements if necessary.

I will argue that if you look at the last 100 years, and then if you look at the previous 100 years before the United States was involved with Europe, and you consider the fact that no NATO member has ever been attacked, that if NATO continues to

be the strongest military alliance in the world and has a functioning partnership with Russia, even though we may disagree from time to time, that it will reduce the likelihood that Americans will have to die in Europe in the 21st century. And it will increase that the chances that the problems we do have to deal with, like Bosnia, we will have more partners to shoulder the load with us.

Now, on the cost, I would make the following observation. First of all, we have -- the latest costs we have in the Pentagon review indicates that it would cost us another \$150 million to \$250 million a year. Relatively speaking, because of the military commitments they have undertaken, our European NATO partners will have higher costs, which they are willing to shoulder. But we have to measure against that the reduced cost to the United States of some horrible problem developing in the future around NATO's perimeter that others will be there to shoulder the burden with us on, and the reduced costs to the United States of keeping something bad from happening.

Tony Lake used to always talk about the dog that didn't bark, when he was around here. And it's almost impossible to get people to calculate the benefits of the dogs that don't bark. But what we're trying to do is to create a world where the barking dogs of the 20th century don't yelp in the 21st. That's worth a lot of money.

If you look at how much money the United States spent in the Gulf War, in next to no time and by historical circumstance we were able to get others to pay for it because of where it was and who was involved. But that rarely happens. So from my point of view, I believe I can persuade the Congress that this is a good investment and that it will save us money over the long run.

Q When Harry Truman and George Marshall did something like this 50 years ago, they had a bipartisan -- fundamental bipartisan agreement to go ahead with Vandenberg -- are you at that point yet?

THE PRESIDENT: Well, I hope so, but I'm working at it very hard. I was very pleased with the relationship that I had with Senator Lott -- and most of these things go through the Senate for ratification, although the House has to come up with the money -- but the relationship that I had with Senator Lott on the Chemical Weapons Convention was very satisfactory. It was an honest, up front, forthright relationship.

The Speaker of the House has always had, I think, quite an expansive view of what the responsibilities of the United States going into this new century are. And if you look -- if the

budget agreement we reached, a very complex thing involving the most volatile issues both dividing the two parties in America and dividing each party within itself, that was reached in complete good faith after enormous effort.

So I am hopeful -- now, I can't say that -- you know, we haven't even voted -- NATO hadn't voted about which countries will or won't get in the first time, what are you going to say to the other countries. There are a lot of practical things that have to be done here. But I'm quite hopeful the prospect of working with the Congress on this.

And I would say this -- there is a much stronger bipartisan consensus, I think, for our continued involvement in Europe than there is about what the best way to engage China is, for example, or how we should proceed with our trade relations with our neighbors in Latin America -- things that I think are very important. So my instinct is that we'll be able to work this out.

To be candid, I think that there will be three blocs here of reluctance. There will be those who say, why are we doing this, it costs too much money, and are we taking an old thing that worked well for the last 50 years and trying to make it fit in a world it doesn't work in, something like that. There will be those who think that, in spite of all we've done from Helsinki through Madrid this summer, that it's still dicey with the Russians. And then there will be those who think that it's not tough enough, we ought to let everybody in and just recognize that it is an old-fashioned alliance against a different Russia. And I think all three groups are wrong, and I'm just hoping I can -- I'm trying to sort of --

Q You're hoping you can keep them in three different groups instead of one. (Laughter.)

THE PRESIDENT: Yes, well, I hope they won't -- obviously. But I hope I can win a lot of people over. That is, the argument -- when President Yeltsin and I were meeting in Helsinki, the most moving moment to me was when we were talking about our unique obligations at this particular time to imagine a future different from the past, and then put in place blocks, building blocks which would permit that future to emerge and would frame the choices in such a way that whoever our successors were they were more likely than not to keep creating that kind of future.

And that's what -- that's the challenge for the United States today and the challenge for members of Congress. I am going to do everything I can to try to involve them more in the front end of these decisions. I'm going to take a delegation of

congressmen to Europe with me next week. I took a delegation to Mexico and Central America and the Caribbean when I was there. And I just -- I'm going to try to keep doing that because I think I have an obligation, perhaps one that I have not fulfilled as well as I might have in the past, to try to -- if I don't want Congress to micromanage foreign policy by statute, then I've got to give them a sense of ownership on the front end more. So I'm going to do my very best to do that, and I've asked the Speaker and Senator Lott and Mr. Gephardt and Senator Daschle to designate somebody to go to Europe and be part of this next week with me.

Q NATO expansion was in the Contract with America in '94.

THE PRESIDENT: Yes, they always supported it. But, again, it's the details. Do you like the NATO-Russia partnership? Do you think it's still too tough on Russia or not tough enough? There are all these things that have to be worked through. But as I said, if you look at the Chemical Weapons Convention, I was very concerned that there was so much inherent resistance to it. On the other hand, because we had a way of working, I can't quarrel with the end product. I think the end product made explicit things which to me were implicit in the Convention, but it's a better, richer document now.

So if the process worked -- that's the way I feel about European immigration. Maybe the Euro thing will work out, maybe it won't; maybe it will be 10 years, maybe it will be 10 months; who knows? I just think that if you -- my view of this is, when you're creating something fundamentally new, you have to try to imagine how you want it to come out, put in place the building blocks and the structure, and try to frame the choices for your successors so that you maximize the chance of something good happening and you minimize the chance of the thing running off the tracks. And that's what we're trying to do here.

Q The key difference between your concept of NATO enlargement and the one in the Contract with America is that theirs was, in a sense, defensive, enlarging NATO against Russia. It seems to me that what you're trying to do is something different, unless I'm wrong. You're trying to include Russia in the security structure. And I was wondering, do you think Russia has now made the fundamental strategic decision that it wants to be a part of the West by accepting NATO enlargement, by joining the G-8? Are you now locking Russia into the Western security family?

THE PRESIDENT: I hope so. Locking them in is a little bit -- that's a word that could have more than one meaning. I don't mean it to be -- I'm not forcing them to do anything. But I can

tell you this, if I were the President of Russia and I looked at the potential of my country and I looked at the potential problems of my country and I looked at the vulnerabilities of my country and I looked at the potential for problems in Europe and in Central Asia and all my flanks and I looked at the potential in the Pacific, in the East, what I would have to do in the future with China, with Japan, and all of that, I would very much wish to be a part of Western institutions.

And I believe Boris Yeltsin is a true democrat in the sense that I believe he thinks -- I think he believes in human rights, I think he believes in elections, and I think he -- but I think he is also an old-fashioned Russian patriot and a nationalist. And I think you have these -- so I think the question is -- and you have to understand the Russian reality. The Russians are living with not just the reality of what it was like to be the leading actor in the Soviet Union and the Warsaw Pact, they also have the vivid memories of Hitler's invasion and Napoleon's invasion.

And you walk into St. George's Hall in the Kremlin and you look up on the wall and you see whose names are on the wall, and every one of those Russian politicians that goes through that hall may look and see General Katusov's (phonetic) name. This is as big a reality to them as the American Revolution is to us. And so they have to -- this is not easy for them. How do they reconcile their passionate, patriotic nationalism with the world in which they are partners with people that they either once dominated or once feared? They have to believe that they can create a 21st century in which Russia is a great, powerful, important, significant country that is a democracy for the first time, that succeeds economically in a different sort of system, and that no longer needs to dominate people to be great or to protect themselves from some new threat coming out of the West.

And I think the best way to do that is with the NATO-Russia partnership, with Russia in the G-8, with Russia in all the other economic institutions of the West. That's what I believe. That's what I believe. And so -- and I think that the more Russia does that, if the Russian people feel benefited by it, the more likely Boris Yeltsin's successors are to embrace that course. We can't control the future, but you can shape it if you put the right building blocks in place. And that's what I'm trying to.

Q Every action has consequences. China has already grumbled about the emergence of what they see as a -- containment. Does the Russian partnership with NATO increase China's alarm and, if so, is there a prospect of bringing China

into the process and making them a part of the G-9 down the track?

THE PRESIDENT: Well, down the road both China and India -- I think because India doesn't often raise the security issues that sometimes Russia and China do, you forget -- I mean, you forget that in not very long it will be bigger than China. It already has the biggest middle class in the world. So I think both those two countries and some others as well will have to be considered for membership in all kinds of things in the future, and for partnerships.

But let me remind you, what I tried to do -- let's go back to China. In 1993, when we had the first leaders meeting of the Asia Pacific Economic Group I was trying to send a signal, among others, to China that I wanted to build a stable Asia Pacific region in which we would be partners, and that containment was not my preferred option, that cooperation is; that only a country's unacceptable aggression could lead to a containment strategy. And why did we have to contain communism? Because after World War II, Stalin came in and took over all those countries.

So I'm struggling mightily here to maintain a policy of engagement with China and to find a way to honestly deal with our differences. And I think on balance it's worked. You know, we've not made -- I'm disappointed in the progress of human rights and there are still some things that happened that I disagree with. But we are not -- the Chinese need not fear our partnership with Russia because I've not discouraged the Russians trying to effect a rapprochement with China. I have not discouraged the Japanese in their discussions with China. We're trying to create a world in which countries can fulfill their legitimate aspirations without having to do something destructive to their neighbors.

And the APEC thing -- keep in mind, this APEC thing is quite significant if we can all follow through on our commitments. We've committed to have a free trade area in the Asia Pacific region early in the next century. That is very different from the world we all assumed would be created just a few years ago. We thought there would be an Asian bloc and a European bloc and a North American bloc and maybe we'd get Latin America in there. I mean, that could all still happen, but I certainly hope it won't.

Q While you're on Asia, are you worried about Hong Kong?

THE PRESIDENT: Well, let me put it this way. I feel very strongly that the agreement made by Great Britain and China in

1984, which my predecessor, President Reagan, endorsed at the request of the parties, should be strictly adhered to. And I do not believe that you can -- Hong Kong is a unique and complex place. It's the most open economy in the world. It's an interesting, complicated place. I believe that the political and civil free market has to be preserved along with the economic free market, not only to honor the agreement, but to make Hong Kong work.

So I'm concerned that it does and I hope that it will work out that way. That's certainly what we're pushing for and what we're hoping for, and we've been assured at every turn by the Chinese that they intend to honor the agreement.

And let me say, just sort of parenthetically -- I'll put in a little plug for my MFN position -- everybody involved with Hong Kong believes that their integrity, strength and success would be undermined if the United States were not to renew MFN. I just had a talk with Martin Lee here, who said the same thing. Every time I talk to Chris Patton he says the same thing. So I believe that -- the Chinese know how strongly we feel about Hong Kong, but they also know how strongly I feel about maintaining our engagement and our involvement.

And one of the things that I always find interesting when anyone in China or anywhere else asks us about China, if we're trying to contain China, I say, if I did want to do that I would not permit the United States to buy between 30 and 40 percent of their exports every year. That's a very poor -- I don't have a very good sense of tactics if that's my strategy. If my strategy is containment, my tactics are all flawed. Because we have contributed in that way more than any nation in the world to the resurgence of the Chinese economy, which I think is a healthy thing. I think it's a terrible thing to have China with a powerful military, its dominant physical properties and its weaponry, and no capacity to grow economically, and to direct the energies of its people in another direction.

So even though we have serious trade differences from time to time and we have the kind of things happening in China that have happened on a much more tiny scale in other countries in Asia as they've developed -- you know, the pirating of the cds and all of that -- I've continued to pursue this course because I thought it was the best way to show the Chinese that what we wanted was a constructive partnership and a stable Asia.

Q Mr. President, I have one domestic question that I want to get in here. You talked about, now that you've succeeded largely in this budget agreement, about tackling entitlements, and that's particularly Medicare. Are you closer to a decision,

have you made a decision on how you want to approach that commission, committee whatever that is, and is it conceivable that you could do that quickly enough to have something to send to Congress to try and get done before the '98 election?

THE PRESIDENT: The answer to the first question is, no; the answer to the second question is, yes. That is, no, I have not decided exactly how to do it; yes, it's conceivable something could go to Congress before the '98 election.

And let me just explain both answers. We have some people even in our caucus, in the Democratic Caucus, some of our more fiscally conservative members who say that our balanced budget deal may work for a decade, but still doesn't deal with the entitlements and the baby boom generation impact. Anyone who followed these negotiations knows that there was -- it would have been difficult to do that in the Senate and was absolutely impossible to do it in the House with both parties.

My view of this is that the United States had a structural budget deficit that was killing our economy and keeping interest rates high and we had to do something about it while expanding trade and increasing investment and domestic priorities. We did that for four years and the results have been quite satisfactory. We got 77 percent of the deficit already gone.

All along the way, by the way, we were doing entitlement reform around the edges. We've actually done quite a lot more in Medicare than has been noticed, and particularly in this deal there's some significant changes in the Medicare program.

We have to put all of our energies now into filling out the details of this and keeping the spirit of good faith and cooperation that got us that three to one vote in the House for the budget agreement and I think we'll get at least that much, maybe even more, in the Senate. They're going to vote on Monday, I think.

Now, when that is done I want to find some sort of bipartisan process to address the long-term entitlement issue. And I have argued to our people -- like Senator Conrad, for example, is a good example of a Democrat who really cares about the entitlement issues; or Charles Stenholm and the deficit hawks in the Congress -- that really this is a better way to do it, dealing with a structural deficit first, then dealing with the generational deficits, because it will permit us to look at not only entitlement problem of -- the burden of the baby boomers retiring, but we'll also be able to look at the problems that children have in this country.

And whatever we do now -- this is why I say it could be done before the '98 election -- consider this: if there is a bipartisan process that leads to entitlement reform, no Democrat or Republican will be subject to criticism whether they vote for or against this budget agreement -- that they voted for anything on entitlements just to balance the budget or just to pay for a tax cut, because it will all be set aside here.

So however you vote, for or against, anything that we might be able to do in a bipartisan fashion -- I did not know how to do it because I haven't really -- one of the things that I've learned around here is that this system can only accommodate so much change at once. So we've got to do the budget agreement. It's just like we had to announce we weren't going to actually bring fast track to the Congress in September -- the system will not accommodate it, we cannot do it.

But if we can get a bipartisan process which will produce something on entitlement reform, then at least the members of Congress will be free to vote for it on its own merits, and to stand or fall on its own merits. It will be completely disaggregated from a budget thing that will all be wrapped up in a box and tied up and was going to balance the budget, and there will no more tax cuts, there's no spending involved, there's no nothing. It's all over here. So anything you do -- all the members of both parties will be free of the stigma of having done it as a part of something to balance the budget or a part of something to cut taxes.

So they can say -- if anybody wants to vote for it, they can say, you may not agree with what I did, but I did it for the ' long-term benefit of the people of the United States, the economy of the United States and the children of the United States. You can say that that's why you wanted to do it.

Q Thank you.

Q One last question on NATO. Is there going to be some new structure for the NATO outs, the other Eastern Europeans who won't be coming in this time? Will there be some reassurance package for them?

THE PRESIDENT: The United States has a very strong and unequivocal position on that, which is that the first tranche with new numbers should not be the last, and that we should continue to strengthen the partnership programs that we have. You know, this Partnership for Peace that we started a few years ago has succeeded, I must say, beyond my wildest dreams. It was an American initiative and we had more countries participating in more ways than ever. So I think what's important is we find ways

to strengthen our partnership with other countries so they don't feel left out and so that we reinforce the position that we're going to continue to have membership decisions in the future. That's my position.

And I have to tell you that exactly what the details of that are have not been adopted. That's a decision for NATO to make, and it's not one we've made yet as a group. But that's my position.

Q Thank you very much.

END

12:47 P.M. EDT

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 26, 1997

REMARKS BY THE PRESIDENT
AT MEMORIAL DAY SERVICE

Arlington National Cemetery

11:30 A.M. EDT

THE PRESIDENT: Thank you very much. General Foley, Chaplain Schwartzman, Mr. Metzler, to the members of the Cabinet, General Shalikashvili, and the leaders of our armed forces, to members of Congress, and especially to the members of the armed forces who are here, the leaders of our veterans organizations, all of you who are veterans and your families, and all of you who are family members of those who have given their lives in the service of our country.

My fellow Americans, we gather here today, as we do faithfully ever year, to pay tribute to our country men and women who fell in the line of duty, who gave their lives to preserve the liberties upon which our nation was founded, and which we have managed to carry forward for more than 200 years now. All across America, our grateful nation comes together today to honor these men and women -- some celebrated, others quite unknown, each a patriot and a hero.

For many of our schoolchildren who have known no war, today may seem to be little more than a day off from school or a welcome start to the summer. But on this day, and all that we pause to remember, there are essential lessons for the young, and indeed for all the rest of us as well: Appreciate the blessings of freedom; recognize the power and virtue of sacrifice; respect those who gave everything on behalf of our common good. This day reminds us of what we can achieve when we pull together as one nation, respecting each other with all of our myriad differences, but coming together -- we can fight any battle and face any challenge.

It reminds of our duty to honor not only those we have lost in freedom's cause but also, through attention and care, the

service men and women who came back home and are now our veterans, as well as the families of those for whom there tragically has never been a final accounting.

It reminds us of our obligation to take care of those who have taken care of us and those who take care of us today. That means ensuring that our men and women in uniform have the best training and equipment and preparation possible to do their jobs for freedom, because even in times of peace we must remain vigilant in a very new and still uncertain world.

And above all, it reminds us of America's responsibility to remain the world's leading force for peace and prosperity and freedom as we enter the 21st century so that future generations of young Americans who wear our uniform will never have to endure the losses in battles that our predecessors did in the 20th century.

Behind me, just a few yards from where we gather today, lies the grave of General George Marshall, an heroic soldier in war and a visionary statesman for peace after the Second World War. He built the armies that enabled freedom to triumph over tyranny in World War II. And after the war, along with President Truman, Senator Arthur Vandenberg, and others, he inspired America to make the investments and forge the institutions that built the peace, reached out to former adversaries, spread democracy and prosperity, and ultimately won the Cold War. General George Marshall was the very first full-time soldier ever to win the Nobel Prize for Peace. A half-century ago, he knew that in order to be strong at home and safe at home, we had to lead the world to a more secure and better place.

Now, at the end of the Cold War, when there appears to be no looming threat on the horizon, we must rise to Marshall's challenge in our day. We must remember the lessons of those who gave their lives in World War II and those who worked so hard to make sure that we would prevail in the Cold War and not have to go back to war again. We must create the institutions and the understandings that will advance the security and prosperity of the American people for the next 50 years.

This great endeavor must begin in Europe. Twice in this century -- indeed, twice within a period of a few decades -- Americans went over there and gave their lives in defense of liberty. Many more stood sentry with our European allies through the long night of the Cold War.

Today, our generation has been given a precious chance to redeem that sacrifice and service, to build an undivided,

democratic European continent at peace for the very first time in history.

Over the course of this week, beginning this evening, I will travel to Europe to advance this goal. Tomorrow, in Paris, President Yeltsin of Russia, my fellow NATO leaders, and I will join an historic signing of the Founding Act of the NATO-Russia partnership, opening a new era of cooperation in Europe to bridge the historic divisions there.

Then I will have the great honor to represent you in the Netherlands, joining with leaders from all over Europe to celebrate the 50th anniversary of the Marshall Plan, the plan that helped Europe to recover its prosperity and secure its liberty. I will challenge Europe's people to work together with America to complete the work that General Marshall's began -- extending the reach of security and prosperity to the new democracies in Europe that once were on the other side in the Cold War.

Finally, I will have a chance to meet with the new Prime Minister of Great Britain to celebrate our unique partnership with our old and close ally.

My fellow Americans, if you look at all the gray stones here today, you will see that they have not died in vain, when you see what we enjoy today and that we stand at the pinnacle of our power, our success, and our influence as a nation. But that means we stand at the pinnacle of our responsibility.

At the end of World War II, General Marshall could make that case to America. We fought a bloody war because we did not assume that responsibility at the end of World War I. Today it is perhaps more difficult because we feel no impending threat as we did from the communist forces in the Cold War.

But I ask you when you leave this place today to ask yourself, as an American, what can I do to honor the sacrifices of those we honor here today. For what did General Marshall dedicate his life? For what did these people fight and die? And how can we make sure that we have a new century in which we do not repeat the mistakes of the last one?

I will say, the only way that can happen is if America refuses to walk away from the world and its present challenges. We must learn the lessons General Marshall and his generation left us. Their sacrifice and their spirit call upon us to seize this moment, to shape the peace of the present for future generations, to turn the hope we share into a history we can all be proud of.

And so on this day when we remember those who gave everything for our nation and its freedom, let us resolve to honor them by renewing our commitment on the edge of a new century and a new era, to lead the world toward greater peace and security, freedom and prosperity. In doing that, we will make Americans safer. We will allow our men and women in uniform to stand sentinel for our freedom with less risk to their lives.

May God always bless the American heroes we honor today. May He bless those fallen and those who still stand at the ready. May He always bless the United States, and may He always give us the wisdom to do what is right for tomorrow.

Thank you and God bless you all. (Applause.)

END

11:42 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Paris, France)

For Immediate Release

May 27, 1997

PRESS BRIEFING BY
NATIONAL SECURITY ADVISOR SANDY BERGER

The Ambassador's Residence
Paris, France

6:05 P.M. (L)

SECRETARY ALBRIGHT: Well, let me just say we have completed a remarkable day that many people thought would not happen. We have a NATO-Russia Founding Act that does, in fact, manage to put Europe back together after more than 50 years. It is an historic day. All the participants noted that. And I think that we should all be well pleased with the results of what had been a very detailed negotiation that -- (inaudible) -- a balanced approach to our activities in Europe and made sure that Russia is secure within a European system.

MR. BERGER: Let me try to give you some readout from the meeting that just was completed between President Yeltsin and President Clinton. I would characterize it as a comfortable and candid, friendly and quite comprehensive discussion that lasted about an hour. They spent the beginning of the discussion talking about the day, the significance of the NATO-Russia agreement. President Yeltsin was very positive about it, said that it as good for Russia, for the United States, and good for Europe.

They talked about the process that now proceeds from here and the importance of having a meeting of the NATO-Russia Joint Council at some early time. President Yeltsin described it as a balanced act that was important, as I said, for Russia, the United States, Europe and the world. He was very fulsome in his praise for Secretary Albright and Foreign Minister Primakov -- and I've just been slipped \$5 for saying that.

The President began, first of all, by going back to Helsinki and talking about how important it was to complete the work that had been catalyzed by Helsinki -- ABM-TMD agreement, START II

protocol, bring it to closure, and the debate forward on ratification of START II in the Duma. He also welcomed President Yeltsin's announced intention today to extend the detargeting agreement to all the member states of NATO.

And together they -- (inaudible) -- to discuss, through experts, further confidence building measures to reduce nuclear tensions and dangers. President Yeltsin said that when he got back he will invite the leaders of the Duma to move on all of these agreements, vis-a-vis START II, ABM-TMD, et cetera; in fact, had said he had begun the process of moving on START II before he left.

There was some discussion of Jackson-Vanik and what needs to be done on the Russian side in order for us to move forward with the change in that law, that restriction. They discussed Ukraine and the meeting that is coming up this week between Presidents Kuchma and Yeltsin -- President Kuchma, as you know, was in Washington last week or in the last two weeks -- and President Clinton expressed hope that that meeting would be a productive one.

They talked about Nagorno Karabakh, where Russia and France and the United States are now co-chairs of the Minsk Process. And the three co-chairs have now reached an agreement on a negotiating initiative, which will be taken to the parties next week. They then moved to economic issues and discussed WTO. President Clinton said he would be very supportive of Russia's accession -- (inaudible) -- the Duma, made some changes in their trade laws which were necessary.

On the question of Denver, the importance that President Yeltsin places on this being the Meeting of the 8. He said that was happening, and now all the nations supported that. He was particularly pleased that the Prime Minister of Japan now supports the move towards a Summit of the 8. They discussed Paris Club membership, and President Clinton said again, as we did in Helsinki, that we were supportive of their admission -- (inaudible) -- actual questions with respect to debt that needed still to be worked out.

There was some discussion of Afghanistan, concerns expressed by President Yeltsin about the border with Tajikistan, Uzbekistan; some discussion of Iran election, the President saying that it was interesting, but that we needed obviously to judge the new government by -- (inaudible) -- that was about it. It was about a one-hour meeting. As I say, it was a very relaxed and very comprehensive discussion.

SECRETARY ALBRIGHT: I would just add that -- (inaudible) -- celebratory mood. And I think people feel very good about what has been -- (inaudible) -- as we move forward with what is a historic year in all the ways that we've talked about as far as NATO enlargement and this Founding Act document.

Q -- being removed, this detargeting, which is a lesser thing. Did he --

MR. BERGER: The Russians clarified the steps -- at least the initial steps contemplated by President Yeltsin involved ending the detargeting agreement, which now exists between the United States and Russia and between Russia to the other states of NATO. Whether there are other further confidence-building measures -- we talked about this with the Russians before -- subsequent to that is something that we'll discuss at an expert level meeting. Clearly, I think this is what was the thrust of what both President Yeltsin -- (inaudible.)

Q Could you imagine -- (inaudible) -- is that important --

MR. BERGER: I think it is. I think it's significant. It is, I think, a reflection of the momentum of today in which Russia and NATO enter a new era, a new partnership, is a step that further reduces tension and is a further confidence-building measure.

Q Sandy, was there any indication before today's event that Yeltsin would make the announcement on retargeting? And if not, why wasn't there?

MR. BERGER: Detargeting is the proper word because basically when you detarget you take the code off that has a target in it. No, -- (inaudible) -- not have a prior indication that President Yeltsin would make that announcement, but it was a welcome one.

Q The problem in translation, how is it that we got this translation that U.N. officials officially thought was an indication that the warheads were being removed?

MR. BERGER: Well, I don't know what you were -- (inaudible) -- it wasn't clear from -- (inaudible) -- he had in mind. We've spoken during the afternoon to -- (inaudible) -- President Yeltsin and President Clinton just spoke. I think we clarified in our mind what President Yeltsin had in mind.

Q Sandy, on the further confidence building measures, can you elaborate on that?

MR. BERGER: No, because President Yeltsin didn't elaborate -- (inaudible) -- have further discussions and expert level discussions and we'll see what follows from that.

Q To follow up on the question of detargeting, there's clearly no more deadly question than where nuclear missiles are targeted. This welcomes Russia into a closer security relationship with NATO. Does it give you any cause for concern that the President of Russia should be so apparently imprecise in his language on this that it takes a couple of hours to clarify and find out what exactly was intended?

MR. BERGER: Well, I think a more significant fact here is that a step was taken in the direction of reducing nuclear tensions and I think that's important and significant.

SECRETARY ALBRIGHT: Could I add to this? First of all, I would call it a mistranslation and we had clarification on this within a few minutes.

Q Mike -- come here and can we get you on camera, if possible, on the Supreme Court's decision today and the significance of that?

MR. MCCURRY: Yes. Obviously, we're -- (inaudible) -- Supreme Court opinion. That's being done now by the President's attorney, Robert Bennett, who will shortly have a statement in Washington on that. And beyond that, we don't have any comment here, not having analyzed the opinion.

Q Mike, I don't think we heard the beginning of your statement. Could you start again, please?

MR. MCCURRY: I just said we're in Paris and that's being done by Mr. Bennett in Washington, and he will have a statement on the opinion shortly. We have no comment on it here because we're not in a position to analyze the opinion.

Q Secretary Albright, is this an occasion to ask you about the Balkans travel? Is it all established now where you're going, and does the U.S. now have a candidate to take over --

SECRETARY ALBRIGHT: We're still working on part of my agenda, but I will leave for Bosnia after Sintra and I think that we have all come to some agreement on a candidate to replace Mr. -- but I don't think it's appropriate for me to make that announcement here.

Q Will you go to Croatia and Serbia?

SECRETARY ALBRIGHT: We're still looking into it.

MR. MCCURRY: Okay, thank you, everyone.

Q Mike, Mike, can you hold on for two seconds? I know you don't want to talk about the legal implications of this Jones decision, but one of the arguments that the President has made is that it will distract from his doing the nation's business. Is what's happening today proof of that?

MR. MCCURRY: I believe that the opinion appears to have distracted all of you, but the President continued to conduct the nation's business today. Okay, thanks, everyone.

THE PRESS: Thank you.

END

6:15 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Paris, France)

For Immediate Release

May 27, 1997

REMARKS BY PRESIDENT CLINTON,
FRENCH PRESIDENT CHIRAC,
RUSSIA PRESIDENT YELTSIN,
AND NATO SECRETARY GENERAL SOLANA
AT NATO/RUSSIA FOUNDING ACT SIGNING CEREMONY

Elysee Palace
Paris, France

10:20 A.M. (L)

PRESIDENT CHIRAC: Excellencies, Secretary General, ministers, ambassadors, ladies and gentlemen: There are times when history pauses for a moment before embarking on a new path. There are moments when the future of whole populations is in the balance, and this for several generations. This summit is one of those appointments that history has made with itself. Today we are building peace.

For the first time, the leaders of the countries of the Atlantic Alliance and of Russia are gathered together as bearers of a great ambition, to guarantee peace in Europe based on our common values and the awareness that we share the same destiny. By signing in a few moments the Founding Act of a new European security organization in which Russia will occupy its full place, we will be turning the page on half of century of misunderstanding, of confrontation, of division on our continent.

Built on the ruins of World War II, the order that came out of Yalta led to a peace that was unfair, preserved by the balance of terror. At the outset, France, through the voice of General DeGaulle, had refused this unnatural division. Eight years ago, the fall of the Berlin Wall kindled the hope of a Europe at last reconciled with itself.

Our purpose today is to draw the ultimate consequences of that movement of history by eliminating the last remnants of the Cold War. The logic of confrontation between former adversaries is yielding to an era of cooperation amongst equal and respected

partners. Just as France wished in launching this initiative, the Paris Accord does not shift the divisions created in Yalta, it does away with them once and for all.

This agreement is possible because Russia and NATO have undertaken profound transformations. In July last, Russia confirmed its choice of democracy and reform. With President Boris Yeltsin, it is engaged in a courageous process of modernization and democratization. Today this very great country, which has contributed so much to our history and to our culture, becomes an essential partner for the Atlantic Alliance, as it is already for the European Union.

The Atlantic Alliance also has engaged in a great reform, the first of such magnitude since its creation. NATO, initially conceived to face a clear-cut and massive threat, is now a lighter, more flexible organization adapted to its new crisis management and peacekeeping missions. This alliance that is renovating itself is no longer that of the Cold War. Europeans will have to be able fully to exercise their responsibilities within it.

As established by the Founding Act, a permanent dialogue, transparency and cooperation at all levels between the allies and Russia will help to banish old reflexes. They will build into habits and mentalities the mutual trust which will be the foundation of our partnership. They must give a new impetus to the disarmament negotiations. The strengthening of the role and the means of the OSCE will make it possible to set the enlargement of the Atlantic Alliance in a wider framework, bringing together with equal rights and obligations all the countries of greater Europe. They must act on two priorities -- adaptation of the CFE treaty and the drafting of a charter on European security.

The partnership developed by NATO and WEU with the non-member countries works towards the same goal, to bring together at last our great European family. In the same spirit, I renew the proposal that I made almost a year ago, to invite to the next summit of the Atlantic Alliance to be held in Madrid on the 8th and 9th of July, all the European states linked to the Alliance, starting, obviously, with Russia.

A security organization capable of guaranteeing lasting peace in Europe implies the existence of firm and trustful cooperation between the European Union, North America and Russia. The peace process in former Yugoslavia bears witness to such a necessity. As soon as the Americans, the Europeans and the Russians succeed in coordinating their efforts, we were able to make progress towards a settlement of the conflict and sign in

this very place on the 14th of December, 1995, the peace agreement on Bosnia and Herze-Govina. The unprecedented cooperation on the ground amongst our countries and with other partners remains necessary in order to make a living reality, the peace that should take root in Bosnia.

Beyond our continent our partnership will be, I'm convinced, an essential element of the stability and harmony of the multipolar world that is taking place. A European Union strengthened and enlarged; a renewed transatlantic link with our American friends and allies; a Russia that is strong and democratic are indispensable for international peace and equilibrium.

The Founding Act we are about to sign opens a new chapter in the history of Europe, a chapter without precedent in that it expresses a common vision of the future. I wish to pay tribute to the statesmanship shown by

I wish to pay tribute to the statesmanship shown by President Bill Clinton, President Boris Yeltsin, Chancellor Helmut Kohl and all the heads of state and government present here today. Their personal commitment has made this accord possible. I should also like to express on behalf of us all our esteem and our gratitude to the Secretary General of the Atlantic Alliance Mr. Javier Solana.

Our agreement is a success for Russia, for the Atlantic Alliance, for Europe. But it is first and foremost a success for peace and a great hope for the peoples of the world.

Thank you and I give the floor to Boris Nikolayevich Yeltsin. (Applause.)

PRESIDENT YELTSIN: Distinguished President of the French Republic who is chairing our meeting today, distinguished heads of states and governments, distinguished Secretary General of NATO: Europe is undergoing a time of deep transitions. What is being created is a foundation for a new type of relations among states. We are determining the face of the future European environment, and the decisions being taken at this time will determine which way and how our continent will enter the next 21st century.

The most important thing now is to make sure that it create a whole greater Europe, because this is the only way we can make sure that it will be peaceful and safe. It is impossible to create safety and security for one single state. Security will be stable and reliable only when it's the same for everyone and it is indivisible.

What we're going to do now, ladies and gentlemen, is to put our signatures to a historic, in my view, document, which is the Founding Act -- the Founding Act on Mutual Relations Cooperation and Security between the Russian Federation and the North Atlantic Treaty Organization. We will do that jointly and this will determine the new quality in the relations between Russia and NATO. It will protect Europe and the world from a new confrontation and will become the foundation for a new, fair and stable partnership, a partnership which takes into account the security interests of each and every signatory to this document, to the Founding Act.

This document meets the interests not only of our countries, because this document will help and promote stability throughout Europe and even beyond the borders of that continent. This is our joint accomplishment, and this is also a victory for a reason.

I would like to take this opportunity to thank all of the heads of states, thank all of those who very actively worked to make sure that we had a document, the document that we have, the atmosphere in which all of us, including Russia, could feel ourselves comfortable on European soil.

What we're going to do today was preceded by very difficult negotiations, maybe the most difficult negotiations throughout the whole period which followed the end of the Cold War. I'll be absolutely frank and candid with you and tell you that for the Russian leadership the decision to prepare a document with NATO was far from easy. We had to make sure we protected the security of our country; but at the same time we also had to, of course, create the basis, the foundation for a constructive cooperation between Russia and NATO.

Russia still views negatively the expansion plans of NATO. At the same time, however, we recognize -- we pay tribute to the readiness exhibited by NATO countries, despite those difficulties, to reach an agreement with Russia and take into account our interests. And that is precisely the rationale of the situation we're experiencing now, the difficulty of negotiations between Russia and NATO and also the essence, the thrust, of the Founding Act itself.

Through joint efforts in that document we try to answer very difficult questions. And those very difficult issues deal, first of all, with nondeployment of nuclear weapons and also making sure that such a deployment is not something that we will be preparing for. We also were working on the attitudes towards a reduction of having arms to continent. There is an obligation to non-deploy on a permanent basis of combat forces of NATO near

Russia. All of this means that we have agreed not to harm the security interests of each other. And I think it is the most important accomplishment for us all.

What is also very important is that we are creating the mechanisms for consultations and cooperation between Russia and the Alliance. And this will enable us to -- on a fair, egalitarian basis -- to discuss, and when need be, pass joint decisions on major issues relating to security and stabilities, those issues and those areas which touch upon our interests.

As a result of the signing of the Founding Act, we're opening up for ourselves new possibilities for joint actions in the following areas: in crisis settlement; in preventing the proliferation of weapons of mass destruction; in further arms reduction, including, of course, the strategic arms. We are also providing ourselves with opportunities to better resist new dangers and threats to security in Europe.

Our agreement, however, at the same time, accomplishing all that, will not harm the interests of any other state. I would like to especially highlight at this point the act which will be signed by heads of states and governments is a firm and absolute commitment for all signatory states. We are under an obligation to make sure that it is implemented in as quickly a time period as possible.

Russia and NATO are going to continue developing their partnership relationship and make sure that it is done as quickly as possible; that the meeting of the Council stipulated by the Act is called as quickly as possible. But for this, we need the efforts of all member states, and the efforts deployed by OEC states to make sure that we end up with common and all-embracing security system for the Europe of the 21st century. We have to once again deploy joint efforts to make sure that we work out the European security charter, and we do take this obligation upon ourselves today when we sign the Founding Act.

I would like to express my heartfelt thanks for all the participants of the negotiations -- all of them, every single one of them -- for the work accomplished, but, first of all, first and foremost, to the Secretary General of NATO, Mr. Javier Solana. He had to deploy a lot of determination so as to be able to go through six rounds of negotiations. I also value very highly the contribution brought in by heads of states -- in particular the President here, the President of the United States, Mr. Bill Clinton; the German Chancellor Helmut Kohl; and of course, our host today, the President of France, Mr. Jacques Chirac, and also the leaders of other countries whom I hold in high esteem and respect.

Distinguished President of the French Republic, distinguished heads of states and governments, distinguished Secretary General: I value the event today extremely highly, and I do hope that with the signing of the Founding Act we are going to start a new phase in the life of Europe, peaceful Europe.

The fate of this continent, Europe, is far from easy. It is very easy to account of all the wars and skirmishes it has undergone. And each century brought with it new tests and new challenges, new wars to the soil of this continent. Several times attempts to stem this tragic chain of events have been made, but now our efforts can and should bear fruit. It has been almost 10 years, and for the first time in the history, the people of Europe are joined together by common democratic values.

The Europeans have now the long awaited chance to create the relationships among states on a peaceful basis. And this is the chance, this is the opportunity which we have to use to make sure that we provide our children, our grandchildren with a happy future. It is up to them to live in the 21st century and it is up to them to continue on the work which we began. It is because of them that we have to make sure that Europe becomes the bulwark of stability and security in this world of ours, which is a very difficult one and sometimes less than peaceful.

We do have the will for that. We do have the experience for that. And our people are with us in this endeavor and I do believe that that is exactly what the future holds in store for us all. (Applause.)

SECRETARY GENERAL SOLANA: Presidents, ministers, ambassadors, ladies and gentlemen, I am particularly happy to be able to declare in your presence today that our efforts have borne fruit. Thus, from Paris, we may resolutely direct our gaze to the next century, to a vision of a free, united, prosperous and stable Europe.

For me, personally, it is my heartfelt hope that future generations will benefit from the boldness of the vision shown by the leaders of NATO and of Russia, opening thus a new chapter in the history of their relationships.

Admittedly, such radical changes require boldness. But how, in tomorrow's security environment, could one imagine that a new Russia and a new NATO be anything other than partners. Today, the signature of the NATO-Russia Founding Act lays the foundation for such a partnership. Beyond the rhetoric of intentions, this creates veritable joint mechanisms for consultation, cooperation,

coordination and joint action in all fields of common interest dealing with our security.

The beginning of this new chapter of Euro-Atlantic security has been written and will be solemnly sealed in a few moments. The end remains open and depends on us, on our imagination, on our aptitude to take ourselves mutually seriously and our ability to trust each other.

The Founding Act is a success for Russia, for the Alliance and for the whole of the Euro-Atlantic community. It respects the sovereignty of nations, including the right to determine their own security arrangements. Our agreement is also based on the conviction that all nations, without exception, may profit from this new European security architecture which we are seeking to construct.

In front of you now today you see the result of many hours of searching negotiations. But, however frank and intense they may have been, these negotiations were always conducted in a constructive atmosphere.

Presidents, ministers, excellencies, ladies and gentlemen, the vision and leadership of President Yeltsin has been truly instrumental to the success of this process. For me, personally, it has been a great privilege to share this with Yevgeny Primakov, who has defended Russian interests vigorously, but always fairly. Minister Primakov, as well as his skilled negotiating team, deserve every tribute I can give. These long rounds of discussions have in themselves helped a great deal in the process of forming mutual understanding and, what is more important, respect.

Our work was inspired by the clear conviction that both Russia and NATO can only gain from becoming real partners and cooperating in the new security environment. A daily reminder of this is Bosnia, where Russian soldiers stand shoulder to shoulder with their comrades from NATO and other countries in an effort to bring lasting peace to a wartorn region.

Last December I was entrusted with the challenging task of representing NATO in these negotiations. I have been aided in my efforts by the clarity of the mandate given to me by the allies, by their strong support and by a rapid response to the negotiating process. NATO, both collectively and with the support of individual allies, has acted in the best tradition. It has been coherent, effective, visionary in the spirit of this historical commitment.

May I take this opportunity to express my sincere gratitude, and that of all those who have shared the responsibility of these negotiations, for all the support we have been given. The task ahead is clear: to give life to this document by making full use of the newly-created opportunities. The Atlantic Alliance, for its part, is determined to embark on a far-reaching partnership that will help to leave behind the divisions of Europe for good. This is not just a vision. This will be a practical guide to our policy as we step across the threshold of a new century.

Thank you very much. (Applause.)

(The Founding Act is signed.)

PRESIDENT CLINTON: President Yeltsin gave me this cane; now he's giving it to me twice. (Laughter.)

Ladies and gentlemen, on this beautiful spring day in Paris, in the twilight of the 20th century, we look toward a new century with a new Russia and a new NATO, working together in a new Europe of unlimited possibility. The NATO-Russia Founding Act we have just signed joins a great nation and history's most successful alliance in common cause for a long-sought but never before realized goal -- a peaceful, democratic, undivided Europe.

The United States feels a great deal of gratitude today. The world my predecessors dreamed of and worked for for 50 years is finally within reach. I want to thank President Chirac for his strong leadership in making this day possible and for hosting us. I thank President Yeltsin for his courage and vision, for his unbelievable capacity to imagine a future that is different from the past that imprisoned us.

I thank his Foreign Minister, Mr. Primakov, for his negotiations and good faith to make this day possible. I especially thank Secretary General Solana for his brilliant and persistent and always good-natured efforts that made this Founding Act a reality.

I thank my fellow leaders of the North Atlantic Treaty Organization, and especially our senior leader, Chancellor Kohl, who has worked longer and paid a higher price for the dream of a united Europe than any other leader.

For all of us, this is a great day. From now on, NATO and Russia will consult and coordinate and work together. Where we all agree, we will act jointly, as we are in Bosnia where a Russian brigade serves side by side with NATO troops, giving the Bosnian people a chance to build a lasting peace. Deepening our partnership today will make all of stronger and more secure.

The historic change in the relationship between NATO and Russia grows out of a fundamental change in how we think about each other and our future. NATO's member states recognize that the Russian people are building a new Russia, defining their greatness in terms of the future as much as the past. Russia's transition to democracy and open markets is as difficult as it is dramatic. And its steadfast commitment to freedom and reform has earned the world's admiration.

In turn, we are building a new NATO. It will remain the strongest alliance in history, with smaller, more flexible forces, prepared to provide for our defense, but also trained for peacekeeping. It will work closely with other nations that share our hopes and values and interests through the Partnership For Peace. It will be an alliance directed no longer against a hostile bloc of nations, but instead designed to advance the security of every democracy in Europe -- NATO's old members, new members, and non-members alike.

I know that some still see NATO through the prism of the Cold War, and that especially in NATO's decision to open its doors to Central Europe's new democracy, they see a Europe still divided, only differently divided. But I ask them to look again. For this new NATO will work with Russia, not against it. And by reducing rivalry and fear, by strengthening peace and cooperation, by facing common threats to the security of all democracies, NATO will promote greater stability in all of Europe, including Russia. And in turn, that will increase the security of Europe's North American partners, the United States and Canada, as well.

We establish this partnership because we are determined to create a future in which European security is not a zero-sum game -- where NATO's gain is Russia's loss, and Russia's strength is our alliance's weakness. That is old thinking; these are new times. Together, we must build a new Europe in which every nation is free and every free nations joins in strengthening the peace and stability for all.

Half a century ago, on a continent darkened by the shadow of evil, brave men and women in Russia and the world's free nations fought a common enemy with uncommon valor. Their partnership forged in battle, strengthened by sacrifice, cemented by blood, gave hope to millions in the West and in Russia that the grand alliance would be extended in peace. But in victory's afterglow, the freedom the Russian people deserved was denied them. The dream of peace gave way to the hard reality of Cold War, and our predecessors lost an opportunity to shape a new Europe whole and free.

Now, we have another chance. Russia has opened itself to freedom. The veil of hostility between East and West has lifted. Together we see a future of partnership too long delayed, that must no longer be denied.

The Founding Act we signed captures the promise of this remarkable moment. Now we must implement it in good faith, so that future generations will live in a new time that escapes the 20th century's darkest moments and fulfills its most brilliant possibilities.

Thank you very much. (Applause.)

PRESIDENT YELTSIN: I would like to say just one word, if I may. Thank you very much, Bill, for the excellent statement you've just made for the great support you've just provided. Mrs. Albright has deployed an enormous amount of effort and time into that with Mr. Primakov. It was particularly fruitful when we left the two of them alone.

I, today, after having signed the document am going to make the following decision. Everything that is aimed at countries present here, all of those weapons are going to have their warheads removed. (Applause.)

END

11:20 A.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(Paris, France)

For Immediate Release

May 27, 1997

PRESS BRIEFING BY
MIKE MCCURRY

Talleyrand Hotel
Paris, France

1:48 P.M. (L)

MR. MCCURRY: I will start with the answer to a question a number of you have posed, which is, President Yeltsin's impromptu reference to removing warheads. We are not exactly sure what he meant by that. Apparently, the Russian presidential press spokesman has indicated now that he was making a reference to additional detargeting that the Russian Federation might undertake with respect to non nuclear members of NATO. We still are not precisely sure what that clarification means, so I -- we'll have an opportunity later today to ask President Yeltsin directly and ascertain more fully what that statement means.

Q What's the status quo as far as targeting?

MR. MCCURRY: The status quo is they're are no, as you've heard the President say often, no Russian missiles pointed at the United States and no U.S. missiles pointed at Russia. And there are some aspects of detargeting that affect the nuclear forces of the U.K. and France, but beyond that I'm not aware of any more expansive detargeting doctra that the Russian Federation has adopted. And we'll just have to seek further clarification on what President Yeltsin might mean.

Q Are you saying it's your understanding that it only applied to the non nuclear nations?

MR. MCCURRY: Both the U.K. and France have had some discussions with respect to targeting with the Russian Federation. You can ask from each of their sides more about aspects of what understandings they have in place.

Q Yes, but what's your understanding of what the Russian people are saying about Yeltsin's comments today, that it only applies to non nuclear or all NATO --

MR. MCCURRY: Well, the only thing we have is just news -- wire reports indicating that the presidential press spokesman has indicated that President Yeltsin was referring to detargeting -- detargeting.

Q Well, if that winds up being all that it is, and that he's not talking about the removal of warheads, what's the U.S. take on the significance of his announcement?

MR. MCCURRY: Well, it is still, nonetheless, positive. We've always taken the view with respect to our own detargeting agreement with the Russian Federation that it is important among other reasons because it ensures greater security in moments of crisis not to have warheads targeted. It's widely acknowledged that warheads can be fairly quickly and fairly easily retargeted; but it is a confidence building measure to have these missiles non targeted or detargeted in their ready posture.

Q But, Mike, would you say that it's your understanding that Russia currently has missiles that are targeted, or that you are not sure whether they have --

MR. MCCURRY: With respect to the strategic rocket forces of the Russian army, aside from the understandings we have with them bilaterally on targeting, we'd have to leave it to them to describe what their deployed state of targeting is.

Q Mike, doesn't it seem to be aimed mostly at perspective new members of NATO? In other words, it seems like they're setting up a strong --

MR. MCCURRY: It's not entirely clear, which is one of the reasons why we will seek further clarification.

Q Mike, I'm just trying to clarify something that Sandy said earlier. So are you taking back his comment earlier that taking the warheads off these missiles would be a much bigger step for the Russians?

MR. MCCURRY: No, that was -- he was hypothetically saying that would be a much bigger step, and obviously that's true. But there's some indication now from the Russian side that may not have been what President Yeltsin meant.

Q Mike, you all had no clue that he was going to say anything, whether it's targeting or warheads --

MR. MCCURRY: It seemed a fairly impromptu remark.

Q When you get clarification, will you put something out?

MR. MCCURRY: Well, we will have an opportunity to talk with President Yeltsin later today and my suspicion is by the time the two Presidents meet we may have already had some discussions with them. Now, we will, in some fashion or another, be in a position to give you readout on that discussion before we leave for The Hague. We'll probably have to do it by remote control from over at the residence by phoning something in here, but we'll be able to pass on anything we get.

Q To the pool as well, right?

MR. MCCURRY: The pool, yes, we can have the pool there.

Q But is it your understanding that what Yeltsin said actually there was that he would remove warheads --

MR. MCCURRY: The Russian -- I've heard -- I didn't hear the Russian myself, but there are some -- some of our Russian speakers don't believe he used either the word in Russian that we use for detargeting or deactivation. Deactivation is what we normally use as the word to describe removal of warheads. And he apparently used in Russian something that is neither of those two, but we're trying to get that sorted out now.

Q What is the U.S. position, Mike? Would the U.S. support removing warheads? And would the U.S. --

MR. MCCURRY: The United States is involved in a very deliberate, careful and prudent arms control process with the Russian Federation that right now rests on ratification of START II by the Russian Parliament, moving on to the parameters of a START III agreement. And that has made the world a safer place, and we will continue on that course.

Q So there would be no reciprocation even if he did mean removal of warheads?

MR. MCCURRY: Well, we first need to find out what exactly he meant, and then we'll find out whether we reciprocate or discuss or illuminate further.

All right, let me do a little bit on -- the President, when he arrived at Elysee Palace had a half hour bilateral meeting with French President Jacques Chirac. Most of the discussion was about the subject matter that we're dealing with today -- the

future of the North Atlantic Treaty Organization, the preparations for the Madrid conference in July. They had a fairly lengthy discussion about Bosnia, the status of NATO Russia cooperation in Bosnia. They discussed the Middle East, the Middle East peace process specifically, some other regional security issues. The President personally thanked President Chirac for not only the leadership he has shown in hosting today's gathering, but also specifically for the moral leadership that President Chirac has extended on the subject of Bosnia.

Q French elections?

MR. MCCURRY: The subject of French elections did not come up.

Q Did they talk about Iran and the election and the possibility of some kind of Western overture to the new --

MR. MCCURRY: They talked in general about regional security issues and the subject of Iran was touched upon.

Q Did they discuss the possibility of using NATO troops to track down war criminals in Bosnia?

MR. MCCURRY: They discussed Bosnia generally. I'm not going to describe the conversation more specifically than that.

Q Back on the impromptu remarks. What does it say about Yeltsin's state of mind to make a statement like this? It catches you off guard, it catches people off guard in his own country, it catches the rest of the leaders off guard. Why come out and off the cuff --

MR. MCCURRY: President Yeltsin is known to speak his mind at moments like this, and I'd say there's nothing out of the ordinary about that. (Laughter.)

Q That was what he was discussing with Chirac? Before the break there was this long back and forth --

MR. MCCURRY: Well, we don't know yet. We haven't had a chance -- he was actually engaged in a long conversation with Prime Minister Prodi, and I believe the subject was Bosnia because the Italian Prime Minister had just recently been in Bosnia and he was seeking an opportunity to discuss Bosnia with the President. I'm told that that break went on because they were trying to get the temperature in the room lowered.

Q Mike, the President seemed to be spending an awful lot of time talking to Blair during the remarks.

MR. MCCURRY: He was seated next to Prime Minister Blair, so it's not unusual that he would be talking to the person who was his seat mate.

Q I'm just wondering if you know what they were talking about.

MR. MCCURRY: I mean, since they both speak English -- (laughter) -- or at least variance of, it's probably not surprising that they would engage in animated conversation.

Q But you don't know what they were talking about?

MR. MCCURRY: No, I haven't, obviously, had a chance to talk to the President in more detail about his conversations, and we'll try to do more of that later.

Q During the five minute break that we had because of the heat, did the President talk to any other leaders or was he --

MR. MCCURRY: Just President Chirac, that I saw, and then he moved to the back of the room and had some discussions with some of his other counterparts.

Q Not Yeltsin, as far as you know?

MR. MCCURRY: Not as far as I know. My guess is he probably saved that because he knew he was seeing President Yeltsin later.

Q Is it safe to say the President was surprised by his remark, as well?

MR. MCCURRY: No, I wouldn't say "surprised," just saying curious and interested in getting further clarification.

Q What's on the agenda for his coming meeting with Yeltsin?

MR. MCCURRY: They will discuss issues related to the further implementation of the Founding Act that was signed today. They will most likely discuss Bosnia, but I suspect most of the time will be spent preparing items related to the agenda at the Denver Summit of the Eight.

Q And will they talk about START II at all?

MR. MCCURRY: The President will again press upon President Yeltsin the importance of Duma ratification of START II, yes.

Q Is it certain that Yeltsin will be at the Summit in Denver?

MR. MCCURRY: He's expected to attend, yes.

Q Mike, when the NATO agreement was announced there seemed to be some confusion at least by President Yeltsin about what exactly Russia was allowed to do in terms of a veto. Do you feel like he's kind of backed off of that and has maybe come to accept your definition?

MR. MCCURRY: I don't know if there was confusion. I think he was presenting the Founding Act in a way that he thought would engender support among the Russian people. And you now all have Founding Act, so you know what's in it.

Q Do you have any hope about President Chirac on the same wavelength as yours concerning Iran?

MR. MCCURRY: Well, we will continue to -- I've said often in the past, we will continue to have a critical dialogue with the European Union about the idea of a critical dialogue with Iran. And that will continue.

With respect to the Iranian elections, as a number of us said over the weekend, it is really the actions of government that speak loudest. And the things that concern us and trouble us about Iran's behavior in the world need to change for us to think more liberally about Iran's role in the international community. And there's no evidence that we see of any change in the fundamental policies of that regime.

Q Mike, what do you understand will be Yeltsin's role, or the Russian role, in Madrid?

MR. MCCURRY: That's a subject that, as you can tell from President Chirac's remarks today, is still under discussion. President Chirac met with President Yeltsin last night, and my understanding is, among other things, that President Chirac, as did President Clinton, talked about the importance of the Madrid Summit and inquiries were being made about whether or not President Yeltsin might be in attendance in Madrid. I don't believe an answer has been given by the Russian Federation.

Q In the meeting with Chirac, did the Presidents discuss France's desire to have Romania and possibly Slovenia as one of the first countries in NATO?

MR. MCCURRY: I think on the general subject of NATO enlargement, the who and the how and the when were part of the discussion.

Q Did they discuss the Boeing McDonnell Douglas merger?

MR. MCCURRY: Not that was reported to me. I'll check specifically on that subject. But I didn't have any indication that that subject came up. And, in any event, our view on that is well known, that while it's under review by the Federal Trade Commission, we're not inclined to make much of a comment on it in any event.

Q Mike, when you say that the missiles can be fairly quickly and fairly easily retargeted, how quickly? I mean, are we talking minutes?

MR. MCCURRY: That's -- normally, when you talk about warheads and how you target them and things like that, we don't really talk about that in open microphone situations. It's been reported and you can read that in any report on this subject and I don't think we've ever disputed any of the public accounts.

Q Do we have idea how many Russian missiles we're talking about that would be affected?

MR. MCCURRY: I don't believe -- the strategic rocket forces commander has ever indicated what they're targeting doctrine is with respect to intermediate range targets for intercontinental ballistic missiles. Is that correct? Look over to my experts over here.

Q Mike, can I ask an unrelated question? Gephardt, in his advanced text of his speech today in Detroit, is going to come out against MFN for China, and I was wondering if the White House has any reaction.

MR. MCCURRY: Well, we'll charitably disagree. The suspension of normal trade relations with China would be, in some sense, a declaration of economic war on China and would further isolate China from the world community. And it's long been our policy view that engagement with China is much more likely to produce the changes in behavior that the American people seek. And isolation is likely to produce exactly the opposite reaction that would be detrimental to the interests of the people of the United States. I think our view on that is fairly well rehearsed by now.

Q Mike, beyond the speech on Saturday, I guess, where the President is going to be talking about NATO, what other things do

you have planned to try to convince Congress and the people about --

MR. MCCURRY: I could either have -- Nick could probably talk to us a little bit more at length, but we've already got up and running at State Department an office that is going to be responsible for talking about the merits of our engagement with Europe with the American people, explaining what the positive benefits are of the effort we make on behalf of a continent that we twice defended during world war.

And that engagement, we argue, is in the long term interest of the American people. And we understand we have to make that case persuasively over the course of the next year, year and a half, leading up to a Senate ratification vote on amendments to the North Atlantic Treaty.

Do you want to talk a little bit more about an effort to try to bring the arguments before the American people so that the American people are fully engaged in this debate and understand it, and, obviously, we do likewise with members of Congress.

Q By sending out certain speakers or --

MR. MCCURRY: All of the above -- speakers, we've got all kinds of things that you'd normally do if you were trying to raise the profile of a foreign policy issue and really bring it vigorously in front of the American people. We'll be doing all that.

Q Mike, do the other European governments also have a tough selling job in front of them, or is it different from country to country?

MR. MCCURRY: It differs from country to country. There have been -- the question of whether Europe has been an active one in the domestic political debates of a number of our North Atlantic allies. But in each country the situation is somewhat different and the receptivity to the new adaptive structure of NATO tends to grow as you move East.

Q There's no members of Congress traveling with the President, right?

MR. MCCURRY: Oh, no, we've got a good delegation with us, came over on Air Force One, including Senator Biden -- does anyone have the delegation list? Senator Roth, Senator Biden, Senator Smith, Congresswoman Pelosi -- I'm afraid I'm going to leave someone out. Mary Ellen can get the full list for you.

Q Do you know who is here from the Cabinet, Mike?

MR. MCCURRY: Secretary Albright, and she may be the only -- I think she's the only Cabinet member here.

Q Is Barshefsky here?

MR. MCCURRY: Ambassador Barshefsky is here.

Q Mike, why is the Yeltsin bilateral stills only?

MR. MCCURRY: Because we thought it would make a pretty picture and we wanted to make sure that the still photographers could be there to take it.

Q Are you worried about impromptu remarks maybe?

MR. MCCURRY: I'm worried about my own impromptu remarks, which I make too many of sometimes.

Q Can you give a serious answer, though? We should be in there to cover something like that.

MR. MCCURRY: There are a lot of factors that go into how we make arrangements for meetings and I'm not going to point to any one particular one.

Q But, Mike, the United States doesn't want a camera in there, or who doesn't want a camera in there?

MR. MCCURRY: We just worked out arrangements jointly for these meetings with the Russian Federation, as we always do.

Q So the Russians didn't want a camera in there? I mean, seriously, is it --

MR. MCCURRY: I'm saying we didn't make arrangements to have a camera in there. And if you ever want to revisit your view on whether correspondents have to always be present when cameras are there, let me know.

Q No, but we've tried to revisit this issue of a camera in there --

MR. MCCURRY: Okay, we're done with this.

Q Roth has talked more than others about taking in more than three as a beginning. Is that moving any clearer, or is it still -- should we write most likely three and the usual three?

MR. MCCURRY: Really, we've got, as you can tell today, 16 governments that have to make that decision, not just one. We have views on that. We are exploring those questions with those that we consult with now, and the invitations will be extended properly at Madrid.

Q Would you care to offer any sort of guidance about whether we should stick to the sort of phraseology that's been used?

MR. MCCURRY: Our thinking is very much along the lines of what you've seen reported.

Q Back to your acknowledgement that you're going to have to do a selling job to get this approved in Congress, the point was made last week that it wouldn't be a slam dunk. How do you assess where you are right now with Congress before you --

MR. MCCURRY: I think we're either at the beginning or just prior to the beginning of a real full debate on this question. I think many members of Congress have not dug in on the details or, certainly they have followed today's historic agreement, but they want more information, they want clarifications. I've seen even from Chairman Helms' spokesman a general receptivity to the idea of NATO expansion, but a hunger for greater clarity on what it means in terms of our own commitments and what it means for the future of the Alliance. And those are good questions that all need to be explored and raised during the course of a debate.

Q But you acknowledge you're starting out behind, you would not prevail if the vote were today?

MR. MCCURRY: I wouldn't hazard a guess where the majority of Congress is on this issue, but we'll need a treaty ratifying vote, and that means that we'll have to have a strong bipartisan vote, and that means we're going to have a lot of hard work in the year plus ahead.

Q Did you invite the Republican leadership to come to this meeting here?

MR. MCCURRY: President Clinton, when he met with the bipartisan leadership at the White House, talked about the importance of today and put it in the context of the history of our engagement with Europe and suggested it would be great to have a congressional delegation here. And I think I got everyone except Congressman John McHugh who's also here -- and they are representing the leadership.

Q Could you read the list again?

MR. MCCURRY: Senator Biden, Senator Roth, Senator Smith, Congresswoman Pelosi, Congressman McHugh.

Q Mike, if I could just follow up on a question that I tried to ask earlier. Are you convinced now that Boris Yeltsin understands the Russian role in the same way that the United States understands the Russian role and the rest of NATO does?

MR. MCCURRY: I don't think he ever had any understanding but what was in the document that he just signed a short while ago.

Q So do you think he's been misreported or --

MR. MCCURRY: I think he made an argument and it was reported. I didn't say misreported.

Okay.

THE PRESS: Thank you.

END

1:13 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(The Hague, Netherlands)

For Immediate Release

May 28, 1997

REMARKS BY THE PRESIDENT
IN EXCHANGE OF TOASTS
AT LUNCHEON

Small Ballroom of Noordeinde Palace
The Hague, Netherlands

1:53 P.M. (L)

THE PRESIDENT: Your Majesty, Prime Minister Kok, honored colleagues, on behalf of the United States I would like to thank Her Majesty and the people of the Netherlands for this deeply appreciated commemoration. And thank you, Your Majesty, for your very fine statement.

The ties between our two nations are long and unbroken. When my country was first seeking its independence, the Netherlands was one of the first nations to which we turned. John Adams, America's first envoy to the Hague and later our second President, described the completion of a treaty of friendship with Holland as "the happiest event and the greatest action" of his life. More than 200 years later, America still takes pride in our friendship with this good land, whose compassion and generosity throughout the world is far disproportionate to its size.

I also express my gratitude to all my fellow leaders for being here today. Your presence is a very great honor to the United States and a symbol of the age of possibility which we now inhabit -- thanks in no small measure to the vision and work of General Marshall and his contemporaries in the United States and in Europe.

The Marshall Plan we celebrate today, as Her Majesty noted, was open to all of Europe. But for half the continent the dream of recovery was denied. Now, at last, all of Europe's nations are seeking their rightful places at our transatlantic table.

Here in this room are freely elected Presidents, Prime Ministers, and officials from every corner of Europe, including Russia. We are the trustees of history's rarest gift, a second chance to complete the job that Marshall and his generation began. Our great opportunity and our enormous obligation is to make the most of this precious gift and together to build an undivided, democratic, peaceful, prosperous Europe for the very first time in all human history.

The daunting challenge in Marshall's time was to repair the damage of a devastating war. Now we face the equally ambitious task of promoting peace, security, and prosperity for all the people of Europe.

As we celebrate the 50th anniversary of the Marshall Plan, let us commit ourselves to build upon its success for the next 50 years and beyond. And let us now join in a toast to Her Majesty and the people of the Netherlands in gratitude for this great and good day.

END

1:53 (L)

THE WHITE HOUSE

Office of the Press Secretary
(The Hague, Netherlands)

For Immediate Release

May 28, 1997

REMARKS BY THE PRESIDENT
AT COMMEMORATIVE EVENT FOR THE 50TH ANNIVERSARY
OF THE MARSHALL PLAN

Hall of Knights
Binnenhof
The Hague, Netherlands

4:49 P.M. (L)

PRESIDENT CLINTON: Thank you very much, Mr. Sedee, for sharing your wonderful story. I forgive you for stealing the matchbook from the White House. (Laughter.) In fact, just before we came in, I confess that I had heard he did such a thing, so without theft, I brought him some cufflinks and some Oval Office candy for his grandchildren today. (Laughter.)

Your Majesty, Prime Minister, fellow heads of state and leaders of government, ministers parliamentarian, members of Congress, to the youth leaders from Europe and America, to all of you who had anything to do with or were ever touched by the Marshall Plan. And I'd like to say a special word of appreciation to two distinguished Americans -- former ambassadors, General Vernon Walters and Arthur Hartman, who worked on the Marshall Plan as young men, who have come here to be with us today.

This is a wonderful occasion. We are grateful to the Queen, the government and the people of the Netherlands for hosting us and for commemorating these 50 years. The words of Mr. Sedee reach out to us across the generations, no matter where we come from or what language we speak. They warn us of what can happen when people turn against one another, and inspire us with what we can achieve when we all pull together. That is a message that we should emblazon in our memories.

Just as we honor the great accomplishments of 50 years ago, as the Prime Minister said so eloquently, we must summon the spirit of the Marshall Plan for the next 50 years and beyond; to

build a Europe that is democratic, at peace, and undivided for the first time in history, a Europe that does not repeat the darkest moments of the 20th century, but instead fulfills the brightest promise of the 21st.

Here in the citadel of a prosperous, tolerant Dutch democracy, we can barely imagine how different Europe was just 50 years ago. The wonderful pictures we saw, with the music, helped us to imagine: some 30,000 dead still lay buried beneath the sea of rubble in Warsaw; 100,000 homes had been destroyed in Holland; Germany in ruins; Britain facing a desperate shortage of coal and electric power; factories crippled all across Europe; trade paralyzed; millions fearing starvation.

Across the Atlantic, the American people were eager to return to the lives they had left behind during the war. But they heeded the call of a remarkable generation of American leaders -- General Marshall, President Truman, Senator Vandenberg -- who wanted to work with like minded leaders in Europe to work for Europe's recovery as they had fought for its survival. They knew that, as never before, Europe's fate and America's future were joined.

The Marshall Plan offered a cure, not a crutch. It was never a handout; it was always a hand up. It said to Europe, if you will put your divisions behind you, if you will work together to help yourselves, then America will work with you.

The British Foreign Secretary, Ernest Bevin, called the Marshall Plan "a lifeline to sinking men, bringing hope where there was none." From the Arctic Sea to the Mediterranean, European nations grabbed that lifeline, cooperating as never before on a common program of recovery. The task was not easy, but the hope they shared was more powerful than their differences.

The first ship set sail from Texas to France with 19,000 tons of wheat. Soon, on any given day, a convoy of hope was heading to Europe with fuel, raw materials and equipment. By the end of the program in 1952, the Marshall Plan had pumped \$13 billion into Europe's parched economies. That would be the equivalent of \$88 billion today. It provided the people of Europe with the tools they needed to rebuild their shattered lives. There were nets for Norwegian fishermen, wool for Austrian weavers, tractors for French and Italian farmers, machines for Dutch entrepreneurs.

For a teenage boy in Germany, Marshall aid was the generous hand that helped lift his homeland from its ruinous past. He still recalls the American trucks driving onto the schoolyard,

bringing soup that warmed hearts and hands. That boy grew up to be a passionate champion of freedom and unity in Europe, and a great and cherished friend of America. He became the first Chancellor of a free and unified Germany. In his good life and fine work, Helmut Kohl has come to symbolize both the substance and the spirit of the Marshall Plan. Thank you. (Applause.)

Today we see the success of the Marshall Plan and the nations it helped to rebuild. But, more, we see it in the relations it helped to redefine. The Marshall Plan transformed the way America related to Europe, and in so doing, transformed the way European nations related to each other. It planted the seeds of institutions that evolved to bind Western Europe together -- from the OECD, the European Union and NATO. It paved the way for reconciliation of age old differences.

Marshall's vision, as has been noted, embraced all of Europe. But the reality of his time did not. Stalin barred Europe's eastern half, including some of our staunchest allies during World War II, from claiming their seats at the table, shutting them out of Europe's recovery, closing the door on their freedom. But the shackled nations never lost faith and the West never accepted the permanence of their fate. And at last, through the efforts of brave men and women determined to live free lives, the Berlin Wall and the Iron Curtain fell.

Now, the dawn of new democracies is lighting the way to a new Europe in a new century -- a time in which America and Europe must complete the noble journey that Marshall's generation began, and this time with no one left behind. I salute Prime Minister Kok for his leadership, and the leadership his nation has given, to ensure that this time no one will be left behind. (Applause.)

Twenty first century Europe will be a better Europe, first, because it will be both free and undivided; second, because it will be united not by the force of arms, but by the possibilities of peace. We must remember, however, that today's possibilities are not guarantees. Though walls have come down, difficulties persist: in the ongoing struggle of newly free nations to build vibrant economies and resilient democracies; in the vulnerability of those who fear change and have not yet felt its benefits; to the appeals of extreme nationalism, hatred and division; in the clouded thinking of those who still see the European landscape as a zero sum game in terms of the past; and in the new dangers we face and cannot defeat alone -- from the spread of weapons of mass destruction to terrorism, to organized crime, to environmental degradation.

Our generation, like the one before us, must choose. Without the threat of Cold War, without the pain of economic

ruin, without the fresh memory of World War II's slaughter, it is tempting to pursue our private agendas -- to simply sit back and let history unfold. We must resist that temptation. And instead, we must set out with resolve to mold the hope of this moment into a history we can be proud of.

We who follow the example of the generation we honor today must do just that. Our mission is clear: We must shape the peace, freedom and prosperity they made possible into a common future where all our people speak the language of democracy; where they have the right to control their lives and a chance to pursue their dreams; where prosperity reaches clear across the continent and states pursue commerce, not conquest; where security is the province of all free nations working together; where no nation in Europe is ever again excluded against its will from joining our alliance of values; and where we join together to help the rest of the world reach the objectives we hold so dear.

The United States and Europe have embraced this mission. We're advancing across a map of modern miracles. With support from America and the European Union, Europe's newly free nations are laying the cornerstones of democracy. With the help of the USIA's Voice of America, today's celebration is being heard freely by people all across this great continent.

In Prague, where listening to Western broadcasts was once a criminal offense, Radio Free Europe has made a new home, and an independent press is flourishing. In Bucharest, democracy has overcome distrust, as Romanians and ethnic Hungarians for the very first time are joined in a democratic coalition government.

Thank you, sir. (Applause.)

From Vladivostok to Kaliningrad, the people of Russia went to the polls last summer in what all of us who watched it know was a fully democratic, open, national election.

We must meet the challenge now of making sure this surge of democracy endures. The newly free nations must persevere with the difficult work of reform. America and Western Europe must continue with concrete support for their progress, bolstering judicial systems to fight crime and corruption, creating checks and balances against arbitrary power, helping to install the machinery of free and fair elections so that they can be repeated over and over again, strengthening free media and civic groups to promote accountability, bringing good government closer to the people so that they can have an actual voice in decisions affecting their lives.

We have also helped new democracies transform their broken economies and move from aid to trade and investment. In Warsaw, men and women who once stood on line for food now share in the fruits of Europe's fastest growing economy, where more than nine of 10 retail businesses rests in private hands. Since the fall of the Berlin Wall, the international financial institutions have channeled to the new democracy some \$50 billion to strengthen the foundations of their market economies. And as markets have emerged, another \$45 billion in private investment has flowed from places like Boston and London to help support enterprises from Budapest to L'viv.

Now, as the new democracies continue to scale the mountains of market reform, our challenge is to help them reap more fully the benefits of prosperity, working to make the business climate as stable and secure as possible, investing in their economies, sharing entrepreneurial skills and opening the doors of institutions that enable our community to thrive.

Again let me say America salutes the European Union's commitment to expand to Central and Eastern Europe. We support this historic process and believe it should move ahead swiftly. A more prosperous Europe will be a stronger Europe and also a stronger partner for Europe's North American friends in America and Canada.

Nations that tackle tough reforms deserve to know that what they build with freedom they can keep in security. Through NATO, the core of transatlantic security, we can do for Europe's East what we did in Europe's West -- defend freedom, strengthen democracy, temper old rivalries, hasten integration, and provide a stable climate in which prosperity can grow.

We are adapting NATO to take on new missions -- opening its doors to Europe's new democracies, bolstering its ties to non members through a more robust partnership for peace, and forging a practical, lasting partnership between NATO and a democratic Russia -- all these things designed to make sure that NATO remains strong, supports the coming together of Europe, and leads in meeting our new security challenges.

Yesterday in Paris the leaders of NATO and Russia signed the historic Founding Act that will make us all more secure. We will consult, coordinate and, where both agree, act jointly, as we are doing in Bosnia now.

Now, consider the extraordinary milestone this represents. For decades, the fundamental security concern in Europe was the confrontation between East and West. For the first time, a new NATO and a new Russia have agreed to work as partners to meet

challenges to their common security in a new and undivided Europe, where no nation will define its greatness in terms of its ability to dominate its neighbors.

Now we must meet the challenge of bolstering security across outdated divides, making the NATO partnership work with Russia, continuing NATO's historic transformation.

In less than six weeks, NATO will meet again in Madrid to invite the first of Europe's new democracies to add their strength to the Alliance. The prospect of NATO membership already has led to greater stability, for aspiring members are deepening reform and resolving the very kinds of disputes that could lead to future conflict.

The first new members will not be the last. NATO's doors must, and will, remain open to all those able to share the responsibilities of membership. We will strengthen the Partnership for Peace and create a new Euro Atlantic partnership council so that other nations can deepen their cooperation with NATO and continue to prepare for membership.

But let us be clear: There are responsibilities as well. Enlargement means extending the most solemn guarantees any nation can make -- a commitment to the security of another. Security and peace are not cheap. New and current allies alike must be willing to bear the burden of our ideals and our interests.

Our collective efforts in Bosnia reflect both the urgency and the promise of our mission. Where terror and tragedy once reigned, NATO troops are standing with 14 partner nations -- Americans and Russians, Germans and Poles, Norwegians and Bulgarians, all in common cause to bring peace to the heart of Europe. Now we must consolidate that hard won peace, promote political reconciliation and economic reconstruction, support the work of the International War Crimes Tribunal here in The Hague, and help the Bosnian peace make the promise of the Dayton Accord real.

Today I affirm to the people of Europe, as General Marshall did 50 years ago: America stands with you. We have learned the lessons of history. We will not walk away.

No less today than five decades ago, our destinies are joined. For America the commitment to our common future is not an option, it is a necessity. We are closing the door on the 20th century, a century that saw humanity at its worst and at its most noble. Here, today, let us dedicate ourselves to working together to make the new century a time when partnership between

America and Europe lifts the lives of all the people of the world.

Let us summon the spirit of hope and renewal that the life story of Gustaaf Sedee represents. He has a son, Bert, who is a bank executive. Today, he is helping to fulfill the legacy his father so movingly described -- for just as the Marshall Plan made the investment that helped Holland's industry revive, Bert Sedee's bank is helping Dutch companies finance investments in Central and Eastern Europe. Just as the American people reached out to the people of his homeland, Bert Sedee and his colleagues are reaching out to the people in Slovenia, Latvia, Bosnia and beyond.

The youngest members of the Sedee family are also in our thoughts today -- Gustaaf Sedee's grandchildren, Roeland and Sander, nine months and one and a half -- I wonder what they will say 50 years from today. I hope that they and all the young people listening, those who are aware of what is going on and those too young to understand it, will be able to say, we bequeath to you 50 years of peace, freedom and prosperity. I hope that you will have raised your sons and daughters in a Europe whose horizons are wider than its frontiers. I hope you will be able to tell your grandchildren -- whose faces most of us will not live to see -- that this generation rose to the challenge to be shapers of the peace.

I hope that we will all do this, remembering the legacy of George Marshall and envisioning a future brighter than any, any people have ever lived.

Thank you and God bless you. (Applause.)

END

5:10 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
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PRESS BRIEFING

BY

DEPUTY NATIONAL SECURITY ADVISOR JAMES STEINBERG
AND ASSISTANT TO THE PRESIDENT FOR INTERNATIONAL
ECONOMIC AFFAIRS AT THE NATIONAL ECONOMIC COUNCIL DAN TARULLO,
AND PRESS SECRETARY MIKE MCCURRY

The Carlton Hotel
The Netherlands

1:13 P.M. (L)

MR. MCCURRY: We'd like to get started with this briefing, which is on the record, except for those portions that one senior administration official will put ON BACKGROUND AT HIS OWN DISCRETION. So our two briefers on the record, James Steinberg, the Deputy National Security Advisor to the President; Dan Tarullo, Assistant to the President for International Economic Affairs at the National Economic Council .

Jim wants to do a little overview and go through some of the aspects of the U.S. EU Summit that occurred today, and then Dan wants to talk specifically about the Mutual Recognition Agreements, understandings reached in the very wee hours of this morning.

Take it away, James.

MR. STEINBERG: Thank you, sir. Well, we've just concluded another very successful U.S. EU Summit. The effort that this represents sort of comes out of the agreements that the President reached with the EU in Madrid about a year and a half ago to try to strengthen the range of our cooperation with the EU, and it really is a parallel to a number of the other efforts that are taking place as a part of both strengthening the U.S. link to Europe and also building the structures for cooperation for the 21st century.

The tradition in these summits since Madrid has been to divide the discussions into four broad baskets: foreign policy issues, the first; global and transnational challenges; the economic issues and the new transatlantic marketplace; and finally, cultural, social, educational contacts and ties. And today there was a lot of discussion in each of these four areas.

I think the most important thing coming out of today's summit was the sense that the cooperation and the interaction that takes place in these summits now is not limited to or even necessarily focused solely on bilateral issues between the United States and the EU, but rather on how the United States and the European Union and the European Union countries can cooperate on broader global and international issues. And that was really reflected in the two agreements that were signed today -- the agreement on chemical precursors and the customs agreement, which really represent an attempt to deal with some of these new security challenges.

Indeed, the President said at the meeting today that one of the things that we were engaged in here at the U.S. EU Summit, in the NATO Russia event yesterday, and leading up towards Madrid, is creating the organization and the structure to deal with the real security challenges that were going to be facing in the 21st century.

And so a considerable part of the discussion focused on cooperation on issues like drugs, international crime, terrorism, and the like. In addition to the two agreements that were announced, the President and the EU leaders talked about strengthening ties between Europol and the United States as the Europeans themselves are strengthening the role of Europol in between the member nations.

You heard the President talk about on the international crime front a particular interest in dealing with the problem of traffic in women. They had a long discussion about -- as a preview to some upcoming events on environmental issues, particularly climate change, looking forward to the Denver summit, the U.N. General Assembly Special Session, and the Kyoto meeting on climate change.

As another example of the kind of international cooperation that comes out of these meetings was the decision by the EU to join the Korean Peninsula Energy Development Organization and to contribute \$100 million over the next five years, really shows again, coming out of this, working on global proliferation issues, not just bilateral issues.

As always is the case in these meetings, there was a discussion of a number of the more important foreign policy issues that we're all facing. The leaders reviewed the results of the NATO Russia summit and had a brief discussion of the events coming up in Madrid. They had a discussion of the status of the Middle East peace process; in particular the President was able to review for them a little bit about the meetings between Prime Minister Netanyahu and President Mubarak yesterday. They had a discussion about Iran and also about the Aegean; in particular, the President expressing appreciation to the Dutch for their leadership in making sure that the association and the links between Turkey and the EU would remain open.

They discussed in some length a number of issues related to China, including the reversion of Hong Kong on July 1st, and the continued and shared interest that the United States and the EU countries have in a successful reversion of Hong Kong, and the respect for the Basic Agreement of 1984 that provided the terms for that reversion.

They discussed human rights and nonproliferation issues. They also discussed WTO and MFN, and Dan will have a word or two more on that in his part of the briefing.

They had a discussion on Helms Burton. In particular, the President stressed the need for the European Union countries to maintain the momentum on their efforts to support and promote democracy in Cuba. And they had a brief discussion on Bosnia, although they agreed to defer most of that discussion to the meetings that the EU leaders and Secretary Albright will be having in connection with the Bosnian ministerial that's going to be taking place in Portugal in two days' time.

As you can see, it was a fairly broad ranging discussion. And as I say, I think the most significant from our point of view was this renewed commitment by the EU to work with us on these transnational issues. We now have a new forum that's very important for trying to address these things by countries which are deeply affected by them.

Q Jim, can we ask a question?

MR. STEINBERG: Sure.

Q This is the second reference to traffic in women, you and the President, but I still have no idea what happened here so far as that subject is concerned.

MR. STEINBERG: It's a very serious subject, Barry, and I think you should --

Q Right, what are they going to do about it?

MR. STEINBERG: What they talked about was the fact that one of the concerns that they have both in terms of the impact on Western Europe but also in terms of Central and Eastern Europe is the impact of organized crime groups, sort of taking advantage of some of the uncertainties -- the economic uncertainties and the law enforcement uncertainties -- in the new democracies where, as a result of the transition, there is a lot of dislocation and there is very weak law enforcement links in those countries. And as a result, you're seeing international organized crime groups in the Central European countries in Russia which are beginning to exploit the situation and traffic in women, largely focused on Western Europe. But it is sort of part of the more corrosive impact that really undermines confidences of those societies in the democratic and economic transformation.

And so as part of their general effort to increase their cooperation on international organized crime, this is one area that they thought was a particularly important area for focus.

Q What exactly is going on?

MR. STEINBERG: In terms of the trafficking? I mean, what you have is you have international organized crime groups in Russia and in some of the Central European countries which are in effect running prostitution rings, taking advantage of the fact that there is a lot of economic and social dislocation in these countries, and peddling and running these rings into Western Europe, and to some extent in Asia as well.

And this is, as I say -- I mean, it's both of a concern in the countries where these women are being sent to, because it creates social problems here, but also in terms of the impact on those countries in the sense that one of the adverse consequences of change is this kind of sense that people can be preyed on. And the same rackets that are involved in these things are often involved in drug trafficking, in arms trafficking and the like. It's a way of both getting at one particular law enforcement and social problem, but also as a part of the broader effort to coordinate, as I say, talking about greater U.S. police cooperation with Europol and a whole strategy to deal with international organized crime.

Q Did they agree to exchange information, or what?

MR. STEINBERG: Right, exchange information, to understand better what the networks are, and to work with the Central and East Europeans to strengthen their law enforcement efforts. The

President recounted how, during his trip to Latvia right after the Russian troops left Latvia that the first request that he got from the Latvian authorities was for the United States to help establish an FBI office there. And there's a real sense that one of the things that we could do to help those societies -- you've heard a lot about the problems, obviously, of the crime and corruption in Russia and some of these other countries -- is to work with them to strengthen their own law enforcement so that their own citizens sense that they're not being preyed on.

Q Well, which countries in particular are you referring to, and are they taking women from other countries into these countries? You make it sound like there's some sort of changing movement here.

MR. STEINBERG: No, I think the largest concern is women coming out of the Central and East European countries, including parts of the former Soviet Union. Some focus on Western Europe, but there is also some evidence of that kind of trafficking going on in Asia as well.

So as I say, it's both a way of strengthening law enforcement and protection of women here in the West, but also making sure that they are not being exploited as part of the development of these new economies in the East.

Dan?

MR. TARULLO: The economic discussion in the meetings themselves actually was more focused on the subject of mutual recognition agreements which, as you know, was not an announced outcome of the summit. However, in discussions yesterday between Ambassador Barshefsky and Sir Leon Briton of the European Union, there was a breakthrough in what had been rather elongated negotiations over the course of the last year, and we now have in negotiations resolved all the major outstanding issues and expect that an agreement will be finalized hopefully within the next few days.

For those of you who haven't followed this sometimes arcane but in dollar terms big stakes issue, mutual recognition agreement allows a product or a manufacturing process to be assessed for conformity under the laws and regulations of one country based on the laws and regulations of another. So in practical terms, what that means here is that a piece of European telecommunications equipment that undergoes the relevant testing in Europe would be certified as conforming to any relevant standards in the United States as well.

It's important to indicate that this is not the approval of the product or the pharmaceutical itself, it's the approval of the process by which it's produced and the testing that's done to make sure that the product conforms to its stated standards.

The agreements, if they are finalized, will be in five sectors: telecommunications equipment, information technology products, pharmaceuticals, medical devices and recreational boats. The total value of two way trade between the United States and Europe in this area is close to \$50 billion a year. The businesses that produce these things on both sides of the Atlantic suggest that up to 10 percent of the cost of their product in one market can be attributable to duplicative testing and certification requirements, so the consumer savings can be quite significant.

As I say, we don't have an agreement yet, but I think it's important to emphasize a couple of things here. One, that this in no way undermines the capacity of U.S. regulatory agencies to inspect or test where they feel the health or safety of the American people is concerned. What it does do is to create a set of mutual procedures whereby testing results and testing procedures and approaches are understood better on both sides of the Atlantic and thus recognized by one another's testing authorities.

The discussion on economics was far ranging in a sense that it touched a number of topics, although most of them just for a couple of minutes both Presidents and the Prime Minister recounted the efforts that have been made to conclude the information technology agreement and the telecommunications agreements, both of which the U.S. and E.U., a year and a half ago, had undertaken to work together multilaterally to achieve.

The President also raised with his European counterparts the bananas case, which was a subject of discussion during his recent trip to the Caribbean. As you may know, the United States has won a WTO case against the European regime. It gives preferences on imports of certain bananas. The President indicated to his European counterparts that we would like to resolve the case in such a way that protects the interests of the Caribbean exporters while eliminating discrimination against other exporters. And he proposed that our trade authorities get together and over the course of the next month or month and a half before the Denver summit try to resolve the issue amicably.

There was also some talk about China MFN, as Jim mentioned. Here, there is an agreement between the two sides that the admission of China to the WTO is desirable, but that it must take place on terms that are consistent with commercial

considerations, which is to say China meeting the normal rules of the game and providing meaningful market access.

The President also indicated in connection with some of the transatlantic bridging activities his interest in moving forward the transatlantic labor dialogue, and in that context perhaps trying to extend the sweatshops initiative that we've begun domestically to Europeans as well. And I think the European side indicated some interest in exploring that and will probably do so over the course -- between now and the next summit.

Finally, the President mentioned our continuing concern with biotechnology items and the hope that decisions on the importation or regulation of biotechnology items will be made in accordance with principles of sound science. This is a matter which, as you may know, has occasioned some dispute between the U.S. and Europe in recent months, with respect to some of our agricultural commodities. Most of those specific problems have been resolved, but it has made clear the need for broader talks to try to determine exactly what the framework for dealing with these problems is.

Q In this labor dialogue, where is or was or has been or continues to be the emphasis? Are you talking about minimum wage standards?

MR. TARULLO: No, here, as you may know, from the outset of the new transatlantic agenda, the businesses on both sides of the Atlantic have been pushing very strongly. They organized themselves before the governments organized. Once the new transatlantic agenda began, the AFL CIO in the United States indicated some interest in having a similar labor dialogue, and we worked them and with our European counterparts to set that up.

The agenda would be determined, obviously, by what the labor leaders on both sides are interested in. They have shown some interest in discussing changes in labor markets, maybe minimum wages, although I suspect more the ways in which workers need to respond in the more globalized economy to changes in the labor markets.

The President brought this up in connection with our own initiative domestically. It need not fit specifically into the labor dialogue.

Q That doesn't mix in with the corporations, which, of course, are enjoying the cheap labor they get in various parts of Europe. There is no --

MR. TARULLO: In various parts of Europe? In the European Union?

Q Yes, when you get into Central Europe, if they can get these goods manufactured in Central Europe they don't have to pay living wages, pretty much.

MR. TARULLO: Well, I'm not going to comment --

Q Forget the aside -- are the corporations part of this dialogue?

MR. TARULLO: In the United States, they most certainly are. The sweatshops initiative the President has initiated in the United States involves the companies themselves setting up voluntary methods for monitoring where their goods come from and the labor conditions in the places where they market. And that would be extended to Europe as well.

Q Can you give us a specific example of the MRAs, a real world example how that could save money to American consumers?

MR. TARULLO: Let me take a hypothetical example. Assume the agreements are in place and assume we have a medical device, a diagnostic device, which is manufactured by a European company. The device itself is approved for use in the United States, but of course it has to be tested to be sure that it complies with any health and safety standards and also to make sure that it performs as it's supposed to, obviously. Reliability is extremely important in these cases.

Historically, different countries have developed different ways of testing, different kinds of standards, different approaches. You'd find one approach in Britain, another approach in Germany, another in Sweden, and another in the United States. They're not necessarily more or less rigorous than one another, but in technical terms they're different.

If you as the manufacturer have to comply with each of those four testing approaches, then you need to run your product through four different kinds of laboratory tests and submit four different kinds of results. Under what Europe has already done internally and what, with these agreements in place, we would be doing together, is in essence to say, any one set of testing approaches which indicates that the product is reliable and safe can be accepted on both sides of the Atlantic. And that means that companies don't have to pay the extra money for what should be redundant testing.

I just make the point again in passing, the FDA would retain the capacity whenever it felt necessary to conduct an on site inspection on its own. But I think their expectation and our expectation is that in most cases, this will work very smoothly because of understandings between the regulatory authorities on both sides of the Atlantic.

Q You're saying --

Q -- to harmonize the testing --

MR. TARULLO: No, the idea is not harmonize the testing, but the idea is to recognize the testing methods and certification methods in the other country subject always to the domestic statutory duties of the regulatory authorities.

Q You're saying they can use the other testing standards, but they don't necessarily have to?

MR. TARULLO: The expectation is that they will, but if the FDA had a question about whether those were adequate to meet public health and safety standards, then they could, on their own, inspect to make sure that the product was being produced adequately.

Q As a matter of practice, will we expect all of the signatories to then accept one set of standards or any other set of standards?

MR. TARULLO: That the mutual recognition will evolve over time. And, really, the purpose of this in a lot of ways is confidence building that the testing procedures in one country meet, achieve the same health and safety and public protection effects that the testing standards in another country do.

Did you have a question ma'am?

Q I'm just wondering if that means they would most likely just undergo one set of tests in whichever country they were manufactured in, or if they would still be tested in the United States.

MR. TARULLO: Remember, the product itself still --if it requires certification like a new drug, it would still have to meet the normal FDA standards. The question of how it's manufactured once it's approved for usage is what this would apply to.

Any other questions?

Q Did you guys discuss Boeing/McDonnell Douglas?

MR. TARULLO: No. Boeing/McDonnell Douglas was not discussed in the sessions themselves. I think our position on this is well known, which is that the United States does not want to politicize an antitrust or competition policy decision making process. We don't want to see it politicized in the European Union; it certainly won't be politicized in the United States. We just would hope that the decision will be made on the competition law merits.

Q Was it discussed privately then? Is that what you're trying to --

MR. TARULLO: Privately in this session? No, it wasn't discussed in the small meeting, either. I'm saying there have been numerous contacts between U.S. authorities and EU authorities over the course of the last several weeks in which the concern I just mentioned has been expressed.

Q Do you know when this may be signed? You say it will take a few more days. You've got your breakthrough. You have an event coming up that could provide for a signing --

MR. TARULLO: I don't know of any event specifically in tow, but I assume that we'll go ahead -- we won't wait artificially for something; we'll sign it and get going when we can get going.

Q Can you tell me if Helms Burton was discussed?

MR. TARULLO: Yes, Helms Burton was discussed, I think, as Jim mentioned earlier, and the President reiterated the need for continued dialogue, continued activities by the European Union as they have said they would do to promote democracy in Cuba.

MR. MCCURRY: We're going to take a break in the transcript at this point. For purposes of transcript we're going to move into a BACKGROUND session. A senior administration official has one or two observations to make ON BACKGROUND. Everyone understand that? Any confusion about the term BACKGROUND by anyone in the room? All right, it's a senior administration official briefing ON BACKGROUND.

SENIOR ADMINISTRATION OFFICIAL: I just wanted to say a couple more things about the process that led to the MRAs, and this is, as Mike said, on BACKGROUND.

This has essentially been stuck for several months now, almost six months -- really, since the last U.S. EU summit in Washington. And we came to the conclusion that we really needed

to push this thing forward, that we couldn't allow either internal EU issues between members states and the Commission or just bureaucratic inertia to get in the way of either completing these things or determine that we weren't going to be able to do it.

And the one additional point I'd make for you ON BACKGROUND is that Secretary Albright last week called President Santer of the European Commission and indicated to him her sense that the time had come to resolve the remaining issues, that she thought it could be done consistent with both the interests of companies in trading and with proper health and safety concerns, and that she very much hoped to see the agreements concluded this week. I don't know what kind of clausal link one can or cannot draw, but I'll tell you the negotiations on Monday and Tuesday were very productive. We only regret that this wasn't done early enough to be really be able to wrap the whole thing up.

That's all ON BACKGROUND.

Q What were the issues that were opened -- the main issues, sticking points and how they compromised?

SENIOR ADMINISTRATION OFFICIAL: One of them was the capacity of our regulatory agencies always to take action if they thought they needed to in order to protect the health and safety of the American people, and that was preserved.

MR. MCCURRY: All right, we're back on the record. Any other subjects, any other issues? Okay, thanks.

Q The President touched on what could almost be called a Marshall Plan for Eastern and Central Europe. Will we hear more on that today?

MR. MCCURRY: We're going to have -- Barry's question was about the President's remarks today. He talked a little bit about an idea that originates out of the Dutch government for a discussion about further efforts on their reconstruction and recovery of Central Eastern European countries.

The President will talk generally about that today in remarks that we think we'll have for you in prepared form pretty shortly. We're going to try to put out something of an advanced text on this, although the President reserves the right to deviate, as he usually does. But that should be coming within an hour or so, if we can get it.

Q Can I ask you one basic, general question about his remarks or just a few? Is he speaking in terms of investment or

investment and assistance? Because the Marshall Plan was assistance as well.

MR. MCCURRY: Well, we have a combination of both investment and assistance programs. We have pursued multilateral lending through the multilateral lending banks that are available. We also have some direct assistance programs that grew out of the old Support for Eastern European Democracy Act programs, the so called SEED act programs. I don't -- maybe Jim or David can get you some of the specific assistance levels that we've expended. But the President's rough calculation on the amounts that have been expended and then the comparison to what in real dollars would be the Marshall Plan today people told me held up pretty well, that the calculations were roughly correct.

Q That seems kind of a counterintuitive argument to be coming out and saying we need to have another Marshall Plan and then saying, well, it looks like the dollars stack up. Is he planning on any additional aid or additional --

MR. MCCURRY: Well, we're not -- the President is not -- I mean, he's not calling for a new Marshall Plan today; he's saying that the Marshall Plan created something important, an architecture of a continent at peace and able to resist a threat from the East during the years of the Cold War.

What we need to do today is to expand on the general theory of how you construct an architecture that deals with the challenges and realities of the world we live in -- which are new and different and many of them we've been dealing with during the course of this briefing -- the transnational threats of organized crime, drug trafficking, social pathologies that continue to exist that we need to deal with in a world in which approximate threat is not one that is strategic in nature or military security oriented.

Q -- Europe need to do more or --

MR. MCCURRY: We'll get you the prepared speech and I think you'll see how he intends to address those remarks.

Q Mike, can you talk a bit about how you would address the concerns of people who say that everything that's being done here in NATO and the EU are, in fact, excluding Russia, and it's Russia which is the real problem?

MR. MCCURRY: Well, I mean, to the contrary; we see an inclusive future for Europe that extends the peaceful, undivided architecture of this continent all the way from the United Kingdom to the Urals. I mean, we see Russia as a part of that

future. And, indeed, nothing is exclusive about any of the arrangements that have been under discussion here.

In theory, NATO membership itself is one day open to Russia. Russia is currently a valued participant in the Partnership for Peace program. And as the President noted, they are participating with us in Bosnia, in the S FOR deployment there. So that is within the realm of the considerable in the structure that we now have for the future adaptation of NATO.

Q Mike, getting back to the Marshall Plan, you said that the former communist countries had received more money than was in Europe during the Marshall Plan. But it seems --

MR. MCCURRY: No, he made very specifically the opposite point. I mean, it's less than the real dollar investment would have been in the Marshall Plan; but I think he was pointing out it was a significant investment.

Q Yes, but he seemed to say that the problem was not the amount invested, but the way to make sure this money reaches the places that it should reach, to make sure that the money was used properly. Is it correct to say that?

MR. MCCURRY: Dan may want to jump on this, too. One feature of our assistance to all of the emerging states coming out of totalitarianism and communism has been an effort to push this money to the place where it does the best -- at the grass roots, to eliminate as much as possible the administrative diversion of funds or to ensure, as best we can, as methodically as we can, that there's any inappropriate diversion of this funding, and we are pretty scrupulous in the way we administer that.

Q Do you think that the European Bank or the World Bank or the IMF should provide more money for these countries on top of what they have done already?

MR. TARULLO: He was not making reference to that issue. What he was saying in quoting the figures was, I think, an indication that in today's world, development generally, whether in the economies in transition or in the developing countries is much more driven by private capital and private capital flows than was the case 50 years ago.

And as Mike says, our aim both in our bilateral assistance and in our work with the multilateral lending institutions has been to get them to put money in that gives the countries the capacity to run economies efficiently, to give them the institutions that are necessary to operate market economies, but

as the President indicated, more private investment both generated domestically and from abroad are going to be necessary.

And I think our view is that if for the economies to function effectively and to grow in a sustained basis, they need to develop savings domestically and be an attractive place for investment in general.

Q Can you give a quick rundown on money comparisons that the President made and how much of that comes from U.S. sources -- the \$88 billion?

MR. TARULLO: You mean the combined official development assistance plus the private capital flows? I don't know, John.

MR. MCCURRY: Eighty eight billion was the estimated real dollar value of the Marshall Plan.

MR. TARULLO: That was Marshall Plan in today's dollars. Fifty billion in official assistance that's been put in.

Q And \$45 billion in private assistance?

MR. TARULLO: Not private assistance, but private investment, and that gets to the point I just made, that --

Q -- billion in U.S. money?

MR. TARULLO: Well, it depends on how you calculate it. There are several billions that are direct assistance, but in addition to that, we have the fact that we contribute to the multilateral lending institutions. I couldn't divide that and break it down for you precisely; we can have somebody try to do it for you.

Q Can you get more specific on --

MR. TARULLO: I can't offhand and aggregate it to all of the countries; I'm sorry.

Q Can you get it to us later on?

MR. TARULLO: Yes, absolutely.

MR. MCCURRY: Okay, the toasts are about to begin momentarily.

Q Any reaction to how the Supreme Court decision yesterday is impacting on the President and the fact that it's

having in detracting from some of his achievements here back in the United States?

MR. MCCURRY: It's not. The President, aside from just a phone call with his lawyer last night to understand better what the opinion said and a discussion of how to deal with the questions that we inevitably knew would arise today, hasn't spent any time on the issue at all.

Q How long was the phone call?

MR. MCCURRY: Probably about five or 10 minutes.

Q And what was sort of the issue -- I mean, telling about it, or what went on?

MR. MCCURRY: The President heard about the decision just prior to his meeting with President Yeltsin and said, well, what did the decision say. That was his reaction. He wanted to know what the opinion said. We didn't know at that point. We said we would try to get a hold of Mr. Bennett, and the President talked to Mr. Bennett later just to get a better understanding of what was in the opinion. And Mr. Bennett's commented on it, the President's commented on it and that's all we have to say on it.

Q -- The New York Times assessment, at least on the Internet says, "sense of siege deepens," meaning of the White House. Is that a fair assessment?

MR. MCCURRY: I don't see any sense of siege around here. I haven't heard of any back at the White House.

Q What about the 9 0 decision? Was that a surprise that it was unanimous?

MR. MCCURRY: I'd really -- Mr. Bennett commented on all of those questions yesterday.

Q Texas tornadoes --

MR. MCCURRY: We are concerned about the devastating tornadoes in Texas. We have had -- federal emergency officials have been in contact with their state counterparts who are monitoring the situation. We don't have any request as of yet from the state for any disaster assistance, but our folks will continue to be in contact with Texas state authorities.

The President was concerned, saw some of the television coverage even here in the Netherlands, about the impacts of the storm.

Q Did he have any comment, Mike?

MR. MCCURRY: He was concerned about it. He said it looked like it had been a very devastating storm, just based on some of the television coverage, and the staff they would get him any updates as we have them later in the day.

Okay, we're starting in with the toast. That's it for today. We don't intend to do any more briefing. Later on, you'll get, as I say, probably an advanced text of the speech to help you out if we can do that in the next half hour or so.

END

1:47 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(The Hague, Netherlands)

For Immediate Release

May 28, 1997

PRESS CONFERENCE BY PRESIDENT CLINTON
PRIME MINISTER KOK OF THE NETHERLANDS,
AND PRESIDENT SANTER OF THE EUROPEAN COMMISSION
AT SIGNING OF U.S.-EU AGREEMENT

Binnenhof Palace
The Hague, Netherlands

11:42 A.M. (L)

PRIME MINISTER KOK: Ladies and gentlemen, I'm very glad to say that President Clinton and President Santer and I have had very productive and fruitful discussions this morning in the framework of our semiannual EU-U.S. summit on the new transatlantic agenda, including the transatlantic marketplace and a wide range of other issues. We have been making very good progress in implementing the new transatlantic agenda since its adoption now one and a half years ago.

We achieved a number of concrete results. I'll mention a few of them. This morning an agreement will be signed on the control on chemical precursors for drugs. This means an important step towards better controlling substances that are used for the production of synthetic drugs. We decided to step up our operation in the fight against drug trafficking in the Caribbean. This included joint studies on maritime cooperation exchange of information and equipment and training of police and judicial authorities.

Negotiations have been concluded for the EU to join the U.S., Japan and South Korea in the Korean Peninsula Energy Development Organization -- KEDO -- underlining our global responsibilities and shared commitment to strengthen nonproliferation efforts. In the context of the transatlantic marketplace, we will sign an agreement on customs cooperation that will facilitate trade and contribute to the fight against fraud and corruption.

We also reached agreement on veterinary inspections, thus preventing a trade conflict that might otherwise have arisen on the export of meat products. And furthermore, we are very close to a common understanding with regard to the mutual recognition of norms and standards of products, the so called Mutual Recognition Agreement. I hope that we will be able to tie up these discussions in a few days' time.

We have implemented the small business initiative which bridges European and American small and medium sized enterprises by means of linking better business and organizing joint events. We agreed on an awards program to encourage democracy in civil society across the continent of Europe. And apart from these agreements, we discussed a number of specific foreign policy issues.

We looked back briefing on our historic meeting in Paris yesterday where we signed the NATO Russia Founding Act, and we looked at some important meetings ahead of us -- firstly, the G 7 meeting -- or G 8 -- in Denver, the special session of the U.N. General Assembly on the environment in New York, and the NATO summit in Madrid which is two months from now. And I informed President Clinton yesterday already about the main elements of the upcoming European summit in Amsterdam.

We have had a brief meeting with representatives of the transatlantic Business Dialogue. They presented us with an interim report that provides us with useful building blocks and inspiration to explore further possibilities of liberalizing trade and investment flows.

In my view, ladies and gentlemen, this summit not only signifies a strong reconfirmation of the close ties between the United States and the European Union, it also provides a new impetus to our relationship, both economically and politically. There is a lot that binds us, and little that divides us. President Clinton has been very clear in reconfirming the strong American bonds with Europe.

This morning we have carried forward our transatlantic partnership, a partnership that we will celebrate this afternoon during the commemoration of the 50th anniversary of the Marshall Plan. It has been very inspiring indeed to find once again that we share common agendas, common values, and common goals in preparing the international community for the 21st century.

So I am grateful, after the session we had, both for the substantial progress we have been making and for the atmosphere, the climate of cooperation between the United States and the European Union, because we know sometimes there are some minor or

major problems we have to solve, but the positive agenda -- the positive agenda -- in order to shape the future together in the benefit of our children and grandchildren is of key importance for the two of us. So I'm grateful to President Clinton for his presence, his contribution, and this is the end of my presentation.

Thank you very much.

PRESIDENT CLINTON: Thank you very much, Prime Minister. Let me begin by thanking you and the people of the Netherlands for the warm welcome you have given to Hillary, to me, to our entire delegation, including the Secretary of State, Secretary of Commerce, three members of the United States Congress who are with me and are sitting there on the front row -- Senator Smith and Congresswoman Pelosi and Congressman McHugh. We are all delighted to be here.

And I think it is very fitting that our summit is taking place in the Netherlands as we commemorate the 50th anniversary of the Marshall Plan. In many ways, the Netherlands sets the model for helping fellow nations secure freedom and prosperity.

Two hundred years ago, the Dutch extended loans that saved the young United States from bankruptcy. By the end of that decade 200 years ago, fully half our national debt was owed to you. (Laughter.) I trust we have paid it since then. (Laughter.) In our century, the United States was proud to return the gesture. The Marshall Plan, about which I'll have more to say later today, helped to lay the foundation for an Atlantic community of democracies. It planted the seeds of institutions that reconciled enemies and brought Western Europe together, from NATO to the OECD to the European Union -- today one of our most valued partners.

The Netherlands as current president of the European Union once again is leading the way as the EU carries forward its historic mission, building the Union between its members and reaching out to expand to Central and Eastern Europe. A more prosperous, a more united Europe will not only be a stronger Europe, it will be a stronger partner for the United States in the 21st century.

Through our work here we have taken another step on the path that began with General Marshall's vision -- working with the people of Bosnia to help peace take root, recognizing that we must do more to speed up the pace of economic reconstruction, increase funding for police training and monitors, work to ensure successful municipal elections and to ensure the ultimate effectiveness of the War Crimes Tribunal located here in your

nation in this city. The Dayton Agreement was a good one, we have to make sure that it works.

Under our new transatlantic agenda, the newest offspring of the Marshall spirit which was created 18 months ago in Madrid, we're cooperating on a broad range of common challenges -- bringing down trade barriers, fighting international crime and terrorism and nuclear proliferation and drug trafficking. Today we agreed to intensify our cooperation against a new problem that we face, the increasing practice of trafficking in women, which recreates in an entirely different context almost a new kind of modern day slavery. And we intend to do what we can to stop it.

I'm pleased that we're advancing on our goal of reducing trade barriers. The Prime Minister has already commented, but I'd like to point out that just in the last six months we have completed agreements on information technologies and telecommunications that lower trade barriers on over \$1 trillion in goods and services in a way that will cut the costs of living, increase the productivity of business and create huge numbers of new, good paying jobs in both Europe and the United States.

We've made progress on virtually all the outstanding issues, in difficult negotiations on mutual recognition of each other's standards and testing requirements. This is very important, and I can't add to what the Prime Minister has said. We feel we have a breakthrough and we hope it will lead to an agreement in the next few days. That would abolish redundant testing and inspection on a broad range of products worth \$40 billion in annual trade.

I thank the European Union for the work we have done today to strengthen our fights to keep illegal drugs out of our neighborhoods by agreeing to control the chemicals used to make a broad range of these drugs. This is a terribly important agreement.

And we've also agreed to increase our customs cooperation to fight fraud, to streamline trade. And again, Mr. Prime Minister and President Santer, let me thank you for the decision by the EU to join in the Korean Peninsula Energy Development Organization. This will help us to make good on our commitment to freeze and eventually to dismantle North Korea's dangerous nuclear program.

Today we're also announcing a joint U.S.-EU awards program for communities, individuals, and nongovernmental organizations that promote grass roots democracy in Central and Eastern Europe. This will help to deepen the commitment to freedom as we work to build an undivided continent.

Finally, let me say the United States is grateful to the leaders of the European Union for making this progress possible, for building on the legacy that General Marshall began, for strengthening our partnership for democracy and prosperity as we confront the challenges of the 21st century.

Thank you very much.

PRESIDENT SANTER: Prime Minister, Mr. President, ladies and gentlemen. I am happy to note that today's meeting has seen further progress in cementing the relationship between the European Union and the United States. Our trade and investment partnership is the largest in the world. Our stock of investment in each other's markets stands at \$650 billion. Annual two way trade in goods and services between us counts for some \$400 billion. This is a formidable asset and we are determined to develop it even further.

We have made good progress since our last meeting in December. We have worked successfully together in WTO to ensure the conclusion of two major multilateral agreements -- the information technology and basic telecommunications agreements. We have together liberalized trade in goods and services worth approximately \$1 trillion. In the same spirit of joint leadership, we should now work towards a successful conclusion of a financial services agreement by the agreed deadline.

We shall be signing two important agreements this morning. The Chemical Precursor Agreement is designed to curb the diversion of chemicals used in the manufacture of illicit drugs. The Customs Cooperation Agreement will facilitate trade and help combat fraud. We have also noted good progress in our negotiations on a Mutual Recognition Agreement which will bring enormous trade benefits to both sides. We hope to be able, as the President expressed also, to conclude the agreement within the next few days.

These are concrete examples of what we set out to achieve when we agreed on our new transatlantic agenda in December 1995. But the picture of our enhanced cooperation and joint action is even richer. Whether on foreign policy issues, multilateral trade, ties in many areas -- social, scientific, educational, cultural, as well as in global challenges like terrorism -- we are determined to make further progress under each of those -- and we will take stock at our next summit at the end of the year.

Our meeting has taken place against the background of commemorations which I consider to be of great significance. This afternoon, we will commemorate the 50th anniversary of the Marshall Plan. The United States helped Western Europe to get

back on its feet and regenerate after a devastating war. We Europeans have not forgotten this invaluable support given by the United States.

Last month in Rome, we commemorated the start, 40 years ago, of the European Economic Community. The original community of six member states decided in 1957 that they had to help themselves by rooting out war among them and by pledging of a closer integration and solidarity. The six have become today's European Union of 15, a strong and dynamic partner of the United States. And together, we have on many occasions shown the way forward.

And yesterday in Paris, with the signing of an agreement between NATO and Russia, we have entered a new era of hope, of cooperation, of peace and security. The United States has played a crucial role in achieving this result. The European Union is making its own contribution to the reconstruction of Central and Eastern Europe and the former Soviet Union.

Through massive help, some \$160 billion for the period between 1990 and the end of the century, almost twice what was given under the Marshall Plan -- but its most significant contribution will be the welcoming Central and Eastern European countries as members of the European Union.

I believe that these reminders show the essential importance of the relationship between the European Union and the United States. For each of us and for the world at large, let's not forget that whenever we have to deal with bilateral difficulties, they are inevitable in such a vast relationship. We have solved them in a past; we will in the future.

Thank you.

Q A question, if I may, for President Clinton. Mr. President, you've referred in your reference to the 50th anniversary of the Marshall Plan, the impetus it gave towards the beginnings of greater European unity. How important, in your view, is the planned move to a single European currency to help achieve that goal, even foreseen 50 years ago, to achieve that goal of a closer European Union?

PRESIDENT CLINTON: Well, first of all, the decision to do that and the mechanics of how to do it is a decision that has to be left to the members of the Union. The United States position -- let me restate it because I feel it very strongly, and I tried to clarify it as soon as I got elected and assumed office -- is that a more integrated, more closely cooperating Europe with fewer barriers to trade, to communications, to travel, to working

together is a good thing for Europe and a good thing for the United States and, therefore, a good thing for the world.

How to do that, in what order, and by what steps I think still should be decisions for the Europeans to make, and I think it would be, frankly, not appropriate for the United States to go much further than I have gone in this. I think it's clear that I support European integration, and I've wanted to make that clear because we not only are not threatened by it, we are excited by it and want to support it. But beyond that, I think it's up to you to decide how to do it and on what timetable.

Q Mr. President, do you support the initiative of the Dutch Prime Minister for a more or less new Marshall Plan for Eastern Europe, and do you see a specific role for the U.S. in this?

PRESIDENT CLINTON: Well, we have together seen in the last few years -- I believe this is roughly accurate -- about \$50 billion in various kinds of funds go into the Central and Eastern European nations, mostly through international financial institutions, and nearly that amount now in private investment. And I believe it is very important that we continue this process.

We can't simply say to these countries, we want you to be for democracy and we want you to have a democracy and we want you to support economic reform and good luck -- because there is an enormous gap between the poorest countries on the continent and those that aren't, and between their infrastructures and, therefore, their capacity to grow. And I think that's one thing that's easily overlooked. If you compare this time, say, to 50 years ago -- and the Prime Minister might want to comment on this -- but, yes, Europe was in ruins, but Europe had also been at the pinnacle of the global economy with lots of people who knew how to rebuild economies and lots of people who understood how to put in place the building blocks. That was wiped away from a lot of these countries in Central and Eastern Europe for half a century.

So do I think we need to do more? Yes, I do. And am I prepared to support that? Of course, I am. You know, we'd have to get into the details, but basically I think the Prime Minister is wise in trying to make sure that we don't just walk away from these nations with an encouragement toward economic reform and democracy and just assume that everything is going to be all right. We're going to have to continue to be engaged.

Q A question for President Clinton and for Mr. Kok. Are there already -- can we talk about a new Marshall Plan for Eastern Europe? Are there already rough lines? Is there any frame? I mean, are we now on a point which goes further than

general ideas?

PRIME MINISTER KOK: Well, could I say, perhaps, a few words on this. First of all, we should not underestimate what has been done and what is done nowadays in the multilateral institutions. We have the European Bank for Reconstruction and Development, where not only European countries but also the United States participates. We have the World Bank and IMF activities. We have a lot of EU financial and political and economic activities giving support to the development in the Central and Eastern European economies. So it would be a mistake to think that until now, never has been done and that we just create an idea here. That would be wrong.

But -- but -- taking the experience of the Marshall Plan into account 50 years ago, 50 years ago and the period afterwards, we see that perhaps on top of what is already done, new initiatives can be taken also to bring more private investment capital to the development of the Eastern and Central European countries. We are not just for mainly talking about taxpayers' money. We are also talking about bringing private capital in order -- for example, to have huge infrastructural projects. Infrastructure connects people.

We see that bringing the new countries in closer to Europe, to the countries of the European Union, it is in their and our benefits to make an effort to organize creativity. And on top of what is done, I think new initiatives should be taken, but it could be a terrible mistake to think that this is only a new idea. I mean, you are already bringing it to a large extent into pass.

PRESIDENT CLINTON: I would just like to support what the Prime Minister has said. I believe the numbers I'm about to give you are right; if they're wrong, I'll stand corrected. I think in today's dollars, in today's dollars the value of the Marshall Plan investments in Europe were about \$88 billion -- I think that's right. Now, we have seen the international financial institutions commit about \$50 billion already to the former communist countries, plus about \$45 billion in private investment.

I think that most of what still needs to be done is to accelerate the pace of private investment. And it's very different in different countries. If you look at Poland, for example, I think their growth rate must be about the highest in Europe now and about 9 in 10 of the retail projects in Poland, retail outlets, are already in private hands. Russia has largely privatized huge chunks of its economy.

But what I think we have to do is to work with each country and look at, first of all, what are the laws, have the laws been changed so that we can float private capital into these countries and have them develop. Secondly, what kinds of public investments -- hopefully, most of them multinational public investments through the multinational institutions -- still need to be made before private investment can work for these countries.

But if the question is do we need to do more, I think the answer is yes. But then we have to look at, nation by nation, what specifically needs to be done and what they still need to do.

PRESIDENT SANTER: I only would say that the main achievement for the Eastern countries and Central European countries would be to achieve the enlargement process. These countries, there are now 10 applicant countries, can also access -- have an accession to the European Union.

As you know, we are working very hard at this moment precisely on this question. I think that the enlargement is a main challenge for the European Union to have to face for the 21st century. It is the first time since more than 500 years, that the European Union has an historic chance to reconcile its own continent with itself in peace and freedom. And that would be the great challenge.

And, therefore, we have to prepare it. We have to prepare it through the preexisting strategy which we defined with many European agreements. We have to prepare it now also after the IGC conference under the Dutch presidency. And we would put forward from the European Commission at the 15th or 16th of July under the condition that the presidency would succeed in Amsterdam -- and I'm quite confident that it will succeed in Amsterdam -- our opinions about the 10 applicant countries. And therefore, all elements are welcome to strengthen this intensity so that we can deal with the problems of our neighbors.

Yesterday in Paris, there was a major step on the security level. Now, we have to achieve it also on the economic level for the European Union.

(The agreement is signed.)

END

12:02 P.M. (L)

AS PREPARED FOR DELIVERY -- EMBARGOED UNTIL RELEASE

**PRESIDENT WILLIAM JEFFERSON CLINTON
MARSHALL PLAN COMMEMORATION
THE HAGUE, THE NETHERLANDS
MAY 28, 1997**

Thank you, Gustaaf Sedec, for sharing your remarkable story.

Mr. Sedec, your words reach out to us across the generations, no matter where we come from, no matter what language we speak. They warn us of what can happen when people turn against one another -- and inspire us with the wonders we can achieve when we pull together. That is a message all of us should emblazon in our memories today. Just as we honor the great accomplishments of 50 years ago, we must summon the spirit of the Marshall Plan for the next 50 years and beyond: to build a Europe that is democratic, at peace and undivided for the first time in history, a Europe that does not repeat the darkest moments of the 20th century, but instead fulfills the brightest promise of the 21st.

Here, in the citadel of a prosperous, tolerant Dutch democracy, we can barely imagine how different Europe was only 50 years ago.

The worst war in human history had ended, but real peace had not begun. Some 30,000 dead still lay buried beneath a sea of rubble in Warsaw. One hundred thousand homes had been destroyed in Holland. Germany lay in ruins. Britain faced a desperate shortage of coal and electric power. All across Europe, factories were crippled. Trade was paralyzed. Millions were slowly starving.

Across the Atlantic, the American people were eager to return to the lives they had left behind during the war. But they heeded the call of a remarkable generation of visionary leaders -- General George Marshall, President Harry Truman, Senator Arthur Vandenberg -- to lead in Europe's recovery as they had led for its survival. They knew, as never before, that Europe's fate and America's future were joined.

The Marshall Plan offered a cure, not a crutch. It was never a hand-out -- it was always a hand up. It said to Europe: If you put your divisions behind you, if you work together to help yourselves, America will work with you.

British Foreign Secretary Ernest Bevin called Marshall's plan "a lifeline to sinking men, bringing hope where there was none." From the Arctic Sea to the Mediterranean, Europe's nations grabbed that lifeline, cooperating as never before on a common program of recovery. The task was not easy -- but the hope they shared proved more powerful than their differences.

The first ship set sail from Texas to France with 19,000 tons of wheat. Soon, on any given day, a convoy of hope was heading to Europe with fuel, raw materials and equipment. By the end of the program in 1952, the Marshall Plan had pumped \$13 billion into Europe's parched economies. That would be the equivalent of \$88 billion today. It provided the people of Europe the tools to rebuild their shattered lives -- nets for Norwegian fishermen... wool for Austrian weavers...

tractors for French and Italian farmers... machines for Dutch entrepreneurs.

For a teenage boy in Germany, Marshall aid was the generous hand that helped lift his homeland from the ruinous past. He still remembers American trucks driving onto the schoolyard, bringing soup that warmed hands and hearts. That boy grew up to be a great champion of Europe and a trusted friend of America. That man, Helmut Kohl, the first chancellor of a free and unified Germany, symbolizes both the substance and the spirit of the Marshall Plan.

Today, we see the Marshall Plan's success in the nations it helped rebuild. But more than that, we see it in the relations it helped redefine. The Marshall Plan transformed the way America related to Europe, and in so doing, transformed the way that Europe related to itself. It planted the seeds of the institutions that evolved to bind Western Europe together, from the OECD and NATO to the European Union. And it paved the way for reconciliation that bridged age-old divides.

Marshall's vision embraced all of Europe. But the reality of his time did not. Stalin barred Europe's eastern half -- including some of our staunchest allies throughout the Second World War -- from claiming their seats at the table, shutting them out of Europe's recovery and closing the door on their freedom.

Yet the shackled nations never lost faith. The West never accepted the permanence of their fate. At last, through the efforts of brave men and women determined to live free, the Berlin Wall and the Iron Curtain fell. Now, democracy's dawn is rising. Its light renews us all.

In the faces in this crowd, we see the face of the new Europe. Together, America and this new Europe must complete the noble journey that Marshall's generation began -- this time, with no one left behind. Now, we must build a better Europe for the century ahead -- a Europe united, for the first time in history, not by the force of arms but by the possibilities of peace.

Those possibilities carry no guarantees. Walls have come down, but difficulties persist -- in the ongoing struggle of newly free nations to build vibrant economies and resilient democracies... in those who exploit the fear of change to fuel extreme nationalism, hatred and division... in the clouded thinking of those who still see Europe in the zero-sum terms of the past. And all our nations face new dangers that none can defeat alone -- from the spread of weapons of mass destruction to terrorism, organized crime and environmental degradation.

Our generation, like the one before us, must choose. We can sit back and let history unfold -- or we can mold the hope we share into a history we can be proud of. The generation we honor today fought and won the war. Then, inspired by Marshall's vision, they built the levees that prevented war's return. Here, in the shadow of their history and the light of our new dawn, our mission is clear. We must shape the peace they made possible into a common future: Where all our people speak the language of democracy. Where they have the right to control their lives and the chance to pursue their dreams. Where prosperity reaches clear across the continent -- and states pursue commerce, not conquest. Where security is the province of all free nations working together. Where no nation in Europe is ever again excluded -- against its will -- from joining our alliance of values.

The United States and Europe have embraced that mission -- and we're advancing across a map of miracles. With support from America and the European Union, Europe's newly free nations are laying the cornerstones of democracy. I'm pleased to say that, with the help of USIA's Voice of America, today's celebration is being heard *freely* by people all across this great continent. In Prague, where listening to Western broadcasts was once a criminal offense, Radio Free Europe has made its new home and an independent press is flourishing. In Bucharest, democracy has overcome distrust -- as Romanians and ethnic Hungarians, for the first time in history, are joined in a democratic coalition in power. From Vladivostok to Kaliningrad, the people of Russia went to the polls last summer in the first fully democratic national elections in their history.

Now, we must meet the challenge of making sure democracy endures. The newly free nations must persevere with the difficult work of reform. And America and Western Europe must continue with concrete support for their progress -- such as bolstering judicial systems to fight crime and corruption; creating checks and balances against arbitrary power; helping to install the machinery of free and fair elections; strengthening free media and civic groups that promote accountability; and bringing good government closer to the people so they can have a voice in the decisions that affect their lives.

We've helped the new democracies transform their broken economies; many now are moving from aid to trade and investment. In Warsaw, men and women who once stood on line for food now share in the fruits of Europe's fastest-growing economy, where more than nine out of ten retail businesses rest in private hands. Since the fall of the Berlin Wall, the international financial institutions have channeled to the new democracies some \$50 billion to strengthen the foundations of their market economies. And as markets have emerged, another \$45 billion in private investment has flowed from places like Boston and London to help support thriving enterprises from Budapest to L'viv.

Now, as the new democracies continue to scale the mountain of market reform, our challenge is help them more fully reap the benefits of prosperity -- by working to make the business climate as stable and secure as possible, investing in their economies, sharing entrepreneurial skill and opening the doors of the institutions that enable our community to thrive. America salutes the EU's commitment to expand to central and eastern Europe. We strongly support this historic process and believe it should move ahead swiftly. A more prosperous Europe will be a stronger Europe -- and a stronger partner for America.

Nations that tackle tough reforms deserve to know that what they build with freedom they can keep in security. Through NATO, the core of transatlantic security, we can do for Europe's east what we did in Europe's west -- defend freedom, strengthen democracy, temper old rivalries, hasten integration and provide a stable climate in which prosperity can grow.

We are adapting NATO to take on new missions; opening its doors to Europe's new democracies; bolstering its ties to non-members through a more robust Partnership for Peace; and, forging a practical, lasting partnership between NATO and a democratic Russia -- all to make sure that NATO remains strong, supports the coming together of Europe, and leads in meeting our new security challenges.

Yesterday in Paris, the leaders of NATO and Russia signed an historic Founding Act that will make all our nations more secure. NATO and Russia will consult, coordinate, and -- where both agree -- act jointly, as they are doing in Bosnia now. Consider the extraordinary milestone this represents: For decades, the fundamental security concern in Europe was the confrontation between East and West. For the first time, a new NATO and a new Russia have agreed to work as partners to meet challenges to their common security in a new Europe.

Now, we must meet the challenge of bolstering security across outdated divides -- by making the NATO-Russia partnership work, and by continuing NATO's historic transformation. In less than six weeks, NATO will meet again in Madrid to invite the first of Europe's new democracies to add their strength to the Alliance. The prospect of NATO membership has already led to greater stability on the continent: Aspiring members are deepening reform and resolving the very kinds of disputes that could lead to future conflict.

The first new members will not be the last. NATO's doors must and will remain open to all those able to share the responsibilities of membership. We will strengthen the Partnership for Peace and create a new Euro-Atlantic Partnership Council so that countries can deepen their cooperation with NATO and continue to prepare for membership.

Let us be clear: Enlargement means extending the most solemn guarantees our nations can make. Security and peace do not come on the cheap. New and current allies alike must be willing to bear the burdens of our interests and ideals.

Our collective efforts in Bosnia reveal both the urgency and promise of our mission. Today, where terror and tragedy once reigned, NATO troops stand side-by-side with 14 Partner nations -- Americans and Russians, Germans and Poles, Norwegians and Bulgarians, joined in common cause to bring peace to Europe's heart. Now, we must consolidate the hard-won peace... promote political reconciliation and economic reconstruction... support the work of the International War Crimes Tribunal here in the Hague... and help the Bosnian people make a stable, unified, multiethnic Bosnia a reality.

Today, I affirm to the people of Europe: America stands with you. We have learned the lessons of history. We will not walk away. No less today than five decades ago, our destinies are joined. For America, the commitment to our common future is not an option; it's a necessity.

We are closing the door on the 20th century, a century that saw humanity at its worst -- and also, at its most noble. Here today, let us dedicate ourselves to working together to make the 21st century a time when the partnership between America and Europe lifts the lives of all our people and the world.

Let us summon the spirit of hope and renewal Gustaaf Sedee's life story represents. Mr. Sedee has a son -- Bert -- who is a bank executive. Today, Bert Sedee is helping fulfill the legacy his father so movingly described. Just as the Marshall Plan made the investments that helped Holland's industry revive, Bert Sedee's bank is helping Dutch companies finance investments in Central and Eastern Europe. Just as the American people reached out to the people of his homeland, Bert Sedee and his colleagues are reaching out to people in Slovenia, Latvia, Bosnia

and beyond.

The youngest members of the Sedee family are also in our thoughts today -- Roeland and Sander, 9 months and one-and-a-half -- Gustaaf Sedee's grandchildren. Fifty years from today, I hope that they, and all the young people listening, will be able to say we bequeathed to you 50 years of peace and progress. I hope that you will have raised your sons and daughters in a Europe whose horizons are wider than its frontiers. And I hope that you will be able to tell your grandchildren, whose faces most of us will not live to see, that this generation rose to the challenge to be shapers of the peace.

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THE WHITE HOUSE

Office of the Press Secretary
(The Hague, Netherlands)

For Immediate Release

May 28, 1997

REMARKS BY THE PRESIDENT
TO THE PEOPLE OF THE NETHERLANDS
AT "THANK YOU AMERICA" EVENT

Wilhelmina Pier
Rotterdam, Netherlands

8:25 P.M. (L)

THE PRESIDENT: Thank you. Mr. Mayor, Mrs. Peper; to His Royal Highness, the Prince of Orange; Prime Minister and Mrs. Kok. To all of America's Dutch friends here and my fellow Americans who are here tonight -- (applause) -- thank you for a wonderful, wonderful welcome.

I thank Gustaaf Sedee for his words. You know, this afternoon at The Hague he spoke and introduced me, and told the story of being a young boy growing up under the Marshall Plan. Tonight he spoke and spoke so well. Who knows, I may be remembered as the man who accompanied Gustaaf Sedee to Rotterdam. (Laughter.)

He did not explain to you what he told us today, which is that as a young man he actually got to go to the United States because he won an essay contest. And each of the nations participating in the Marshall Plan picked a young person who won an essay contest to go and tour America and meet the President. He met President Truman on February 4, 1949. And I have secured a copy -- an actual copy of the newspaper, the New York Herald Tribune on that day. And I thought that I would give it to him as an expression of our gratitude for all of you and what you have meant in friendship to the United States. So here it is. (Applause.)

And, Mr. Mayor, thank you for your wonderful reference to my campaign and my presidency and my belief and hope and that we should never stop thinking about tomorrow. I think you would be a wonderful ambassador to the United States. (Laughter.)

When President Truman met with the young visitors from the Marshall Plan nations years ago, he said he hoped that when they were as old as he was then, the world would know only democracy and peace. Well, today, the world knows things other than democracy and peace, but we stand closer to that dream than at any point in human history.

For the first time ever, more than half of the people on this Earth live under governments of their own choosing. And here in Europe, the Marshall Plan that President Truman launched helped to rebuild a continent ravaged by war, gave strength to fragile democracies and sparked unparalleled prosperity.

Tonight, in honoring those remarkable accomplishments begun 50 years ago, our purpose must be to summon the spirit of the Marshall generation to create a structure of opportunity and freedom and security for the next 50 years and beyond; to give the young people here in this crowd tonight, throughout Europe and the rest of the world, as many as we can, the chance to grow up and live out their dreams.

The generation we honor tonight fought and won a war, then built the institutions and understandings that prevented war's return. Now, closer to the start of a new century than to the end of the Cold War, our mission is to shape the peace they made possible; to reach for a long sought, yet never realized goal, a Europe that is undivided, democratic and at peace for the first time in all history.

America wishes to join in building a new Europe because Europe really built America, and because our futures are bound together. No nation contributed to our building more than did yours. From this great pier more than a million Dutch men and women started their journey to America. As the Mayor said, after the first Dutch vessel arrived on our shores in 1609, it was just a decade later, from the tiny port of Delfs Haven, that the Pilgrims set sail for Plymouth Rock, giving birth to the experiment that became the United States of America.

The values of those early settlers became America's values -- hard work and industry, individual freedom and tolerance, a willingness to take risks for boundless opportunity, a pride in country and community that knows no bounds.

Here in Rotterdam, those values faced their most terrible test 57 years ago when Nazi bombers rained fire on this city, killed 900 people, destroyed homes for 25,000 more, turned downtown Rotterdam into rubble, as we saw in the marvelous film. Even as your buildings burned you kept your spirit going. The American people today know that the strength and courage of the

Dutch Resistance helped to conquer Hitler and ensured your ultimate recovery. And I am especially proud tonight that the allied forces had a little help from a remarkable descendant of a Dutch farmer by the name of Franklin Delano Roosevelt. (Applause.)

Ever since the end of World War II, Rotterdam sails have been turned to the wind. You rebuilt this city with daring modern architecture, a reflection of the daring envision of your people. You transformed Rotterdam into the biggest and busiest port in the world. And when you did it, I might add that you took that title of biggest port in the world away from a small trading outpost you stumbled upon three and a half centuries earlier in the New World. (Laughter.) It used to be called New Amsterdam, but we forgive you. (Laughter.)

We are proud that the Marshall Plan gave Rotterdam a new start. Through this port most of the aid flowed to the rest of Europe. Today, the generosity of the Dutch people and your courage and your commitment to build a future better than the past -- in all of this, the spirit of the Marshall Plan lives on. From Africa to Asia, you do not forget those who are hungry in this world, who yearn simply to put food on their table and clothes on their backs. From Bosnia to Haiti, your sons and daughters have kept the peace and helped people turn from conflict and hatred to cooperation and community. America could not hope for a closer ally or a better friend, and the world could not have a better example than this great nation -- large beyond its numbers in land mass, and its influence and its power of example. (Applause.)

Two centuries ago our first ambassador to your nation and our second President, John Adams, said this: "America has considered this nation as her first friend in Europe whose history and the great character it exhibits in the various arts of peace have been studied, admired and imitated by every state in our Union." Well, now, our union and your nation have an opportunity to practice those arts of peace as surely as past generations stood together in world war and Cold War.

Together, we can complete the journey Marshall's generation began and bring all of Europe together -- not by the force of arms, but by the possibilities of peace. Together, we have it within our power to turn the hope we share into a history we will all be proud of.

So, to all of you, the people of Rotterdam and all the Netherlands, let me say that this celebration and its simple message, "thank you, America," is a great gift to all of us. In turn, I bring you a message from the American people. For all

that you have given to my country, for all that you give to the world, for the example you set that shines so far beyond your borders, America says, thank you and God bless you. (Applause.)

END

8:35 P.M. (L)

THE WHITE HOUSE

Office of the Press Secretary
(London, England)

For Immediate Release

May 29, 1997

REMARKS BY THE PRESIDENT
AND PRIME MINISTER BLAIR
TO THE CABINET

Cabinet Room
10 Downing Street
London, England

PRIME MINISTER BLAIR: Mr. President, we are absolutely delighted to have you here. It's a very great day for us for the President of the United States to come in and address our Cabinet.

We know that you've been very busy over the past few days. We've been at some of the meetings together -- the European Union and U.S. Summit, of course; it was very important. Then the NATO Russia Agreement, which we congratulate you on your part upon formulating that, the Founding Act, which will be very important in bringing peace to the world. And also, of course, the other meetings that have taken place commemorating the Marshall Plan.

And we were particularly delighted, incidently, that you mentioned yesterday -- John Prescott, the Deputy Prime Minister who was there was saying that you mentioned the contribution of Ernest Bevin to that plan, which was a very, very considerable achievement from an earlier Labor government.

And I would just like to say one or two words right at the very beginning -- first of all, to welcome you and say how delighted we are to have you here, and to say that I hope that this does usher in a new time of understanding and cooperation between our two countries that have such strong bonds of history and of heritage together.

I think you, like me, have always believed that Britain does not have to choose between its strong relationship in Europe and its strong transatlantic relationship with the United States of America -- strong in Europe and strong with the United States. I think one strength deepens the other. And a Britain that is

leading in Europe is a Britain capable of ever closer relations also with the United States of America.

And we will, obviously, be wanting to discuss today many of the issues that concern Europe and the United States -- the issues of enlargement in NATO. We will obviously be discussing Bosnia and Northern Ireland as well. But, in particular, I want to say how absolutely delighted I am on a personal level to welcome you here because we believe that the courage and strength, the leadership that you have shown in the United States has brought enormous benefits, not just to your own country, but to the world. And we're delighted to see you here.

PRESIDENT CLINTON: Thank you very much. Let me say that, first, I'm very appreciative of the honor of meeting with the entire Cabinet. And I have watched with enormous interest the energy and vigor with which you have all taken office and begun your work, and the optimism with which you pursue it. I saw you on television last night being optimistic about peace in Ireland, which is an article of faith in my life and household, so I like that.

And I agree that it is good for the United States to have a Britain that is strong in Europe and strong in its relations with the United States.

These last couple of days, not only commemorating the Marshall Plan, but asking the people of Europe to think about how we should organize the next 50 years to try to fulfill the unfulfilled promise of the people who envisioned the Marshall Plan, and signing the agreement between NATO and Russia, are part of the unfolding effort to create within Europe a continent that is democratic, undivided, and at peace for the first time ever. Europe has been periodically at peace, but never all democratic, and certainly never undivided.

And I see that as a way of organizing ourselves to meet the real challenges of the 21st century which will cross borders -- terrorism, the dealing with racial and religious differences, and trying to minimize the extremist hatred that is gripping so much of the world, and the proliferation of weapons of mass destruction and drug trafficking and the common environmental threats that will become a bigger part of every government's agenda for the next generation.

So this is a very exciting time. And I'm glad to be here, and I thank you.

PRIME MINISTER BLAIR: Thank you very much, Mr. President.

Q Mr. President, you took office after 12 years of Republican rule in Washington. What advice do you have for these Labor Party members who have just taken office after so many years of a different party in power? You had some missteps at the beginning and probably want to share some of that advice. (Laughter.)

PRESIDENT CLINTON: I think they're doing very well. I'd like to have a 179 seat majority -- (laughter) -- and I'm not going to give any advice, I'm going to sit here and take it as long as they'll let me do it. (Laughter.)

PRIME MINISTER BLAIR: And I would like to make sure that we have a second term in office -- (laughter) -- so I'll take his advice, too.

Thanks very much, guys. You know there will be a press conference, of course, later where you'll be able to ask questions.

Q Mr. Prime Minister, would you care to share with us some of your thoughts about some of the lessons you learned in getting elected from President Clinton's playbook, political playbook?

PRIME MINISTER BLAIR: Well, I'm sure we'll share lots of lessons together. But as I say, you'll have an ample opportunity to ask us about them later this afternoon. Thank you.

END

THE WHITE HOUSE

Office of the Press Secretary
(London, England)

For Immediate Release

May 29, 1997

PRESS CONFERENCE BY THE PRESIDENT
AND PRIME MINISTER BLAIR

#10 Downing Street
London, England

3:05 P.M. (L)

PRIME MINISTER BLAIR: Good afternoon, ladies and gentlemen. The President and I have ranged over many subjects in the hours we have had together, and we intend to continue those discussions later today.

We've discussed Bosnia and our continuing efforts to work together in addressing one of the most pressing crises on the international agenda. We've discussed, obviously, Northern Ireland and our determination to do all that we can to bring about the cease fire that will allow all party talks to proceed in the best possible climate, and that a cease fire is genuine and credible with all the parties there.

We agreed that NATO is and will remain the cornerstone of Europe's defense. And I was grateful, too, for the President's expression of continuing support on Hong Kong. We agreed, too, that Britain does not need to choose between being strong in Europe or being close to the United States of America, but that by being strong in Europe we will further strengthen our relations with the U.S.

President Clinton will have more to say on these and other issues in a moment. But we agreed, too, and have for sometime, that this is a new era which calls for a new generation politics and a new generation leadership. This is the generation that prefers reason to doctrine, that is strong in ideals but indifferent to ideology; whose instinct is to judge government not on grand designs, but by practical results. This is the generation trying to take politics to a new plateau, seeking to rise above some of the old divisions of right and left. It is

what, on my last visit to the United States to meet the President, I described as the radical center of politics.

The soil is the same; the values of progress, justice, of a one nation country in which ambition for oneself and compassion for others can live easily together. But the horizons are new; the focus and agenda are also new.

We discussed how this is the generation that claims education, skills and technology as the instruments of economic prosperity and personal fulfillment, not all battles between state and market. This is the generation that believes in international engagement, in our nations being stronger by being open to the world, not in isolationism. This is the generation that knows that it will fall to us to modernize the New Deal and the welfare state, to replace dependency by independence.

This is the generation, too, searching for a new set of rules to define citizenship for the 21st century -- intolerant of crime, but deeply respectful and tolerant towards those of different races, colors, and class and creed, prepared to stand up against discrimination in all its guises. This is the generation, too, that celebrates the successful entrepreneur, but knows that we cannot prosper as a country unless we prosper together, with no underclass of the excluded shut out from society's future. It's a generation that puts merit before privilege, which cares more about the environment than about some outdated notion of class war.

New times, new challenges -- the new political generation must meet them.

So, yes, we discussed the pressing issues of diplomacy and statesmanship and peace in troubled parts of our world. But perhaps just as important was our discussion of this new agenda for the new world in which we find ourselves. We agreed that our priority as political leaders must indeed be education, education, education, flexible labor markets, welfare reform, partnership with business.

In Europe, in particular, we need to reduce long term and youth unemployment, both of which are unacceptably high. The U.S. has been more successful in creating jobs, but it, too, faces new challenges in seeking to assure opportunity for all its citizens.

The United States has the presidency of the G 8 in 1997. In 1998, Britain has the presidency both of the European Union and the G 8. We have agreed today to a common agenda and a shared determination to identify what action needs to be taken to tackle

the problems we all face, to identify what reforms have worked where, what reforms have failed, and how we can learn the lessons both of success and of failure.

As part of this process, Britain will host a G 8 Conference of Finance and Social Affairs Ministers in the early months of our G 8 presidency next year, and the Chancellor of the Exchequer will be announcing further details today.

We have a shared language; we have a shared outlook on many of the issues that face us. We are determined, too, to share our ideas, our expertise, and our commitment to a new era of cooperation and of understanding. Thank you.

President Clinton.

PRESIDENT CLINTON: Thank you very much, Prime Minister. First, let me say it's an honor and a pleasure to be here today. I've looked forward to this for a long time. I have read countless articles about how Prime Minister Blair and I have everything in common; and I'm still looking for my 179 seat majority. I have been all ears in trying to get the advice about how such a thing might be achieved.

On a more serious note, let me say that one of the most important and meaningful responsibilities of any American President is to carry forward the unique partnership between the United States and the United Kingdom. Over the last 50 years, our unbreakable alliance has helped to bring our people unparalleled peace and prosperity and security. It's an alliance based on shared values and common aspirations.

In the last four years I was privileged to lead the United States in pursuing that partnership. I had a good and productive relationship with Prime Minister Major, and I am very much looking forward to working with Tony Blair. I have asked him in pursuance of this to come to Washington as early as is convenient for both us, and I expect that there will be an official visit pretty soon. And I know that the people of the United States are looking forward to having him there.

I have been impressed by the determination of the Prime Minister and his Cabinet to prepare this nation for the next century; to focus on economic growth; to make education the number one priority because without it, you can't guarantee every person in any country the chance to compete and succeed in the world toward which we're moving. I have been impressed by his understanding that in order for the United Kingdom to fulfill its historic leadership role in Europe and the rest of the world, the

needs and concerns of the people here at home have to be adequately addressed.

As you know, this corresponds with my own views. Our first task must always be to expand opportunities for our own citizens; to expect them to behave in a responsible manner; and to recognize that we have to maintain a community in which people's differences are respected, but in which their shared values are more important.

We talked about how we could work together to shape a peace for the coming generation. We reviewed our efforts to complete the work that began 50 years ago with the Marshall Plan, building an undivided, peaceful Europe for the first time in history -- through NATO's enlargement, through its new partnership with Russia, its new agreement with Ukraine, a strengthened Partnership for Peace, an expanding European Union that reaches out to Europe's newly free nations.

We agreed on the importance, as he has already said, of helping the parties in Bosnia fulfill their commitments under the Dayton Accord and continuing our support for all elements of it.

We discussed Northern Ireland. As all of you know, when I visited Northern Ireland 18 months ago, I was profoundly moved by the palpable desire of people in both communities for peace. I applaud the Prime Minister's initial efforts in this regard. There is a sense of hope and reassurance that has been conveyed here. And I know that he is committed in partnership with the Irish government to bring about a lasting resolution to the conflict.

The goal of this peace process is inclusive talks because they are the ones most likely to succeed. But I have said before, and I'd like to say again, that can only succeed if there is an unequivocal cease fire in deed and in word. Again, I urge the IRA to lay down their guns for good, and for all parties to turn their efforts to building the peace together.

The concerns we share extend far beyond our borders. Today's global challenges require global responses. Indeed, one of the reasons that we are working so hard to organize NATO in the proper way, to unify Europe in the proper way is so that our nations will all be prepared to meet the challenges to our security in the new century which cross national lines -- terrorism, international crime, weapons proliferation, and obviously, global environmental degradation.

More and more, we are focusing our attention on these challenges. Again, we are going to deepen our cooperation

between our two nations and in the forums in which we're members. I am very pleased with the proposal that the Prime Minister has made to pursue an economic agenda within the Group of 8, and I intend to support that.

Let me say, finally, that we discussed Hong Kong, and I commended the United Kingdom to work to implement the word and the spirit of the 1984 agreement. All of us who care about the future of Hong Kong have a stake in making sure the agreement is fully met. We will keep faith with the people of Hong Kong by monitoring the transition to make sure that civil liberties are retained, that democratic values and free market principles are maintained. Those are the things for which the United Kingdom and the United States stand, and those are the things that the agreement guarantees.

This is a hopeful time for the people of the United Kingdom and for the people of the United States. It is a hopeful time for the world. More people live free and have the chance to live out their dreams than ever before in human history. But we face daunting new challenges and we have to face them together. I say repeatedly to the American people, we may be at the point of our greatest relative influence in the world after the Cold War, but we can exercise that influence only if we acknowledge our interdependence on like minded people with similar dreams. I feel that very strongly here today with Prime Minister Blair, and I intend to act upon it.

Thank you very much.

PRIME MINISTER BLAIR: Thank you very much, Mr. President.

Right, gentlemen, questions.

Q Mr. President, as you probably know, during our recent election year there was a good deal written on both sides of the Atlantic about Mr. Blair being the "Clinton clone," or the "British Clinton." I wonder, now you're here, how the American original thinks that the British version is shaping up.

PRESIDENT CLINTON: (Laughter.) Well, I have a couple of reactions to that. First of all, a lot of the columns that were written about that were not altogether flattering to either one of us, and I had half a mind to call Mr. Blair during the election and offer to attack him in the harshest possible terms if he thought it might free him of an unwanted yoke. (Laughter.) And now, I also told you today that there is one big difference, and that's the enormous parliamentary majority that the Prime Minister enjoys. So I should be here learning from new Labor instead of the other way around.

Let me just give you a serious answer. I believe that the peoples, free peoples in the world are interested in democratic governments that work; that have constructive economic policies, that try to reconcile the imperative of growth with the imperatives of family and neighborhood and community; that do not accept that fact that our social problems will always worsen and cannot be made better; that do not promise to do things which responsible citizens must do for themselves, but which don't run away from their own responsibilities. That's what I think people want.

And I think that requires us to move beyond -- I don't think that it's the end of ideology, but I think it's the end of yesterday's ideology. And I think the more people see the issues framed in terms of attacks of parties on each other and yesterday's language that seems disconnected to their own concerns, their own hopes and their own problems, the more faith is lost in politics. The more people see the political process is relevant to their lives and their future, the more energy you have. And what I sense in Great Britain today is an enormous amount of energy.

So if you're asking me to rate the beginning, I'd say that's a great thing. It's a great thing when the people of a democracy believe in its possibilities and are willing to work for them. That is about all you can ask. No one has all the answers, but you want people to believe in the possibilities of a nation and be willing to work for them.

Q Sir, you told us this morning that the Northern Ireland peace process is an article of faith in your life. Given that, is there anything more the U.S. can do to nudge the process along? And what's your take on Iran's new President, a moderate cleric who won in a landslide?

PRESIDENT CLINTON: Well, let me say, first of all, we have a new British government that has taken what I think were wise and judicious steps and made statements that I think are clear, unequivocal and appropriate. There is about to be an election in Ireland. The United States -- I have restated what the pole stars of our position are today -- an unequivocal cease fire, inclusive talks. But I think before I say or do anything more, as with every peace, this is a peace that has to be made by the parties themselves, and we need to let this unfold a little. But we'll be there, active and involved, along the way.

Now, as to Iran, obviously it's a very interesting development and for those of us who don't feel privy to all the details of daily life in that country, it's at least a

reaffirmation of the democratic process there. And it's interesting, and it's hopeful. But, from the point of view of the United States, what we hope for is a reconciliation with a country that does not believe that terrorism is a legitimate extension of political policies, that would not use violence to wreck a peace process in the Middle East, and would not be trying to develop weapons of mass destruction.

I have never been pleased about the estrangements between the people of the United States and the people of Iran. And they are a very great people, and I hope that the estrangements can be bridged. But those are three big hurdles that would have to be cleared, and we'll just have to hope for the best.

Q Mr. President, you've appealed again strongly today for the IRA to call a cease fire. How soon after the calling of an IRA cease fire would you want and expect to see Sinn Fein in inclusive talks? How long a verification process would you see as being correct? Would this be matter of months or weeks or days?

PRESIDENT CLINTON: I don't believe I should make a public comment on that at this moment. Tony Blair's government has just come into office. As I said, I think they've taken some very impressive and appropriate steps. There's about to be an Irish election. I think, at this moment, for the American President to start specifying that level of detail would be inappropriate.

Q Mr. President, this may be a time of new politics, but there are some immutable old laws, like the military doctrine of not stretching your forces too thin. Both of you are involved in downsizing your militaries. How do you do that and at the same time credibly make a vast new defense commitment that is involved in NATO expansion?

And the second part of the question for President Clinton. There are reports that NATO enlargement will cost American taxpayers as much as a \$150 billion over the next five years. What is your estimate of the cost?

PRESIDENT CLINTON: Well, first -- and I think the Prime Minister and I both should answer your first question -- so let me answer the second question very briefly. Our last estimate was -- or more than an estimate -- in the last defense report we got, the estimate was more in the range of \$150 million to \$200 million a year. They are reviewing our defense commitments now.

I should point this out -- the cost will be important because for most European countries, the relative costs will be greater than for the United States because we've already done

some of the structural things that European countries have to do -- most of them. So I do not expect that that larger figure is anywhere close to the ballpark.

Secondly, the security umbrella we have is really no longer dependent upon stationing large armies along the Eastern frontier of NATO. What kept any NATO nation from being attacked, in my judgment, was the larger nuclear deterrent that was present during the Cold War. Now, we are also trying to reduce that, but keep in mind, see the NATO expansion in the context of the following things: There's an agreement between NATO and Russia about what our relationship is going to be. President Yeltsin just agreed to detarget the nuclear missiles against all the NATO countries; we will have an agreement on conventional forces in Europe which will further reduce those forces. And after the Russians ratify START II, we will move on to START III which will involve an 80 percent reduction in nuclear forces from their post Cold War high.

So, in that context, I think the expansion of NATO is quite affordable and really should be seen not only as a cooperative security guarantee, but as a cooperative commitment to try to deal with the other security problems of our times, like Bosnia.

PRIME MINISTER BLAIR: I agree very much with that, and I think what is important is to see NATO enlargement and, indeed, the Joint Council between NATO and Russia, as part of building the security and defense of our countries, and, indeed, making sure that the commitments that we have are fully realizable.

Now, we announced just a couple days ago a strategic review of our defense, which is foreign policy led. It's not about downsizing our armed forces, but it is about making sense of the commitments that we have. But I think that NATO enlargement is a very, very important part of bringing in those emerging countries in Eastern Europe, and ensuring also, through cooperation with Russia, that we're doing it in a way that preserves the security of the world. And I can't think of anything more important than that. So I don't see these as conflicting objectives. On the contrary; I see them properly implemented as entirely complementary.

Q Mr. President -- (inaudible) -- there is a conflict -- (inaudible) -- on the way being pushed by the Prime Minister for more flexible labor markets and a call from Brussels for more social legislation. Is the Prime Minister right to warn against the dangers of this? And secondly, while you're in London, you said you wanted to go out and about a bit. What is it you're looking forward to see most?

THE PRESIDENT: Well, I've already seen part of what I want to see most, which is the unique and unspeakably beautiful British spring. I was so hoping it would be sunny today.

Let me say on the other question, there is not a simple answer. The great challenge for Europe -- and more for other countries even than for the United Kingdom because your unemployment rate is already lower than some -- but the great challenge you face is how to create enough jobs to be competitive and to promote not only economic growth, but to have a good society. A successful society requires that able bodied adults be able to work. Successful families, successful communities, low crime rates all require that able bodied adults be able to spend their energies a certain number of hours a day at work -- quite apart from the economic considerations.

So the question is, how do you do that, how do you become more flexible, how do you have more entrepreneurs, more flexible labor markets, and still preserve the social cohesion that has made community life strong in Europe, justifiably.

In the United States, we've had enormous success --and I'm grateful for this -- in creating jobs and more in the first four years of my term than in any previous four year term in history, but we're struggling to come back the other way. We're struggling to find a way to give those working families --make sure they can all afford health care for their children, make sure they can have some time off when there is a baby born or a parent sick. You know, we're trying to deal with the arguments from the other way.

But the imperative of reconciling work and family and providing some social safety net so that the conditions of community can be met while having growth, that is the balance striking that every advanced economy has to do.

And I think what the Prime Minister has said that I thoroughly agree with is, the one option that is unacceptable is denial. That's the only unacceptable -- there is no perfect answer. I would be the last person to tell you that we've drawn the perfect balance. We're better at creating jobs than nearly anybody, but we don't have quite as much family security and support as I'd like to see in the area of child care and family leave and other things.

But one thing there is not an option to do is to deny that this is an issue anymore. The United States wants a higher growth rate in Europe. We don't feel threatened by it; we think it would help us, and we hope you can achieve it.

PRIME MINISTER BLAIR: If I could just add one thing to that -- I mean, I think what is absolutely essential is to realize this is part of the reason for the G-8 initiative that we want to take. We are all facing, as modern, developed countries the same challenges.

Work is changing; industry is changing; we live in a new type of world economy; there are different pressures putting together work and family life. Now, what we're all trying to do is to make sure that we can be fully competitive as we need to be in this new economy while preserving the essential foundations of a humane and decent society. Now, that is the very goal. That's why education and welfare are important. That's why the type of different agenda that I think that a different generation of politicians is reaching towards is actually what is necessary not just here, not just in the United States, but all over the developed world. And if we can bring together some of those lessons, from the U.S., from Britain and from Europe, then we'll find better ways of going forward in Europe as well as the USA.

PRESIDENT CLINTON: I'll take both of you, but only one at a time.

Q Mr. President, Prime Minister, as you've said already a lot has been made of the notion that the two of you are similar. My question is, sometimes the press gets a story and keeps going with it. Are you just a little bit sick of this story line? How far can this thing go? (Laughter.)

PRESIDENT CLINTON: Yes, I'm sick of it because he's seven years younger than I am and has no grey hair. (Laughter.) So I resent it. But there doesn't seem to be anything I can do about it.

PRIME MINISTER BLAIR: Look, I think it's a perfectly healthy thing if we realize that these are common developments the world over. I mean, this isn't just something that's to do with the United States or to do with Britain. There is a different generation of political leaders. I mean, I grew up, was born 10 years after the end of the second world war. I grew up with Eastern Europe on our doorstep. I never thought that the politics of my type of political aspiration was the politics I saw in Eastern Europe. But what I took from my own political traditions was a belief in community, in justice, in a hatred of discrimination. But I want to apply those types of values in the different world.

Now, if you take the welfare state, which we're trying to reform now here in Britain, and which President Clinton has done so much to reform in the United States, we believe in the values

of that, but 1997 is not 1947 or 1937. So that's why the New Deal has to be updated for today's world; the welfare state has to be updated for today's world. And in Europe, you'll find the same issues being addressed today.

Q Mr. Prime Minister, are you the student in this relationship?

PRIME MINISTER BLAIR: Well, I think we can both learn from each other and develop together. I think this is good. But I would pay tribute to the way that Bill Clinton blazed the trail in this area.

PRESIDENT CLINTON: Let me say on that point, as all of you know -- all of the American journalists here know -- before I became President I was not a member of our Congress; I was a governor for a dozen years. And the founding fathers of the United States wrote in the Federalist Papers that they expected the states to be the laboratories of democracy, which is an elegant 18th century way of saying that all governors should be students of one another. They should borrow from each other shamelessly. They should learn from each other without arrogance.

And what I think -- if you get a generation of leaders -- and it's not necessarily determined by age. I consider Prime Minister Kok in the Netherlands in this category, a little bit older than we are; the young Prime Minister of Portugal a little younger than we are; a number of others -- who are thinking in the same way and trying to move toward the same place and recognize -- have a common understanding of the kind of changes that are sweeping through the world, then we should fairly be expected to -- in fact, our people ought to demand that we do the best we can to learn from each other and cherish that, celebrate that, and say that nobody has got all the answers, but if we can get our countries headed in the right direction, free people usually do the right thing if they're going in the right direction. Eventually, they figure it out.

Q Prime Minister, what role do you envisage the President playing in furthering the peace process?

And, Mr. President, you were obviously very disappointed when the IRA cease fire collapsed. Do you think the other parties should now move forward without Sinn Fein if another cease fire is not forthcoming?

PRIME MINISTER BLAIR: I'll answer the first part of your question, Kenneth. The United States has played, and I've no doubt will continue to play, a helpful role. And we obviously

are carrying forward the process. We want to make sure that we can get into all party talks; we've laid down the conditions for that. And I know that the United States is fully behind that. And I think that that is always helpful.

I remember, too, the visit that President Clinton made some 18 months ago, when the huge optimism and hope that he ignited there in the province was tangible. And we want that back again. We want that sense. Peace in Northern Ireland and ensuring that we get a lasting political settlement that endures is what the vast majority of people in Northern Ireland want. This is the great burning frustration of it -- that we are so keen to make sure that the voice of that majority that wants a lasting settlement, that doesn't want to do it by anything other than democratic means, is heard.

Now, I believe it's possible that we can move this process forward, but it's got to be done with care. And I'm sure, as they've played a helpful role before, the United States will play a helpful role again.

PRESIDENT CLINTON: Obviously, I think that Sinn Fein should participate in the talks. And I think the IRA should meet what I think has to be the precondition. You can't say, we'll talk and shoot; we'll talk when we're happy and shoot when we're not. And every political process in the world is a struggle for principled compromise, which means when it's over, no one is ever 100 percent happy.

So that is the decision that obviously all of them will have to make. But the people there do not want to be led in a destructive path anymore. I'm convinced the Catholics don't. I'm convinced the Protestants don't. And I'm convinced the young are more insistent than the old. And to trap people in the prison of those past patterns -- we talk about changing economic policy -- a far greater tragedy is to move into the wonders of the 21st century with the shackles of what can only be characterized as almost primitive hatred of people because they are of different religions than you are.

I promised you next, I'm sorry. Then we'll go on. Go ahead. I apologize. My memory's is not what it used to be.

Q You're older now.

PRESIDENT CLINTON: That's right. (Laughter.) I've got a cain. (Laughter.)

Q As a follow up to some of the previous questions and answers, Mr. Prime Minister, your party won election by promising

no new taxes and by endorsing many of the privatization policies of your Conservative predecessors. Mr. President, you've just signed off on a budget deal that has tax cuts, but basically precludes any large new spending initiatives over the next several years. Both of these compromises have made people within your own parties -- a lot of them have great misgivings about them. How can you convince these people that what you've described as the radical center is not really just the dead center and this new pragmatism isn't just another named for old fashioned expediency?

PRIME MINISTER BLAIR: Well, I think you can do it very easily, by sharing how it derives from conviction and principle. What we decided to do when we created new Labor was to be honest with people. There were certain things the 1980s got right -- an emphasis on enterprise, more flexible labor markets. Fine; accept it. They got it right. There should be no mileage in trying to undo things that are basically right.

But there were some very fundamental things that we got wrong -- education, the creation of a large pool of people of underclass cut off from society's mainstream, a negative isolationist view of foreign policy. These things we change over centralized government. These things we change.

And what is different about it -- and I think potentially exciting and radical about it -- is that it does try to get past a lot of the divisions of the past. And you got out there and you talk to people in the street about what concerns them -- I often think the people are a thousand miles ahead of the politicians. They know that what matters to them is to get their schools right, their hospitals right, tackle crime in their streets. They know that there are certain things that government can't do about jobs and industry, but certain things they can do. They want us to do those things.

Now, I don't think that's a dead center, I think that is a radical center. And it's -- the big changes that we were able to make in the Labor Party we made out of principle. It was electorally necessary, but it was also the right thing to do. If it hadn't been the right thing to do, it would never have taken root in the way that it did.

Now, sure, whenever you make changes, there are people that disagree, and there will be those that say we just want to go backwards. Well, the job of political leadership is to explain to people why that's not sensible -- why you should move forward.

PRESIDENT CLINTON: First of all, let me just remind you of what it was like when I took office. We had high unemployment,

low growth, a country with rising crime, rising welfare, and increasing social division. We now have the lowest unemployment rate in 24 years, the biggest decline in income inequality -- something the progressive party should care about -- in over 30 years. We have declining crime rates. For every year I've been President, the crime rate's gone down, and our crime bill is fully funding and is implementing that. We've got the biggest decline in welfare rolls in history. And we have fought against the divisive forces of race, religion and all the other forces that are used to divide people in a complex society like ours.

So I think that what we have done is both progressive and effective. And, yes, we have a smaller government; we have the smallest government since the Kennedy administration. But we're spending more money on education, more money on medical research, more money on technology. I think we're doing the right thing. That's first.

Second, on the budget agreement itself, to my fellow Democrats -- before they criticize me, I would ask them to read what the conservative Republicans have said about the Republicans for signing off on the budget agreement. One conservative periodical accused the moderate Republicans of being Clintonites, which is a fate worse than death for them, and then said that I guess we're all new Democrats now.

Look at what this budget does. You say it has no room for big spending -- it has the biggest increase in education in a generation, a big increase in environmental protection. It has enough -- \$17 billion to insure half the kids in America who don't have health insurance.

Now, beyond that, does it allow for big spending new programs? No, it doesn't. If we want to spend any more money, big money, in the next three and a half years, what do we have to do? We either have to grow the economy or we've got to raise the money. That's what a balanced budget is for. I support that. I support that. I want the American people -- if I could -- we would come closer to solving our social problems if we can maintain unemployment at or under five percent for the next four years than nearly anything else I could do.

And I want us to be in a position -- as the progressive party -- where we can't launch a big new program unless we raise the money for it or grow the economy to fund it. That's the way we ought to do it. That is the fiscally responsible way to do it. So I am happy with that criticism, and I plead guilty, and the results are good.

PRIME MINISTER BLAIR: I like that very much, indeed.

Q Mr. Blair, you talked early on about lessons that you can learn from America and you said that they've been better at creating jobs. I just wondered why you thought they had been better at creating jobs, what lessons specifically we could draw from that -- their attitudes to it.

PRIME MINISTER BLAIR: I think there is a very strong commitment to entrepreneurship there, which is very important. They've pursued, of course, a stable economic management policy. That is very important. And Bill said something there just a moment ago that I think is very, very important -- that the progressive parties today are the parties of fiscal responsibility and prudence. You don't do anything for anybody by making a wreckage out of the economy.

Now, I think these are all things that we take to heart. And what is interesting to me is, again, if you look around not just the USA or what we're doing with new Labor here in Britain, but if you look around Europe, there are center, center left parties there again as the parties of fiscal prudence and responsibility. And what you can do is make changes within the budget.

You see, the questioner a moment ago was saying, well, you know, you're not going for big tax increases and all the rest of it -- the people have had large tax increases. You know, state expenditure has grown to a very large extent. Why has it grown? Well, it's grown here because you've got massive welfare bills that you're paying out, often with people who would like the chance to get back into the labor market if we have the imagination and vision to try and give them the chance to do so, so that they're not any longer reliant on state benefits, but are standing on their own two feet, raising their family in some type of decent set of circumstances.

So I think that these elements of job creation, of economic management, of creating the type of enterprises and industries of the future, they're interlinked. And we see those links very, very clearly, indeed.

PRESIDENT CLINTON: If I could just say one thing. I would like to give credit where I think credit is due, which is not primarily to me in this. And I think we have been successful in creating jobs for several reasons. One is, we maintained earlier than a lot of other countries a reasonably open economy -- not perfectly open, but reasonably open -- so that we suffered a lot of painful restructuring in the 1980s due to competition. But as a result of that, both our business managers and our working people have dramatically improved their productivity -- first.

Second, America is a relatively easy place to start a small business, and we get a lot of our new jobs from starting small businesses. Third, we have been blessed by having sort of incubators of the future in computers, in telecommunications, in electronics, increasingly in biotechnology. That is important.

Fourth, we've had a good, stable monetary system --I think the Prime Minister did a good thing by -- and he'll be criticized for it the first time interest rates are raised, but he did a good thing, I think, by trying to take the setting of interest rates out of politics, because it will create the feeling of stability and make Britain more attractive for investment. That's been a big factor for us.

And, finally, we've had good government policies which were reduced the deficit, expand trade, invest in people. So I think all those things, together, will give you a job creation policy.

PRIME MINISTER BLAIR: We'll take one more each, shall we?

PRESIDENT CLINTON: Yes.

Q Mr. President, you have promised to withdraw our troops from Bosnia a year from now. And yet the British Prime Minister's Foreign Secretary says, if you do that the British will withdraw their troops, too, and that could lead to renewed fighting. Is there a dispute between Secretary of State Albright and Defense Secretary Cohen, and are you going to keep your commitment to withdraw?

PRESIDENT CLINTON: Well, when we -- first of all, when we adopted the second mission, the SFOR mission, after our first full year in Bosnia -- we cut all the forces in half and stayed -- we said we expected that mission to last about a year and a half. I still accept that.

Here is the problem, the basic issue. I think we would all admit that a lot of the elements of the Bosnia peace process, the Dayton process, are not going as fast as they should. We have just completed a comprehensive review of our policy. We've identified a number of things we want to do better. The Prime Minister and I talked about, for example, the police training and the placement of police there.

If you look at what our military people do today -- since we are not presently today actively involved, for example, in escorting and protecting refugee returnees -- a lot of that could be done by civilian police if we were on schedule. We're not on schedule. We're not on schedule in the economic implementation.

We're trying to put -- very hard, all of our allies -- we're trying to put together a team that will get us back up and going.

And so I would agree to this extent with the Prime Minister, which is that I don't think we ought to be talking about how we're going to leave; I think we ought to be talking about what we're going to tomorrow and next week and next month. And if we work like crazy in the next 13 months, do I believe we can fulfill our mission and that they can go forward? Yes, I do. But I think we're going to have to make some very tough decisions. We can't play around with this. We can't just sort of hang around and then disappear in a year and expect the Dayton process to go forward. We have a lot of work to do in the next year. And so what I want to do is stop talking about what date we're leaving on and start talking about we're going to do on the only date that matters, which is tomorrow.

PRIME MINISTER BLAIR: I agree with that very strongly indeed. Last question.

Q President Clinton, I know you're reluctant to offer advice to our Prime Minister, but could I tempt you? You became -- I want to be polite -- rather unpopular during your first term after a brief honeymoon. Which mistakes do you think you made that our Prime Minister could avoid?

PRIME MINISTER BLAIR: Well, he did one thing very right, which was to win again, and I hope I repeat that. (Laughter.)

PRESIDENT CLINTON: Well, for one thing, it was a brief honeymoon; it lasted about 35 seconds. (Laughter.) So, again, I don't know that I have an advice to offer. I think that the errors that we made, or at least the political decisions we made that caused us problems, are fairly well known.

Also, keep in mind, we have a different system than you do. I had to pass my first economic program with only Democrats, but the Democrats basically got credit for being divided in their support of me when the facts are that they have supported me more strongly than they supported the last three Democratic Presidents before me. But our friends on the other side were opposed in even more unified fashion.

So the things that happened to us were so unique, I hope, to the American political system -- I wouldn't wish them on anyone else -- that I don't really think it's very instructive for me to give advice.

PRIME MINISTER BLAIR: If I could I just say one final thing to you. I think when you heard President Clinton speak about the

record that he has achieved in government earlier, I think that is the reason why he was reelected. And the important thing is that that record stands as testimony to the leadership that he gave.

We'll have one last question then.

PRESIDENT CLINTON: My only advice on that would be to try to keep people focused on the policies and the consequences, and that we should all be willing to work on that basis, because real people out there who have to get up every day and wonder how they're going to feed and educate their children, and whether they're safe in their neighborhoods, and what the future is going to be like for their kids, then want to know that we're at the task. And so my only advice would be to maintain the same level of concentration in the administration that was shown by all of Labor in the campaign; that relaxing concentration is fatal in this business, it's an important thing and it's complicated, you got to concentration all the time.

Q Mr. President, bearing in mind your comments on the budget, I was wondering if you had been listening to your own Minority Leader. He is against you on the budget. He is against you on MFN. He is against you on expansion of NATO on a fast track. And I wondered if you could explain maybe whether you think it's you or he who represents the hearts and minds of the Democratic Party, and whether maybe you think there is -- it's time for a new Minority Leader, or maybe you don't really want that Democratic majority you talked about at the beginning of the news conference.

PRESIDENT CLINTON: No, I think -- for one thing, I think -- you know, I disagree with him about the budget and MFN for China, and we've had some trade differences since I came here -- otherwise, he's supported me on just about everything. I would point out, however, that well over 60 percent of the Democratic Caucus in the House voted for the budget agreement and that 82 percent of the Democratic Caucus in the Senate voted for it. We had a higher percentage of Democrats than Republicans voting for it in the Senate, a higher percentage of Republicans than Democrats voting for it in the House, and a two to one majority overall.

So that's something -- the American people ought to feel comfortable -- we had an overwhelming bipartisan agreement. Individual people will have differences on individual issues. They'll see the world in different ways. But I think I did the right thing, and I think we're going to -- I think the country will be immensely benefited by it. And I think everybody that voted for it in retrospect will be happy and those who didn't

vote for it will be pleased that what they thought was wrong with it wasn't. That's what I think will happen.

PRIME MINISTER BLAIR: Okay, thank you very much indeed, ladies and gentlemen. And thank you in particular to President Clinton.

PRESIDENT CLINTON: Thank you.

END

3:55 P.M. (L)