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POTUS Statements on Fast Track

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WHITE HOUSE STAFFING MORANDUM

DATE: 8/21 ACTION/CONCURRENCE/COMMENT DUE BY: 8/21 12 noonSUBJECT: Radio address - Fast Track (2nd draft)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	McCURRY	☐	☒
BOWLES	☒	☐	McGINTY	☒	☐
McLARTY	☒	☐	NASH	☐	☐
PODESTA	☒	☐	RADD	☒	☐
MATHEWS	☒	☐	REED	☒	☐
RAINES	☒	☐	RUFF	☐	☐
BLUMENTHAL	☒	☐	SMITH	☐	☐
BERGER	☒	☐	SOSNIK	☒	☐
ECHAVESTE	☒	☐	SPERLING	☒	☐
EMANUEL	☒	☐	STREETT	☐	☐
GIBBONS	☐	☐	TARULLO	☒	☐
HILLEY	☒	☐	VERVEER	☐	☐
IBARRA	☒	☐	WALDMAN	☒	☐
KLAIN	☒	☐	YELLEN	☒	☐
LEWIS	☒	☐	BEGALA	☒	☐
LINDSEY	☐	☐	<u>Berman</u>	☒	☐
MARSHALL	☐	☐	<u>kerrick</u>	☒	☐
			<u>kyl</u>	☒	☐

REMARKS:

Comments to Dan Benjamin -- note that this

RESPONSE:

has been shortened substantially

**PRESIDENT WILLIAM JEFFERSON CLINTON
RADIO ADDRESS ON FAST TRACK
MARTHA'S VINEYARD, MA
AUGUST 23, 1997**

Good morning. Today I want to talk about the tools we need to keep our economy growing, help all our people to prosper, and advance America's leadership in the century ahead.

Our three-part economic strategy of cutting the deficit, investing in education and training, and opening markets abroad is working. The American people are enjoying the longest period of sustained economic growth in a generation -- with 12 million new jobs, unemployment below 5 percent and core inflation at a 30-year low. Once again, America is the world's number one exporter, the world's largest producer of semiconductors and the world's largest producer of automobiles. Our nation has been ranked the world's most competitive economy for the last five years in a row.

To move strong and prosperous into the 21st Century, America must continue our successful economic strategy. That's what our balanced budget, with its focus on education, will do.

And to keep America growing -- to keep America leading -- and to make sure that we continue to create high wage jobs, America must continue to expand exports. After all, 95% of the world's consumers live beyond our borders. Already, over the last four years, more than 25 percent of our economic growth has come from overseas trade. And exports support 11 million good, high-paying American jobs, including one in five manufacturing jobs.

To keep our economy growing, we must tear down foreign barriers to goods and services made by American businesses and American workers. That is why, next month, I will ask the Congress to renew Presidential authority to negotiate tough new trade agreements -- authority that every president from both parties has had since 1974. I will use these tools to negotiate trade agreements that will keep us competitive, boost our exports, create more jobs and raise our standard of living.

This "fast track" authority will give me the flexibility I need to forge strong agreements in sectors where our nation is most competitive -- such as agriculture, information technology, medical equipment and environmental technology. It will strengthen my ability to help our nation's farmers by tearing down barriers in the world agriculture market. It will help me ensure that as our companies and workers compete in the global economy, the contest is open, the playing field is level and the rules are fair and enforced.

As we move into the 21st century, the global economy is expected to grow three times as fast as our own. That growth will be especially strong in the world's emerging markets, where demand for American goods and services is already taking off. And if we don't seize these

opportunities, our competitors surely will. Already, since 1992, in Latin America and Asia, our competitors have negotiated 20 free trade agreements that do not include the United States.

We can go forward and expand our trade, but we must also make sure that all our people share the fruits of increased commerce and prosperity. I will continue to promote worker rights and to make sure that economic growth helps protect the environment. And I will keep working to strengthen retraining and educational opportunities for our workers. We must pull together, not apart -- and we must give our citizens the ability to compete and win in the global economy.

For more than two decades, on a bipartisan basis, Congress has consistently supported initiatives to open markets and create jobs -- including the President's authority to break down trade barriers around the world. Our workers and businesses are the best in the world -- but they can't compete in the slow lane. I look forward to working closely with Congress to keep American prosperity on the fast track.

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LEVEL 1 - 7 OF 7 DOCUMENTS

Public Papers of the Presidents

February 26, 1997

CITE: 33 Weekly Comp. Pres. Doc. 257

LENGTH: 4389 words

HEADLINE: Remarks to the Business Council

BODY:

Thank you, and good morning. Thank you, Larry. Thank you, Mr. Vice President. I want to thank the other officers and all of you who are here today for inviting me to come by. There are a lot of members of my administration here. I know Secretary Rubin spoke earlier, and Chief of Staff Erskine Bowles is here; Gene Sperling, the Director of the National Economic Council; and Maria Echaveste, who is my new Assistant for Public Liaison and Alexis Herman's successor -- some of you may not know her. Maria, where are you? Stand up there. I wanted you to know because she'll be relating to you. I want to thank you for the support that so many of you have given to Alexis Herman in the job that she held and in the job that I'm confident she will hold as the Secretary of Labor.

Over the last 4 years, I have worked with many of you in this group to grapple with a lot of great issues facing our Nation from reducing the deficit to expanding trade, to investing in new opportunities for a new century. The Vice President talked about the record that our people together have amassed in the last 4 years, and it is an impressive one and one we can all be proud of.

I understand you had a panel earlier this morning speculating on what has now become the conversation that we all have, which is, can it be possible that we have repealed the business cycle? Or if it hasn't been repealed, has at least it been shaved a little? And I think there is some argument for that if you look at the better inventory control, the changing nature of the economy, the more service jobs, the nature of global competition and technology, and the greater sophistication at the Fed. I mean, there are a lot of reasons for it, but I think there are some indications that we have had some real ability to manage this. But I think the most important thing to remember is that the underlying fundamentals has been good because of the productivity of the American people and our willingness to compete. And I think that if we want this to continue, which is the real question, we have to continue to do the things that will make it likely that success will prevail for another 4 years and into the next century.

It is relatively rare for a country to have both peace and prosperity and the opportunity to shape its own destiny at a time when there are so many fundamental changes in the way we work and live and relate to each other and the rest of the world. You go back to the history of the country; that is a relatively rare opportunity. And when it comes along, it's easy to miss because when things are going generally quite well, people are either complacent or they tend to -- one of the unfortunate aspects of human nature -- they tend to either be complacent or to be all heated up over small things, not big things, to fall out over petty divisions, not larger ones.

And so I think it is quite important that the business leadership of our Nation keep our country focused on the big questions: What will it take to

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ensure the long-term prosperity of America? What will it take to assure that America continues to be the world's leading force for peace and freedom and security in the new world of the 21st century? What will it take to guarantee a whole new generation of Americans, not a certainty but at least a fair opportunity, to be a part of this enormous, new, exciting age? What kinds of things do we have to do?

It seems to me clear that we have to finish the job of balancing the budget, to keep the interest rates down and the investment up, and to keep the economy growing. And it seems clear that we have to do a lot more than we have done to dramatically improve education at every level.

I'd like to talk about those two things and then mention one or two others today. I realize that whenever I talk about the skill levels of the work force of this group, I am preaching to the saved, but I think it is worth pointing out that between 1992 and 2000, 89 percent of the new jobs created in this economy will require post-high school levels of literacy and math skills. And virtually 100 percent of those jobs will pay what is now an above average wage. But only half the people entering the work force are even nominally prepared for these jobs. Our education system is still turning out millions of young people who simply are not equipped for the new world of work.

We know that we lag behind the rest of the world in math and science and that this poses a severe and growing competitive disadvantage for our country. We know that our young people have to do a better job of learning basic things and of developing the capacity to learn for a lifetime. That's why in the State of the Union Address I challenged our Nation to establish national standards in every school, in every community, in every classroom in the country, and to be willing to measure whether every child has met those standards in learning, beginning at the beginning with a test of every fourth grader in reading and a test of every eighth grader in math by 1999.

Now, this may seem strange; for all of us who have had children come up through schools, we know that there are a lot of standardized tests out there. But what many people don't understand is that there are not tests to national standards. That's very different from a standardized test. If you have the right -- if you have standards that every child should know in a subject and every child is tested, then that's a test everybody could pass. There's no curve grading. You either know what you're supposed to know or you don't. And how you rank in an average is utterly irrelevant unless you know what you are supposed to know.

And it is appalling that we have hidden behind a good idea, local control of our schools, to advance a very bad proposition that algebra is somehow different in Alaska than it is in south Florida, that geography is different in the northern part of Maine than it is in San Diego. This is not true. And no other country which seeks to do well in the modern economy would permit its children to keep coming up through an educational system that could not tell you whether our children know what they are supposed to know.

This is especially important now that so many of our young people come from other countries. Just across the river here in Fairfax County, there is one of the four school districts in America where the school children's native tongues number more than 100. And if -- there are 40 percent of our kids in the third grade today who cannot read a book on their own. And we will never change this

until we, first of all, say what the standards are and then, second, find a way to measure everyone.

Now, today, we've made some progress in this in the last 10 or 12 years. And some of you have helped me to work on it when I was a Governor. Today, through the National Assessment of Education Progress, for example, we can measure how States are doing or how school districts are doing, but still no parent can learn if a son or a daughter is actually meeting tough national standards. Our goal should be not to drive these children down but to lift them up.

Today the Department of Education is releasing the annual assessment of math performance through the National Assessment of Education Progress. It is based on a sample in the States that participate, and most States do participate now. Across the country and in almost every State, our math performance has improved in the 4th, 8th, and 12th grades. Secretary Riley will release the full results today. The scores are getting better, but they also show you why every child should be tested based on these standards, for about 30 to 35 percent of the children tested still have not mastered basic math skills, those which must be known in order to continue to learn for a lifetime.

So what I'd like to do is to just remind you of how you couldn't function if you couldn't measure and how things that you take for granted in the day-to-day operations of your business have literally been avoided in education under the guise of preserving local control. This has nothing to do with local control. Dick Riley, since he's been the Secretary of Education, has done more in 4 years, I believe, than any of his predecessors to try to relax unnecessary Federal rules and regulations that hamstringing how local school districts spend Federal money. This is not what this is about. This is about whether you really believe if a child reads "The Little Engine That Could," it's the same in New Orleans as it is in Minneapolis. No election to a school board or no State legislative action can change the fundamental elements on a chemistry table. And yet, we have never been willing to subject ourselves to this sort of rigorous examination in an appropriate way.

We should begin at the beginning with fourth grade reading test and the eighth grade math test and then build it up. I think it is highly unlikely that we can do this unless we have strong support from the business community. I know that the Business Roundtable last month endorsed the concept of tests. I am grateful for that. I am profoundly grateful for it. But what I want you to understand is, we're going to go and make sure that they're developed. These tests -- the standards-based tests that are out there now, which are basically the Third International Math and Science Survey and the National Assessment of Education Progress, are very good. We just have to find a way to either take them or a variant of them and then fix it so all the -- so a State could get them and give them to school districts and all the students could take them and they could be properly scored.

But what I need you to know is that we still need your support. Right now there's a lot of enthusiasm for this. The Vice President and First Lady and I, we're going to go make a lot of State legislative trips. We're going to try to advocate this around the country. But we still do not have the power to require States to do this. This must be a voluntary thing. But the business community can create the conditions in which every State will have to embrace this challenge and no one can run away.

And again I say, we have to create the mentality that failing is not bad. What is bad is hiding the truth. What is bad is not taking the available tools to find out what the truth is. Because we know that way over 90 percent of the kids in this country can learn what they need to know, but you have to start with where you are. And we know that if we have high expectations and then we measure them, we will eventually see people rise to them.

So I thank you for the endorsement, but you've got to stay with us, and you've got to help us. And when we need business leadership to help convince this State or that State or the other State to do this, we've got to have you there, because it won't work unless all 50 States do it and everybody recognizes that this has nothing to do with local control and everything to do with international competitiveness and giving our children -- every single one of them -- a chance to live the life that they ought to have the chance to live. And we need you very much.

Let me also say, with regard to the balanced budget -- we don't have to have a long conversation about this today, but it now seems clear that the balanced budget amendment will not pass. I think that is a good thing, for the reasons that I have said elsewhere. But I think it must also be clear to the American people that we must make sure that a balanced budget does pass, passes this year, and passes as soon as we can reasonably pass it. We have to now go beyond the constitutional debate to get to the specifics. I am convinced that if we pass a balanced budget plan this year, it will moderate interest rates, spur more investment, and keep growth going. I believe that.

All the indicators we see that have been shown to me by Frank Raines and the Office of Management and Budget, supported by Secretary Rubin, indicate that if we can pass a balanced budget this year, dealing with the fundamentals that we're talking about -- trying to better manage the Medicare program, the Medicaid program, looking at the longterm health of all the other programs -- that we could keep it more or less in balance for two decades, based on what we now know. Obviously, there will be differences from year to year, depending on the performance of the economy. But you can look at the fundamentals and the demographics of things over two decades and pretty well know where you are. So it is very important that we do this.

Now, I believe that we've shown, this administration, that we care about this and that we're willing to work with the Congress. Before I took office the administration's budget projections had usually been an illusion to avoid the difficult decisions that administrations didn't want to make so that Congress would have to make them. Of course very often Congress didn't make them, either, and each side took what the other wanted. So if one wanted tax cuts and the other wanted spending programs and, oh, by the way, they wanted to control spending, the tax cuts and the spending programs took preference over the controlling of the spending, and we wound up with a \$ 290 billion a year deficit and a quadruple Federal debt in 12 years. Last year the deficit was \$ 107 billion, proportionately the smallest of any major economy in the world, 63 percent lower than it had been in 1992.

So this is working. We have been working together first with the Democratic Congress, then with the Republican Congress, always driving it down. What has made it possible are conservative, realistic budget projections that every year have been more conservative for the deficit than what actually occurred. In other words, the deficit was even lower than we projected it to be in every

year with our economic assessments.

And sometimes when you read in the press, there's a difference between the Congressional Budget Office and the Office of Management and Budget and it looks big in one year, the truth is that we have narrowed these differences dramatically now. They're not breathtaking differences, and it's enabled us to get together and work together to have budgets that make sense.

The other thing I think is important is, you hear a lot of criticism saying, "Well, whenever they have one of these plans, all the savings are in the out years." That's not quite true. But if you look at the way Medicare or Medicaid works, particularly in the Medicare program, if you look at the way some of these other programs work, the savings, by definition, compound themselves in a way that will always make the savings look bigger in the out years. The trick is to pass a plan that legally locks in tomorrow's savings today and that places strict limits on the amounts of money Congress can spend each year. If you do that, then the framework will be created which will permit us to get to balance in 2002. And it will have great credibility in the market.

I know that's true because of things we've tried to do with entitlements, including placing a cap, a per capita cap on Medicaid, and extending the life of the Medicare Trust Fund for a decade by having very rigorous spending controls that will facilitate the movement to managed care, have elicited so much criticism. And I know that, therefore, they're likely to work. I mean, it's just -- it's not easy to do this. You all face these kind of decisions all the time.

But I do want to say, you will see a lot of our differences aired publicly -- the executive, the Congress, the parties within the Congress. But this budget is well within reach. This is well within reach. And it's well within reach in a way that also would permit us to create a bipartisan process to deal with the long-term challenges of the entitlements in Medicare and Social Security as well.

So you should feel positive about that. But my advice would be here and my appeal to you is to tell every one of us, every time you get a chance to say it, that you cannot celebrate Thanksgiving this year without a balanced budget. Get the job done this year. We need it done this year. If you don't, it will have a destructive impact on the markets. If you do, it will have a positive one.

But you should know, when you hear all the debates, it is in the nature of the things for the differences to be amplified. The fact is that we are well within range of being able to get this done if we'll all just hunker down and kind of turn down the rhetoric and treat each other with good faith. We can get this job done in a way that I think is very good for the economy.

Let me just mention two other things I'd like to ask for your help on. The first is to help in getting a budget out and in supporting a policy in both parties that fulfills our responsibilities in the world today as the world's indispensable nation.

We had a bipartisan foreign policy during most of the cold war because we knew our neck was on the line and politics stopped at the water's edge. Now it is more difficult to build a bipartisan foreign policy because the elements of it are more diverse. For example, economic policy and trade has a lot more to do with it than previously, or at least we're aware that it does -- I think it

was always a big part of our foreign policy -- and because no one perceives that our neck is on the line. But the truth is that the whole world is looking to see whether America will fulfill its responsibilities to lead in an increasingly interdependent world, not only economically interdependent but environmentally interdependent and politically interdependent.

Increasingly, the security threats we face are those that cross borders, like terrorism and narcotrafficking. And this is a very complex time. We are in the process of building new structures, new understandings, new ways of working together. And it is important that America lead. That begins with trade.

We had great victories in 1993 with NAFTA and with the GATT, and in the last 4 years we've had 200 separate trade agreements. We had a great victory the other day for the cause of global trade and for the American economy. When Ambassador Barshefsky concluded the telecommunications agreement, it was a great thing. But we have been now 2 years without fast-track authority for the President.

Latin America is looking at us. President Frei in Chile -- they just had -- three Asian heads of government paid visits to Chile in the last 3 or 4 months. And the whole world in Latin America is looking to see what we're going to do. The same thing in Asia. So we really need to pass the fast-track authority. We need to do it this year, and we need to do it as soon as possible. And I hope that all of you will help us do this.

I think most Members of Congress understand -- let me just give you two examples -- how China defines its greatness over the next 20 years will shape the next 50 years of life in America and the world. I think most Members of Congress understand that how we work through this business of trying to create a united, democratic Europe and a relationship between NATO and Russia, that that will have a lot to do with the way we live in the next 50 years.

But we must understand that our neighbors to the south of us are still our greatest opportunity for the future. All but one of them are democracies. They are committed to free market economics. Other people around the world are looking to them, and we cannot pass up the chance to build closer trade ties with them. This will benefit America and will help us to deal, as I said, not just with economic matters but with political matters, with environmental matters, with a whole host of other issues. So I implore you to do what you can to help us get this done this year.

Beyond that, we have to pass a balanced budget plan that still has a diplomatic budget for the United States. We have continued to lower our spending on diplomacy dramatically, in a way that I think has been very counterproductive for our interests. Our request is simply to give us one penny of every Federal dollar to promote peace, to fight problems like drug trafficking and terrorism, nuclear proliferation, and to meet our obligations to the international community through the World Bank, the IMF, the other international financial institutions.

My budget does reverse a downward spiral in foreign affairs spending that's been going on a long time. But you know, our Embassies around the world are working around the clock. We've had to close a lot of our consulates. We've had to weaken the efforts that we were making to help American firms win contracts and protect intellectual property rights and fight unfair business practices.

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We live in an interdependent world. We cannot afford to say that we just simply will see the United States Government quit the field. And I feel very strongly about this. I know that many of you do. But I ask you to help us do that. It's not a big deal in the budget, but it's a part that always, always gets cut, and it's not in our interest to cut it.

The last thing I would like to do is to ask you, as I have before, to help us finish the job of welfare reform. Over the last 4 years, with 11 1/2 million new jobs in the economy, about 2 1/4 million people moved off welfare. That's the largest reduction in the welfare rolls in history. There are now 4.6 percent of the population, about 10 million people, on public assistance. That is below the historic average since 1972. From 1972 to 1990, the historic average was 4.8 percent of the population on public assistance. In 1994, we got up to 5.4 percent. So in a booming economy, we got down to 4.6 percent, and of that, 2.25 million people who have moved off welfare, approximately a million of them moved into jobs. Depending on whose study you read, the average welfare family has between 2.3 and 2.8 people. There are very few families where there's a single mother with a zillion kids. It's mostly one child or two children in the families.

Now, in the new law, the new law says that the States can let people who are able-bodied stay on welfare for 5 years and no longer; that they're not supposed to stay on welfare more than 2 years at a pop without being in the work force; that the States can establish sort of a contingency fund of about 20 percent to take care of people who are not physically or mentally able to work or who live in areas of very high unemployment.

It is obvious to me that if you look at all the studies -- and the Council of Economic Advisers gave me a report on this, by the way, estimating that of the 2 1/4 million people that moved off the welfare rolls, about half of them moved off because of the good economy, about 30 percent of them moved off because 43 States were making extra efforts to move people from welfare to work, and about 20 percent of them moved off for -- we don't know why -- maybe because there was a 50 percent increase in child support payments, collections. And that will always lift some people off welfare. Maybe there are other reasons.

But the point I'm trying to make is that to meet the requirements of this new law, which is graduated in the standards that it applies to these time tables I just mentioned, we have to move another million people into the work force from the welfare rolls in the next 4 years. And there is a law that requires it, so we have to do it whether or not the private economy produces 11 1/2 million jobs.

Now, five companies, including members of this organization, Monsanto, Sprint -- who else? -- Federal Express, United Airlines, and Burger King, I think, agreed to head up a national coalition to get other companies to hire people from welfare to work. If you look at what's been done in Kansas City, you see that every State has the option to offer companies the welfare check as a cash subsidy for people who will pay well above the minimum wage as an employment and training subsidy. We're trying to get more small businesses into this. We are also trying to pass through Congress a 50 percent tax credit for salaries of up to \$ 10,000 a year, tied much more tightly than any of these jobs tax credits have in the past to just people who move from public assistance -- that is, from welfare to work, or single men who can't get welfare who move from food stamps to work.

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There are a lot of things which can be done which lower the marginal cost to companies of hiring new people. But in the end this must be assumed as a mission by business people. You know, we've all complained for years that the welfare system leaves people on it that are permanently dependent, and they get used to receiving a check and don't go to work. Well, the truth is, that was never true for half the people. For half the people, the welfare system worked just fine. They got in a tough spot; they needed a little help; they got the help; and they got off welfare; and they went on with their lives. But it is true that about half the people were more or less permanently dependent on it. Those are the ones that will be harder to place. So we've got to get another million people, and they're going to be harder to place. And we have got to have your help.

So that's the last thing I will say. I want you to help us balance the budget. I want you to support the education standards movement, not just in the Congress but asking the States that you operate in to embrace these tests, not letting anybody run away. I want you to help us continue to lead the world with fast-track and a decent diplomatic budget. And I want every one of you to ask yourselves personally, what can we do in our company to end the cycle of welfare dependency? If we do this we will have done a thing of historic significance for the American people, because it will end the culture of poverty. There will always be people who are out of work, but no one will be looked at as a permanent dependent of the State if they're able-bodied, if you do your part and we do ours.

Thank you very much.

NOTE: The President spoke at 10:32 a.m. in the ballroom at the Park Hyatt Hotel. In his remarks, he referred to Larry Bossidy, the Business Council chairman.

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February 26, 1997

CITE: 33 Weekly Comp. Pres. Doc. 249

LENGTH: 3916 words

HEADLINE: The President's News Conference With President Frei

BODY:

President Clinton. Good afternoon. Please be seated. First, let me say it's been a great pleasure to welcome President Frei to the White House. We meet in an historic moment for our hemisphere, when the foundation of democracy and free markets is firmly in place. Now we must lead in building on that foundation to forge a future of peace and prosperity.

Chile is the window through which we see the Americas of tomorrow, a multiparty democracy, a firm commitment to human rights, proven economic reform. President Frei is working hard to make sure that all Chileans benefit from Chile's economic growth, lifting people from poverty and raising their aspirations. Chile is also an active global citizen, promoting peace from El Salvador to Iraq, sending civilian police to Bosnia, ratifying the Chemical Weapons Convention.

At the crossroads of trade among the world's most dynamic economies, Chile can be a cornerstone of the vibrant free trade area we are working to build in our hemisphere. Together, the United States and Chile are showing the promise of partnership in the Americas. Today President Frei and I reaffirmed our commitment to build on that partnership at the Summit of the Americas that Chile will host in March of 1998.

At the summit in Miami in 1994, we charted a roadmap for collective action. Now we must set further milestones for progress that will benefit our people, deepening democracy, advancing trade, expanding opportunity, fighting drugs, and protecting the environment. I look forward to attending the Santiago summit and to working closely with President Frei to build on Miami's success.

We also discussed the importance of open trade, both in boosting prosperity and in bolstering freedom and democracy. I repeated to the President what I told the Congress: I believe we must have fast-track authority to conclude new trade agreements that open markets to America's products and that advance our values. The United States simply cannot afford to sit on the sidelines while others share in the fruits of Latin America's remarkable growth.

Chile's strong record of reform, good government, and sound fiscal policies make it an excellent candidate for the first use of such authority. Our administration remains committed to concluding a comprehensive free trade agreement with Chile. In that regard, I'm pleased to announce that I've asked the Secretary of Agriculture, Dan Glickman, to travel to Chile to inaugurate a new consultative process to promote our agricultural trade. Our countries have also agreed to launch negotiations on an open skies agreement.

And finally, I want to mention something near to my heart, our Fulbright exchange program, the oldest in Latin America. Today Chile's decision to share

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this program's cost will help our people to build even stronger ties as we enter the 21st century.

Over the next several months, as I visit Latin America and the Caribbean, I'll continue to advance the important agenda we focused on today, consolidating the historic journey of the Americas toward democracy, open markets, mutual respect and cooperation. We are weaving a fabric of an integrated hemisphere, a community where people live, work, and learn together as friends on behalf of peace and progress.

Before I ask President Frei to speak, I'd like to say just a few words, if I might, to the American people and the American press about our continued determination and our ongoing efforts to get to the bottom of the question of Gulf war illnesses. This week, as a result of the ongoing review we instituted several months ago, new documents have come to light further suggesting that our troops could have been exposed to chemical agents during the Gulf war. As soon as we get any new information, we share it with our veterans and the American people, and we will act appropriately on any information we uncover.

I want to caution everyone that it is important not to prejudge the actions of the developments that occurred in the previous administration. We simply have to get to the bottom of it. Today I've written to Dr. Joyce Lashof, the Chair of our action committee on Gulf war illnesses, and asked the PAC to focus on the documents that have come to life this week. It is essential that we get all the help we can from the PAC in understanding the full significance of the documents and any other new information that might come to light. We cannot stop until we get all the answers about Gulf war illnesses.

And now I'd like to ask President Frei to make an opening statement. And we'll take your questions.

Mr. President.

President Frei. Thank you, Mr. President. I would like in the first place to reiterate our thanks for this invitation. Chile is a country that in the recent years has consolidated its democracy. It has had sustained growth in the last 14 years, with average development and growth rates of 7 percent a year. And that has strengthened and consolidated our economy.

We have given a front battle against poverty, bringing down to half the level of poverty we had during the eighties. And at the same time, we've done it within the framework of a tremendous opening to foreign trade -- international trade. Chile has today economic complementation agreements with more than 30 countries. We are members of Mercosur starting October of last year. We are members of APEC, as the only South American country. And we are negotiating an agreement with the European Union.

For all these reasons, at this working meeting we have discussed all the items -- hemispheric ideas, the Summit of the Americas to be held in March of '98 in Chile, what are the main items and subjects and what we will focus on during the year: consolidation of democracy, free trade, struggle against poverty, and also very preeminent subjects that we have agreed to include in that Summit of the Americas, and that is education, science, technology, and training as the essential and foremost tool to leave under development.

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We have talked also about our participation in the United Nations and in all those issues of world peace. We have representatives of our armed forces in Iraq, and we will take part with members of our police forces in Bosnia. And we are very active seeking in Latin America the peaceful settlement of disputes. And this has been proven by our participation in several conflicts we've had in Latin America and very recently in those difficulties between Peru and Ecuador, whereby we have actively participated to consolidate peace in the region.

Also, we have reviewed our bilateral relation. In the last years of my government, the increase of bilateral trade between Chile and the U.S. has had an explosive increase; it has increased more than 50 percent in the last 2 or 3 years. Only in 1996 we've had investments of American firms equivalent to all of the American investment we had in Chile in the previous 15 years. And so with an exchange of more than \$ 6.2 billion -- of course, there are sensitive issues, especially in agricultural sectors. And we have expressed our way of thinking and our ideas as to trade, the points of interest to Chile, to the United States. And as the President has stated, our Secretaries of Agriculture will meet so as to jointly look for a solution to these problems that we believe always can emerge in such a vast, broad, and diversified trade relation as the one we have.

Also, we have spoken of politics. We are interested in the 1998 summit to speak of politics as we did in the Iberia-American summit of Santiago. Usually we used to discuss environment, free trade, and education. This time we raised the subject of democratic governance, good government, how to make our democracies effective in Latin America, how to solve the very specific and concrete problems of the people.

And that item, that subject, we want to include it in the summit of next year. We know that democracy has to be built every single day with great effort and sacrifice, and that is why this conversation has been very open, candid. We are a small country. We are no power neither as to population nor are we an economic power. But with certain dignity we do have the capability of raising before the United States a very wealthy bilateral relation of great development and to work together in the hemisphere and in global policies.

I believe that Chile, and this I say here solemnly, Chile is no example, nor model. What we've done is to build an experience based on our history. And of course, drawing upon the lessons and work of many, many generations, we have been able to consolidate this development model, this development process. And we have a historic opportunity. Never before has the country been in a position to view upon the future in a different manner.

If we act in this way, I think that in the next years we can leave underdevelopment behind. That is what we want in Chile. That is what we want to build. And we feel partners with the United States in this major endeavor, that as a Latin American country I will be able to leave behind poverty, margination, and build a better future for our children. That is our task, the major project.

And I feel today that, upon arrival to the United States, being received by the President and highest authorities, and when speaking to more before the Joint Session of Congress -- first time a Chilean President will have this honor -- it's not an honor for the President, it's an honor to the country, for what we've been, for what we are, and what we are building.

Thank you, Mr. President.

1996 Campaign Financing

Q. Sir, the documents yesterday show you raised a great deal of money from people you entertained at the White House. Did you pay for their food and such? And can you really say the White House was not used as a fundraising tool?

President Clinton. Absolutely. Look at the list of the people. We put it out there. A vast majority, I think almost seven-eighths of them, were people that I had relationships with that were independent of my campaign for President in '92. But some people did come and stay with me who helped me, and I think that's entirely appropriate. I don't think people who support you and help you through tough times and who believe in what you're doing should be disqualified from being the President's guests at the White House. But any Presidential guest at the White House, whether they're family members or dignitaries or whatever, their costs are not borne by the taxpayers.

Mr. President, would you like to call on someone?

Free Trade and Fast-Track Authority

Q. A question for President Clinton. In Chile, your political will with regard to Chile's accession to NAFTA is well-known. However, at this point, with all the time that's gone by, we're asking for more concrete steps. Among those steps you are about to take, are you going to ask for fast-track authority from Congress?

President Clinton. Yes. I am going to ask for fast-track authority from Congress. In my State of the Union Address I said that I would. And I want to reiterate today that I believe the first use of that authority should be to conclude a comprehensive trade agreement with Chile. And I would hope that the Congress would support that endeavor.

I believe the President's speech to the Congress tomorrow will be very helpful in that regard. And I'm delighted that he came here. I'm delighted that this is my first state visit since I was reelected President. And I wish it had been done before, but it was simply not possible to pass through Congress. I do believe we'll get the fast-track authority, and I believe we'll conclude an agreement. But we have a lot of work to do. And as I said, the fact that the President is going to speak to Congress tomorrow to a Joint Session is a historic thing not only for Chile, but it's very important for the United States and for the future of this whole region.

Terry [Terence Hunt, Associated Press].

1996 Campaign Financing

Q. Mr. President, in the documents that were released yesterday, two high-ranking White House officials, Harold Ickes and Evelyn Lieberman, refer to DNC coffees at the White House as "fundraisers." That of course would be illegal. How do you explain their choice of words, and do you think that any of the fundraising activities came close to skirting the line, going across the line into illegality?

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President Clinton. No. We got strict advice about -- legal advice about what the rules were, and everyone involved knew what the rules were. Did we hope that the people that came there would support me, particularly after we got into a political season, when we were doing this? Of course, we did. But there was no solicitation during the events. And the guidelines, which I believe were made available to you also yesterday in the documents, made it clear that there was to be no price tag on the events. Did the people hope that the folks that came to the events would subsequently support me? Yes, they did. And I think that was clear to everyone involved at the time. But there was no solicitation at the White House, and the guidelines made clear that there was to be no price tag on the events.

Q. But the language in those memos?

President Clinton. I think my own view is -- and I haven't talked to the people, but that's how much they hoped would come out of their endeavors after the coffees were over. And I think, if you will ask them, you'll find that sometimes they did, and sometimes they didn't.

Chile and NAFTA

Q. President Clinton, Chile is a country with a small economy and a small population. Why do you think it deserves to be part of NAFTA?

President Clinton. I think that Chile deserves to be part of NAFTA because it is the most successful democratic free market economy in Latin America, with high rates of growth, a deeply entrenched democracy, having overcome very well-documented, extreme difficulties in building that democracy over the last few decades. And really I think Chile is looked to as a leader in our hemisphere on political and economic matters. And I can't imagine how we could have a set of free trade agreements with our neighbors in Latin America that Chile was not a part of.

And what I'm hoping is that others in our hemisphere who have now embraced democracy will see what Chile has done economically, not simply in having high rates of growth but also in reducing poverty, spreading the benefits of economic growth to more people.

The commitments that the President has articulated in education, for example, that the First Lady saw so clearly when she was down there 2 years ago -- I'm hoping that that will spread across our hemisphere and that when we come to Santiago next year there will be a deep feeling among all the other nations there represented that we should press on to create a free trade area of the Americas and that it should help more countries to bring the benefits to their people that the Chilean people are beginning to realize.

So the symbolic significance of Chile is far beyond the size of the economy, although I wouldn't minimize the size of the economy and its potential for growth.

Claire [Claire Shipman, CNN]?

1996 Campaign Financing

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Q. Mr. President, given all the public attention at this point on the fundraising issue, and the calls now from Capitol Hill from Democrats and Republicans for an independent counsel, don't you think it might make sense at this point to have an independent counsel to take some of the pressure off?

President Clinton. Well, I think what I always think about that. There is a statute, and that is a decision for the Attorney General to make. It should not be a political decision. It's a legal decision; the Attorney General has to make it.

Q. Would you be opposed to an independent counsel?

President Clinton. I'm not going to comment. I never have. It is a decision that should be made strictly on the law, based -- by the Attorney General, not based on any politics. But the evidence that we made clear yesterday -- I think is -- I've answered the questions about that, and I don't think there is a legal issue there.

Trade and Domestic Politics in Chile

Q. President Frei, have you been told by President Clinton the strategy he will use in the months ahead to propose fast track on Congress? And also, a domestic question -- have you decided -- are you close to a decision to who will be president of the Christian Democrats in Chile?

President Clinton. I'm glad you asked him a domestic question. Thank you.
[Laughter]

President Frei. What we think as to free trade is to show exactly what our experience has been, more than taking part as to -- or referring to the decisions that the U.S. Government or Congress have to make. We are interested; of course, we are. Why? Because as I said before, we have economic complementation agreements with more than 30 countries. Our foreign trade is highly diversified in Asia, Europe, and America. Our trade with Latin America is very similar to the one we have with the United States. That is why we have aggressively sought these agreements, allowing a small nation to consolidate those markets. Today if we had foreign trade -- I mean, imports, exports, and related services -- they account for practically 55 percent of our GDP. And so today at least 6 or 7 out of 10 jobs in Chile depend on international trade.

And that is why we believe that this has been beneficial for the country. And also, Chilean firms have gone abroad and invested more than \$ 15 billion in the southern cone of America -- unprecedented fact -- practically 20 percent of our GDP. And this has meant the creation of an area not only of free trade but of integration. We are working in physical integration, energy integration, and we are contributing to improve our quality of life in the continent and particularly in our country.

That is why we've grown in recent years at rates -- permanent rates about 6 or 7 percent, I would say. The last 14 years, we have a savings and investment rate that reaches unprecedented figures. Last year we had a saving investment rate of 28 percent, 28.5 of our GDP. And domestic savings, there the state contributes with 5 percent to domestic savings. And for 5 years we've had fiscal surplus.

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Our accounts are in order, and thus we are firmly convinced that free trade not only is a pillar and foundation for Chile's development but an essential condition to consolidate our political, social, and economic project. And that is why, of course, we are interested, and we are certainly interested in the agreement with the United States. We signed with Canada in November an agreement following the guidelines of NAFTA, and that includes labor and environmental clauses that we are also ready and willing to accept.

So this is our vision of the country, how is our country going to be in the 21st century, and we are working toward that. And that is why we expect and the U.S. Government and Congress to define this, which is a road for Chile, of course, but it is also a road to be followed by the Americas.

And as to the Christian Democrat Party in Chile, the President of the Republic is President of all Chileans and does not take part in active politics. There in Chile, I am head of state and head of government, and the decisions of the parties are independent decisions. And the Christian Democratic Party, of which I've been a member for more than 35 years, elects its authorities democratically, universal suffrage process which is underway, and at the end of March they will hold that election. All the members will vote, and they will democratically elect their authorities.

Consumer Price Index

Q. Mr. President, are you ready to endorse Senator Lott's call for a commission of economists to once and for all settle this issue of whether the CPI overstates inflation?

The President. Let me say, first of all, I support a cost of living increase that is appropriate. I think it's important that it be accurate. There have been questions raised and opinions offered about that. And I think it's important that we agree to a procedure that will have credibility not only among both parties and their leaders in Congress but even more importantly out there among the American people.

This is not a question for the budget; this is a question about the long-term viability of our systems and whether the CPI is an accurate reflection of how much the cost of living of Americans goes up every year.

I appreciate Senator Lott's suggestion and I have -- it is one of the things that I have considered, and I think we'll have some sort of an announcement on that in the not too distant future. But I think it's important for me to make sure that whatever we do has not only the confidence of Senator Lott, Senator Daschle, Speaker Gingrich, and Leader Gephardt and the members of their caucuses but also of the people out there in the country that will be living with whatever decision is made on this.

So I think he made a good, constructive suggestion. I think we ought to take that under advisement. And we need to see what other options there are out there, and then we need to go forward, and I expect to do that.

Free Trade and Fast-Track Authority

Q. President Clinton, since the Miami summit, not much progress has been done with regard to the free trade areas of the Americas. Do you think that the

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various regional processes in Latin America have been making much more headway, and do you think that the next summit is going to concentrate more on that than the FTAA?

President Clinton. Well, I think the answer to your question is it depends in large measure on what we do here. Since the United States did not renew fast-track authority, there was not much more we could do. But a lot of progress has been made within South America, for example. Chile reached an agreement with the Mercosur countries, and a lot of other things have been going on there. And then we've been working on some specific issues with a lot of nations in our hemisphere.

But I believe that our ability to get a free trade area of the Americas -- Chile also, I think, made separate agreements with both Canada and Mexico. So our ability to get a free trade area of the Americas and to build what I think is potentially the most powerful economic unit in the early part of the next century, now rests with the willingness of Congress to approve the fast-track authority and our ability to get back on track and try to be a constructive, cooperative part of this process. And I intend to do whatever I can to achieve that.

And as I said, I'm delighted that the President is going to address Congress tomorrow. There's an enormous amount of admiration for Chile in the United States Congress, across party lines, for all kinds of reasons. And I think his words will be heard, and I think they will be exceedingly helpful.

Thank you very much.

NOTE: The President's 136th news conference began at 1:16 p.m. in Room 450 of the Old Executive Office Building. President Frei spoke in Spanish, and his remarks were translated by an interpreter. In his remarks, he referred to a PAC, an acronym for Presidential advisory committee. In this case the President's Advisory Committee on Gulf War Veterans' Illnesses.

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HEADLINE: The President's News Conference With Prime Minister Chretien

BODY:

The President. Good afternoon. Let me say again that it is a very great pleasure for me to welcome Prime Minister Chretien to the White House. It's an especially important day in his life, because this is the 34th anniversary of Jean Chretien's first election to the Canadian Parliament. In the years since, he has held virtually every high office in the Canadian Government. He has traveled to Washington on countless missions. But this is his first official visit as Prime Minister, and I'm delighted that he's here.

It's fair to say that there has never been a relationship between two nations like the one that exists today between the United States and Canada. We have the most comprehensive ties of any two nations on Earth. Every day, our governments work together to improve the lives of our people in ways no one could have imagined just a few years ago.

We trade goods and services on an unprecedented scale and share ties of friendship that are unique. We've worked hard today and made progress on important issues. We discussed our common efforts to create an open and more competitive trading system throughout our hemisphere. The benefits of this effort will be tremendous.

Since NAFTA took effect, trade between our nations has grown by more than 40 percent, a remarkable achievement for what was already the world's preeminent trade partnership. United States exports to Canada have grown over \$ 133 million and now support more than 1 1/2 million jobs in our Nation. As partners in the Summit of the Americas process, our efforts to expand trade in our hemisphere not only increase prosperity, they also reinforce democratic values, which have made such extraordinary progress in the Americas in our time.

Today we've made concrete progress on key issues involving our two nations. We've agreed on new measures to crack down on criminals who use cross-border fraudulent telemarketing schemes to prey on the elderly and others. We're stepping up our cooperation to stop those who would abduct children and transport them across our borders. We agreed to modernize our border crossing so that by the year 2000, 22 pairs of towns will be equipped with remote video systems and new technologies to give them 24-hour service. And residents won't have to drive hours out of their way to the next border crossing. We're streamlining import and export processing, cutting freight costs, reducing truck backups.

We're working together to protect, clean, and manage the natural heritage we share. Twenty-five years ago, our nations signed the Great Lakes Water Quality Agreement, which has helped to revive the ecosystem of the Great Lakes Basin. Yesterday, Minister Marchi and EPA Administrator Browner signed an agreement to work for the virtual elimination of toxic pollutants in the Great Lakes. This

unprecedented environmental effort will involve the public and private sectors at all levels. There are some other areas, like Pacific Salmon Fisheries, where further progress is needed. But we're working on it.

Beyond our borders, we discussed the preparations for the July NATO summit in Madrid, where the Atlantic Alliance will take a major step toward creating security for the 21st century.

I also want to salute the Prime Minister for his government's determination to support peace in Bosnia and Central Africa and other troubled places of the globe and especially for his nation's steadfast engagement in Haiti. Canada's efforts to help democracy put down strong roots in Haiti will long be remembered as a hallmark of the commitment to principle of the Canadian people.

Our work together spans the globe. It reaches into the heavens. I'm pleased that the President has brought with him today a model of the remarkable 11-foot Canada Hand that will be used to build the international space station. I have personally seen it in its full-size, Mr. Prime Minister, and it is a dramatic and important contribution. This instrument will perform delicate assembly work essential for the space station's construction. And I thank you and your Cabinet for voting last month to fund this important project.

Soon, Canada and the United States will be joined at the elbow in space, and that is a perfect symbol of the cooperation between our nations. Here on Earth, this cooperation has been a beacon of hope for countries on every continent. Today we've made that light brighter by reaffirming the ties between our nations and carrying forward our work together.

Mr. Prime Minister, I thank you, your government, and all of Canada for your dedication to this extraordinary partnership.

Prime Minister Chretien. Thank you, Mr. President. As I said earlier, I'm delighted to be in Washington, and I'm very satisfied and pleased with the discussions we had this morning. They were very frank, friendly, and very productive.

We are neighbors who work together, and I think we're working quite well. The President and I discussed our partnership in the economy, the environment, fisheries, in managing our border, in space, and in promoting world peace.

As you all know, our economies are performing very well, and that means more jobs and growth. Our trading relationship is the largest in the world. It's a real success story. And it is an example to the world. As you said, our trade has increased since 1993 by more than 40 percent, and most of our trade is problem-free. And when we have problems, we sit down and we work them out. Yesterday we announced a series of environmental agreements. We want to ensure that our citizens breathe clean air and drink clean water. Today we are announcing new ways to improve our shared border, all that based on the agreement that we signed 2 years ago on open sky.

But what is very important is our cooperation on peace and security. [Inaudible] -- with the partnership we have had in Haiti and in Bosnia. We are in agreement on NATO enlargement. We all agree on U.N. renewal, and it's very important that this problem be resolved.

Once again, our cooperation is extending beyond the globe itself with the new Canada Hand, the next generation of Canada Arm. This gave a new meaning, Mr. President, to the term "hands across the border," and it's a symbol of our relationship as we enter a new century. By lending a hand to the American space program, we will be creating new jobs and opportunities in Canada in the high-tech sector of the future.

Sometimes, our approaches are different. Sometimes, in foreign policy it's a matter of different means of achieving common goals. Sometimes, it is because our national interests are different. But we approach these differences with the honesty and mutual respect that a relationship like ours deserves. But the areas that bring us together are much greater than those that divide us. Working together, we are creating jobs, opportunities, and prosperity for the people in both countries, and we are setting an example of international cooperation for the world.

[At this point, Prime Minister Chretien repeated a portion of his remarks in French.]

And I would like to say that the Canadian people are very proud to be your neighbor. We have been able to work together, and we will do that in the future because together we can achieve a lot. And for you, Mr. President, as I said earlier, it's extremely important to carry on the leadership that you have shown in the last years because the United States is now the biggest and almost the unique power compared to the situation that existed a few years ago. And I salute your leadership. And I know that you face some difficult problems, but you'll always have Canada on your side because we are both for peace around the world and prosperity around the world.

And thank you very much for your kind reception. And it has been fantastic so far. And the weather is well-organized. In Canada, I say that it is a federal responsibility. I don't know if it is the case here, but you've done a good job on that, Mr. President. [Laughter]

The President. Thank you.

Helen [Helen Thomas, United Press International]?

Middle East Peace Process

Q. Mr. President, you seem to have struck out in getting the Mideast peace talks back on track at this moment. Does the U.S. lack any diplomatic leverage with Israel despite 50 years of assistance and support? And where do you go from here?

The President. Well, first of all, I wouldn't assume that, based on the comments that have been made so far. Where I go from here is that we're waiting for the Palestinian delegation to come in. We're going to review the ground that we went over with Prime Minister Netanyahu, and we're going to do our best to get this thing going again.

There are clearly two preconditions, one is zero tolerance for terror; the other is a genuine commitment to build confidence and to make progress and to do the things required by the Oslo agreement. And the parties are going to have to decide whether they're willing to let the peace process go forward.

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We are prepared to do whatever we can, but I would not conclude from the fact that I'm giving very noncommittal answers that I think there's no chance that we'll get it going again. I think that there is a fairly decent chance that we can, but I think it's important now not to say things which will undermine whatever prospect we have of success later.

In the end, it still depends on what it always has depended on, and that is the parties taking responsibilities to take the risks for peace.

President's Relationship With the Prime Minister

[The following question was asked in French and translated. Prime Minister Chretien answered in French and then repeated his answer in English.]

Q. Mr. Prime Minister, the nice words you had with President Clinton plus what you said at the White House, would they reassure us in thinking that your relationship with President Clinton is as good or even better than that of your predecessor, Brian Mulroney, had with Presidents Reagan and Bush?

Prime Minister Chretien. Perhaps I should translate; there will be an interest in English, I guess. [Laughter]

Yes, we are good friends. The President and I, we are politicians since a few years. [Laughter] And we can share a lot of debate together and spent a good time together last night talking about the problems of the world and a bit about the political problems that we all face on a daily basis. He gave me advice. I gave him advice. And it's free, so no problem. [Laughter]

It's a good relation, but he knows that we will disagree. And I'm -- and I know that he will disagree with me. But we have shown that it is possible to tackle a problem at a time. And today we realize that the number of the problems that exist between United States and Canada today are very small, very few. And we explain each other, but sometimes our national interests are not the same. But I have to tell you that he's a good guy, and I enjoy to be with him. [Laughter]

The President. Let me say, the biggest threat to our friendship is this injury of mine because it has precluded our indulging our mutual passion for golf. I don't think that -- I don't know if any two world leaders have played golf together more than we have, but we meant to break a record, and I've had to take a 6-month respite. But I'll be back in the arena before long.

Anybody else? Mr. Hunt [Terence Hunt, Associated Press].

Khobar Bombing Suspect

Q. Mr. President, are you asking Canada to extradite the Saudi man who is being held in Ottawa and is suspected of being involved in the bombing of the U.S. barracks in Saudi Arabia. Is the Prime Minister agreeable to doing that?

The President. Well, let me say we have discussed this. It's being handled in accordance with Canadian law. But I believe the FBI put out a statement about it today, and we are fully satisfied with our cooperation with Canada at this point, and I think we have to let the Canadian legal process play itself out.

Canadian Unity

Q. Mr. President, you came out strongly in favor of Canadian unity during the last Quebec referendum campaign. Can the Prime Minister count on your support again, given the fact that in all likelihood there will be another Quebec referendum in your second term?

The President. Well, the United States -- it's not just my position; we have long felt that our relationship with a united Canada was a good thing and that people of different cultures and backgrounds live together in peace and harmony with still some decent respect for their differences in both our two countries. And I would be -- I haven't changed my view about that, and I haven't changed my relationship with the Prime Minister, so I don't know what else to tell you. My feelings have not changed.

Mr. Bloom, [David Bloom, NBC] you're new here. Maybe we ought to let you get a question here. Welcome.

Affirmative Action

Q. Thank you, Mr. President. Mr. President, today a California Federal appeals court upheld Proposition 209. If the State proceeds with dismantling affirmative action programs, will that help or hinder efforts to ease racial tensions in America?

The President. Well, I believe if States are precluded from trying to take appropriate steps that are not quotas and that do not give unqualified people a chance to participate in whatever it is -- the economic or educational life -- but do recognize the disadvantages people have experienced, I think that will be a mistake. And I think we'll all have to regroup and find new ways to achieve the same objective.

I think -- as you know, my position on affirmative action is that a lot of the things that we had been doing should be changed. I've worked hard to do that at the national level. But my formulation of "mend it, don't end it," I still think is the best thing for America. And so -- and that's what I said in California during the election that people disagreed with me. But I think that we will see that, for example, universities are better, more vital places if they are racially and ethnically diverse. I believe that. And I think that it ought to be a legitimate thing for any university to be able to seek an appropriate amount of diversity among people who are otherwise qualified to be there.

Cuba

Q. Mr. President, on the Helms-Burton issue, Canada has insisted that its policy of engaging Fidel Castro is more effective than your policy of isolating the dictator. Have you seen any evidence that Canada's policy is paying off when it comes to human rights and jailed prisoners?

The President. No, but neither one of us has succeeded yet. I mean, the evidence doesn't -- since there hasn't been appreciable change in the Cuban regime, neither of our policies can claim success. But this is an area where I think we have an honest political disagreement. The Prime Minister characterized it earlier: We have the same objectives; we differ about how to pursue it. And

since neither one of us has succeeded, we really can't know.

Russia and NATO Expansion

Q. Mr. Prime Minister, a number of experts at Harvard and elsewhere in the world say that the risk is increasing every day of nuclear leakage or nuclear smuggling out of Russia, which conceivably could lead to a nuclear terrorist attack somewhere in North America. In view of that mounting risk, wouldn't it be better to postpone NATO enlargement for a couple of years, continue with the Partnership For Peace, and make sure that denuclearization has taken full root in Russia with START II and START III?

Prime Minister Chretien. I don't think that you can link the two. I think that the expansion of NATO is something that is on the table since a long time, because when those countries decided to become democracy- and market-oriented, we told them that we were to accept them in NATO. And we have to deliver on the word we gave to them, and I compliment the President for the work he has done on that. He has had -- he approached Mr. Yeltsin in a very practical way, in a very firm way, but in an understanding way, and we're very hopeful that NATO will be expanded this summer.

The President. I'd also like to comment on that, because I believe that Russia has a big interest in preserving the security of its nuclear stockpiles, and they have worked with us in good faith hard now for years to try to dismantle the nuclear arsenals. One of the important agreements we've made here to try to get the START III agreement in force was also to make sure that we were actually destroying the weapons as well as dismantling them, and we have been working since I've been here very hard in a mutual and cooperative way with the Russians to ensure the security of those nuclear materials.

Yes, as long as they're in existence, I suppose there is some risk that someone will try to pilfer them. We've had instances of that before in the last few years, but if we work at it and we work together with them, I think we're likely to succeed. But I do not believe that the Russians have any greater desire than we do to see any of this material stolen or put into the hands of the wrong people. I think they have a deep, vested interest in them.

Canadian Unity

Q. In meetings yesterday with President Clinton, have you called attention to the international situation, and have you talked about the national unity issue? Has Mr. Clinton asked questions about it, and what were your general observations on the topic?

[The Prime Minister answered the question in French, and a translation was not provided.]

The President. Gene [Gene Gibbons, Reuters].

Middle East Peace Process

Q. Mr. President, in his election campaign, Prime Minister Netanyahu was very critical of the Oslo accords. At one point, I believe he described them as a knife in the back of Israel. And since then, he has taken a number of preemptive actions that have created a series of crises in the peace process. How does

that square with your statement that one of the requirements is a genuine commitment to build confidence in the peace process?

The President. I have so far not disclosed anything that has passed between us, but I will say that both -- because he said it publicly -- the Prime Minister has said repeatedly publicly, and said again to me when he was here, that even though he did not agree with everything about Oslo, he felt that the Israeli Government was bound by it, and he thought that he ought to honor it. And that's been his public statement, and I believe it remains his position.

Free Trade in the Americas

Q. Mr. Prime Minister, in light of all of the discussion and talk about free trade and the possibility of expanding free trade, did you ever think you would be this comfortable as a free trader?

Prime Minister Chretien. Yes. [Laughter] Because one of my problems at the time, I was afraid that the free trade agreements with the United States were to be a series of bilateral agreements, one with Canada, a bilateral with Mexico, a bilateral with something else. And I thought that we had to have a system where it will engage at the same time many countries to have a kind of counterweight to the might of the United States. And if we were to be alone, it was to be difficult.

And at that time, I was afraid that they -- they worked to be the hub and make deals with everybody. Now that we have the concept of NAFTA, and now that we're looking and I hope that the President will convince the Congress to proceed on the fast track for Chile because we want to have by the year 2005 all the Americas together. And it's urgent that we move, because some are getting impatient in South America.

For example, MERCOSUR is working very well, and they are lobbied very strongly by the Europeans. And I would rather have them in the Americas than to be oriented elsewhere. So it's why I believe -- and I will mention that to the leaders in the Congress this afternoon and in the Senate -- that it's urgent to have a fast track to carry on to the commitment that we made in December '94 in Miami.

The President. Let me say, I think it's very important that the Prime Minister has said this here in the United States and intends to continue and follow through with it. I am very concerned that we have not passed fast track authority in this country. I think we have to do it. It's clear that expanding trade will strengthen democracy in Latin America and will strengthen our hand in the second fastest growing area of the world.

Last year, the MERCOSUR countries in South America did more business with Europe than the United States for the first time, simply because we have not had as aggressive a posture as we need. We had better go on and complete the work of the Summit of the Americas and create a free trade agreement area of the Americas if we expect to succeed.

Wolf, [Wolf Blitzer, CNN] and then I'll answer Sarah's [Sarah McClendon, McClendon News Service] question.

Relax, Sarah, I'm going to call on you.

Alleged DNC Access to Intelligence Information

Q. Thank you, Mr. President. There's a report, as you probably noticed in the Washington Post today, not only suggesting that there's an allegation of improper, unethical behavior on the part of the White House and the Democratic Party but perhaps even a crime, a violation of national security, that sensitive intelligence information was perhaps illegally passed on to the Democratic National Committee in order to prevent a fundraiser from getting someone into a dinner with you in 1995. I wonder if you've looked into that allegation, if you could tell us if there's any merit to it?

The President. Well, this morning the Counsel's office held a series of conversations, which to the present time do not reveal any basis for believing that any sensitive information was improperly transmitted to the DNC. But because it's nonetheless a serious allegation, I met with my Counsel this morning, and I asked him to give me some advice about what next steps should be taken to look into it further. But based on the conversations so far, there's -- we have no basis to believe that it was done.

Prime Minister Chretien. Yes, in the back there.

Arms Sales and Illegal Immigration

Q. Mr. Prime Minister -- [inaudible] -- about the United States trying to sell arms to Latin American countries like Chile? And I have a second question for President Clinton. What's your response to the -- [inaudible] -- of Mexico and other Latin American countries -- [inaudible] -- in the immigration law in the United States.

Prime Minister Chretien. Is it to you or to me?

The President. They want to know -- I think he -- you want to know if he objects to the sale of arms to Chile by the United States?

Q. Yes.

Prime Minister Chretien. I don't know what kind of arms you're talking about. This is a problem with -- every government has an army, and they have to have equipment. We buy equipment for our army, too, so I don't know if there is some materials that should not be sold. No problems have been mentioned to me in that possibility of United States selling arms to Chile.

The President. Let me just respond to both those questions. First of all, the United States policy is to reduce tensions between our Latin American allies. We've worked very hard, for example, on the border dispute between Peru and Ecuador, and even sent our soldiers there to help to resolve the matter in a way that was mutually agreeable to both parties.

And we have made no final decision about what to do with regard to arms sales to any country. But all the militaries there have to continue to modernize their forces. So the question is, you want to help the modernization process in a way that will not spark an arms race. That's how the line has to be drawn.

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With regard to the immigration law, the immigration law, I think the fears of the most extreme consequences have been exaggerated. But the law is tougher on illegal immigration and tries to speed up the process by which people who come to this country illegally leave. We have very high immigration quotas. We take a lot of immigrants in every year. I have strongly supported that, and I have strongly opposed attempts to discriminate against legal immigrants. But for all the people who wait their turn and come into this country legally, I think that they, too, are entitled to an immigration system that has as much as integrity as possible, which means we should be fair and generous to our legal immigrants and treat them in a fair way, but we should not countenance illegal immigration, and we should reduce it however we can within the limits of our law and constitution.

John [John Donvan, ABC News]?

Q. Mr. President.

1996 Campaign Financing

Q. Mr. President, there's a perception that, as a result of all the questions and anguished debate about the campaign finance issue, that your administration is in some areas of -- other areas of Government becoming somewhat bogged down. For example, it is said to be a factor in the delay in appointing Ambassadors. It is said to have made the administration less sure-footed in its dealings with China. How accurate is this perception?

The President. Oh, I disagree with that. I can't comment on what others are concentrating on or doing, but what I'm working on is how to balance the budget, how to get my education program through and get the national standards movement going all the way to success, how to complete the business of welfare reform. And dealing specifically with the Vice President's trip to China, he did and said exactly what he should have done and said, and he would have done it anyway in exactly the way that he did. So I just disagree with that.

With regard to the appointments process, the appointments process generally is always more political when you have the President of one party and the Senate of another. I don't think there's any question about that. But we're working very hard. We spent -- I spent a lot of time on the Ambassadors in the last 10 days, on both the career and the non-career Ambassadorial posts. And with the Secretary of State, the National Security Adviser, the Vice President, we've signed off on a large number. And we're trying to finish the process so we can send a great big group to the Senate and they can all be considered at one time.

So the work of this White House is going right on and will continue to go right on.

Q. Mr. President.

Middle East Peace Process

[The following question was asked in French and translated. Prime Minister Chretien answered in French, and then repeated his answer in English.]

Q. Mr. Prime Minister, have you and President Clinton talked about the situation -- the peace process in the Middle East? And did you discuss about

your position, about the new settlements by Israel?

Prime Minister Chretien. We have discussed, yes, the Middle East problem with the President. I agree with the President that only cooperation between the Israelis and the Palestinians will permit a solution to the problem. We consider that building new settlements in places that were not contemplated by preexisting agreements cannot be supported, because there will be a difficulty to achieve peace.

The President. Sarah, what were you going to ask?

Canada-U.S. Drug Traffic

Q. Sir, this is a question for both of you. The records show that there are far more drugs coming over the border from Canada into the United States now than ever before. Can you look into that and maybe do something about it -- both of you?

Prime Minister Chretien. It's more trade. [Laughter]

Q. More drugs coming in from Canada to the United States.

The President. More drugs, she said.

Prime Minister Chretien. More drugs -- I heard "trucks." [Laughter] I'm sorry.

The President. I'm glad we clarified that, or otherwise he'd have delay calling the election. [Laughter]

Prime Minister Chretien. But we discussed the problem, and we have a good collaboration between the two groups who enforce the laws in Canada and in the United States. And of course, we're preoccupied by the level of drug trafficking in North America, and we are working as close as possible with the administration to control this problem because, of course, it's very devastating socially in both our countries.

The President. One of the important things we did as a part of this meeting was to take steps to deepen our law enforcement cooperation generally. This is a difficult problem, but the only answer is to more closely cooperate and do the best we can and make the best use we can of our officials and our technology.

Thank you all very much.

NOTE: The President's 140th news conference began at 1:31 p.m. in the Rose Garden at the White House. In his remarks, he referred to Minister of Environment Sergio Marchi of Canada and President Boris Yeltsin of Russia.

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BODY:

The President. Thank you very much. And thank you, Bob, for reminding me of my best line from the speech last night [Laughter] George Bush got the last laugh. [Laughter] Twelve thousand feet, not a scratch. I fell 6 inches, I'm hobbled for 6 months. [Laughter]

I'm delighted to be here. I want to thank you for having me and congratulate this year's writing award winners. I missed last year, and I'm sorry I couldn't come, but the Vice President told me all about it. And because he came here, I had to listen one more time and look one more time at all those pictures from his days as a long-haired reporter for the National Tennessean. [Laughter]

This is what it's really like. I don't mind learning about global warming and high technology and everything, but I had to learn all about the newspaper business all over again. I hear that speech about once every 3 months from him. [Laughter]

You know, times have changed remarkably since Will Rogers said, "All I know is what I see in the papers." Today, we live in a world with 500 channels, literally hundreds of thousands of web sites exploding all the time -- we're trying to develop the Internet, too -- but still, the role that you play in informing and educating Americans and in helping them to make the right kind of choices is terribly important.

I want to talk today about one of those choices that will have a profound effect on all of our lives and the lives of our children in the next century, and that is the choices we must make to sustain America's leadership in the world.

Four years ago I came into office determined to renew our strength and prosperity here at home. But I also believed that in the global society of the 21st century, the dividing line between foreign and domestic policy was increasingly an artificial distinction. After all, our national security depends on strong families, safe streets, and world-class education. And our success at home clearly depends on our strength and willingness and our ability to lead abroad.

The conviction that America must be strong and involved in the world has really been the bedrock of our foreign policy for the last 50 years. After World War II, a generation of farsighted leaders forged NATO, which has given us a half century of security and played a strong role in ending the cold war. They built the United Nations so that a hard-won peace would not be lost. They launched the Marshall plan to rebuild a Europe ravaged by war. They created the World Bank and other international financial institutions to pave the way for

unprecedented prosperity for American people and others around the world. They did this throughout a half century, Republicans and Democrats together, united in bipartisan support for the American leadership that has been essential to the strength and security of the American people for half a century now.

Now we stand at the dawn of a new century and a new millennium -- another moment to be farsighted, another moment to guarantee America another 50 years of security and prosperity. We've largely swept away the blocks and barriers that once divided whole continents. But as borders become more open and the flow of information, technology, money, trade, and people across the borders are larger and more rapid, the line between domestic and foreign policy continues to blur.

And we can only preserve our security and our well-being at home by being strongly involved in the world beyond our borders. From fighting terrorism and drug trafficking to limiting the proliferation of weapons of mass destruction, to protecting the global environment, we stand to gain from working with other nations, and we will surely lose if we fail to do so.

Just as American leaders of both political parties did 50 years ago, we have to come together to take new initiatives and revitalize and reform old structures so that we can prepare our country to succeed and win and make the world a better place in this new era.

You know, it is commonplace to say that since the end of the cold war, America stands alone as the world's only superpower. That is clearly true, but it can be dangerously misleading because our power can only be used if we are willing to become even more involved with others all around the world in an increasingly interdependent world. We must be willing to shape this interdependent world and to embrace its interdependence, including our interdependence on others. There is no illusory Olympus on which the world's only superpower can sit and expect to preserve its position, much less enhance it.

In my State of the Union Address, I set out six key strategic objectives for America's prosperity, security, and democratic values in the 21st century: first, a Europe that is undivided, democratic, and at peace for the first time in its history; second, strong and stable relations between the United States and Asia; third, our willing continuation of America's leadership as the world's most important force for peace; fourth, the creation of more jobs and opportunity for our people through a more open and competitive trading system that also helps others all around the world; fifth, increasing cooperation in confronting new security threats that defy borders and unilateral solutions; and, sixth, the provision of the tools necessary to meet these challenges from maintaining the world's strongest, most modern, and most adaptable military to maintaining a strong, fully funded, and comprehensive diplomacy.

On that last point, let me just point out that Secretary Albright often says that our whole diplomatic budget is only about one percent of the budget. We devote less of our resources to that than any other major country in the world and, yet, about half of America's legacy will be determined by whether we have the adequate resources to do that. That's a very important thing, because I think most of your readers don't know that. They think we spend more and get less out of our foreign policy investments when, in fact, we spend less and get more than almost any other area of public endeavor.

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Each of these six goals is vital to realizing the promise of our time and to guarding against its perils. Together, they provide a blueprint for our future, not just for the next 4 years but for the next half-century.

In the next 3 months we'll face critical choices that will determine whether we have the vision and will to pursue these objectives. We have to seize the opportunity to complete the mission America set out on 50 years ago and to push forward on the mission of the next 50 years.

We will begin by strengthening the foundation for security and prosperity in our own hemisphere. In the first of my three trips to the Americas over the next year, I will meet with our closest neighbors in Mexico, Central America, and the Caribbean to help our democracies and economies grow together and to intensify our shared fight against crime, drugs, illegal immigration, and pollution.

Just before the 50th anniversary of the Marshall Plan, I will hold a summit with the European Union to affirm our transatlantic ties even as we expand our global partnership.

I will host the world's leading industrial democracies at what we used to call the G-7 but now call the Summit of the Eight in Denver, which will give us an opportunity to deepen our cooperation with Russia for peace and freedom and prosperity.

At the NATO summit in Madrid this July, we will continue to adapt NATO to the demands of a new era and invite the first, but not the last new members to join history's most successful alliance.

And I will continue America's efforts to bring the parties together at this very difficult moment for peace in the Middle East.

Like the larger agenda they support, each of these initiatives calls for American leadership that is strong and steadfast. The powerful trend toward democracy and free markets is neither inevitable nor irreversible. Sustaining it will take relentless effort. But leadership brings its rewards. The more America leads, the more willing others will be to share the risks and the responsibilities of forging the future we want.

In the last 4 years, we have seen that over and over again. We've seen it in Bosnia. We've seen it in Haiti. We've seen it in the Summit of the Americas and in the APEC leaders forum, where we have agreed with our partners to build a free and open trading system early in the next century.

Our leadership also faces two other pressing tests now and in the coming months: first, immediately ratifying the Chemical Weapons Convention; and then, giving the United States the means we need to continue our growth by making trade more open and fair in the global economy.

Let me deal with the first issue. For the last 50 years, Americans have lived under the hair-trigger threat of mass destruction. Our leadership has been essential to lifting that global peril, thanks in large measure to the efforts of my predecessors, and during the last 4 years also when we have made remarkable progress.

The collapse of the Soviet Union left 3,400 nuclear warheads in Ukraine, Kazakhstan, and Belarus. Today, there are none. North Korea was accumulating material for nuclear weapons when I became President. Now its nuclear program is frozen, under international supervision, and eventually will be dismantled.

We helped to win the indefinite extension of the Nuclear Non-Proliferation Treaty, a powerful global barrier to the spread of nuclear weapons and their technology. We led in concluding the Comprehensive Test Ban Treaty, which will bring to life a decades-old dream of ending nuclear weapons testing. President Yeltsin and I agreed in Helsinki to a roadmap through the START treaties to cut our nuclear arsenals over the next decade by 80 percent from their cold war peaks and actually to destroy the warheads so they can never be used for destructive ends.

Now America must rise to the challenge of ratifying the Chemical Weapons Convention and doing it before it takes effect on April 29th, less than 3 weeks from today.

This century opened with the horror of chemical warfare in the trenches of World War I. Today, at the dawn of a new century, we have the opportunity to forge a widening international commitment to begin banishing poison gas from the Earth, even as we know it remains a grave, grave threat in the hands of rogue states or terrorist groups.

The Chemical Weapons Convention requires other nations to do what we decided to do more than a decade ago -- get rid of all chemical weapons. In other words, the treaty is about other nations destroying their chemical weapons. As they do so and renounce the development, production, acquisition, or use of chemical arms, and pledge not to help others acquire them or produce them, our troops will be less likely to face one of the battlefield's most lethal threats. As stockpiles are eliminated and the transfer of dangerous chemicals is controlled, rogue states and terrorists will have a harder time getting the ingredients for weapons. And that will protect not only military forces but also innocent civilians.

By giving us new tools for verification, enabling us to tap a global network for intelligence and information, and strengthening our own law enforcement, the treaty will make it easier for us to prevent and to punish those who seek to violate its rules.

The Chemical Weapons Convention reflects the best of American bipartisanship, negotiated under President Reagan and President Bush, supported by a broad and growing number of Americans, including every chairman of the Joint Chiefs of Staff since the Carter administration. Last week at the White House, I was proud to welcome a remarkable cross-section of these supporters, including former Secretary of State James Baker, General Colin Powell, other military leaders, legislators, arms control experts, and representatives from small and large businesses, religious groups, and scientists.

I urge the Senate to do what is right and ratify this convention. If we fail to do it, we won't be there to enforce a treaty that we helped to write, leaving our military and our people more vulnerable to a silent and sudden killer. We will put ourselves in the same column with rogue nations like Libya and Iraq that reject this treaty, instead of in the company of those that set the norms for civilized behavior in this world. We will subject our chemical companies,

among our leading exporters, to severe trade restrictions that could cost them hundreds of millions of dollars in sales, and cost many Americans good jobs. And perhaps most important, we will send a clear signal of retreat to the rest of the world at the very time when we ought to be sending the opposite signal.

America has led the effort to establish an international ban against chemical weapons. Now we have to ratify it and remain on the right side of history. If we do, there will be new momentum and moral authority to our leadership in reducing even more the dangers of weapons of mass destruction.

Within my lifetime we've made enormous strides. Stepping back from the nuclear precipice, from the bleak time of fallout shelters and air-raid drills. But we have so much more to do. We have to strengthen the world's ability to stop the use of deadly diseases as biological weapons of war. We have to freeze the production of raw materials used for nuclear bombs. We must give greater bite to the global watchdogs responsible for detecting hidden weapons systems and programs. Continuing this progress demands constant work, nonstop vigilance, and American leadership.

There is a second matter that demands bipartisan cooperation in the coming months. For 50 years, our Nation has led the world not only in building security but in promoting global prosperity. Now we have to choose whether to continue to shape the international economy so that it works for all our people or to shrink from its challenges. The rapidly growing and ever-changing global economy is an inescapable fact of our time. In the last 50 years, global trade has increased 90 fold. Over the next decade, it is expected to grow at 3 times the rate of the American economy. Nations once divided by great gulfs of geography and military rivalry are now linked by surging currents of commerce.

Now, the world marketplace does pose stiff challenges. But it offers us great opportunity. In each of the last 3 years, the United States has been ranked the world's most competitive economy. Our exports have surged to record levels, our budget deficit is now the smallest as a share of national income of any major economy in the world, basic industries have revived, our auto industry is number one in the world again for the first time since the 1970's. From semiconductors to biotech, to Hollywood, American firms lead the industries that are remaking the world. Our economy produced 11 1/2 million jobs in the last 4 years for the first time ever. Our unemployment today is 5.2 percent; that's 1 1/2 percent lower than the 25-year average before I took office.

We can make the most of this new economic era. We do not need to be afraid of global trade. But in a world where we have only 4 percent of the population and where the fastest growing markets for our products and services are Asia and Latin America, where export-related jobs pay 13 to 16 percent more than other American jobs, we don't have a choice; we have to export. To do that, we have to have higher skills, stronger productivity, deeper investment. That's why we have to balance the budget -- to keep our interest rates down, our investment up, and to keep the economy going.

We have to give our people the best education in the world. That's why we need the new national school standards. We must open the doors of college to all. We ought to pass the "GI bill" for America's workers I've proposed that would give every unemployed and underemployed person a skills grant to use and get into training that he or she needs.

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We must continue to expand research and development in both the public and private sectors. And in every opportunity, we have to press forward for more open international trade.

Our administration has concluded more than 200 separate trade agreements, each of which opens someone else's markets wider to American business. We fought for NAFTA, which created the free market with our neighbors, and today, in spite of its economic crisis, our exports to Mexico are up 37 percent over pre-NAFTA levels. We broke 7 years of global gridlock and successfully negotiated the new round of GATT, which has lowered average tariffs on Americans goods around the world by one-third. We have broken down barriers and boosted exports to Japan, up 41 percent since 1993 and 85 percent in the areas where we have negotiated specific trade agreements.

This is a record to build on, not to rest on. When the momentum for open market falters, the world can easily slide backward. And when America falters, our relative position will certainly slide backward. It is unacceptable for us to sit on the sidelines while other nations forge bonds of trade. Only American leadership can create the prosperity for our people and for the world in the next 50 years. And America cannot lead if we don't act.

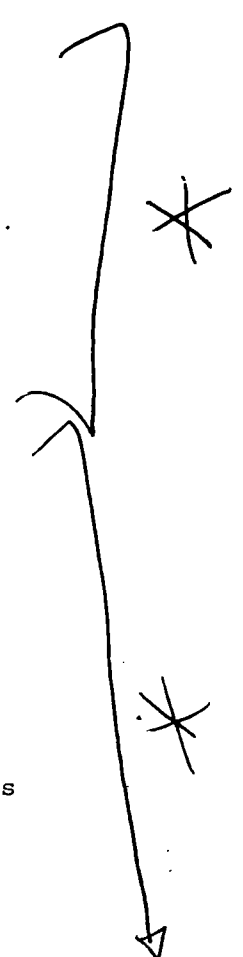
And here's what the issue is: Every American President since 1974, Democrat and Republican alike, has had the authority to negotiate new trade agreements, called fast-track negotiating authority, which permits the agreements to be presented in a package to the Congress to be approved up or down. Every time this has been extended with the support of Members of Congress of both parties. That is how we have exercised our most fundamental economic leadership. That authority has expired, and today, I renew my call to Congress to give me the authority to negotiate new trade agreements that will create opportunities for our workers and our businesses in the global economy and will maintain our leadership in creating the kind of world we want the young people who are here in this audience to live in.

We have seen in the past 6 months what a strong trade agreement can do for our people and our businesses. The information technology agreement that we reached with 37 other nations in December will eliminate tariffs and unshackle trade on \$ 500 billion of trade in computers, semiconductors, and telecommunications. This amounts to a \$ 5 billion cut in tariffs on American products exported to other nations. It can lead to hundreds of thousands of high-wage jobs for Americans.

Now, if Congress grants fast track authority, I can use it to open trade in areas where American firms are leading and where our future lies. We lead the world in high technology. In years to come, we must press to tear down barriers that keep that technology, products like computer software, medical equipment, environmental technology out of other markets.

We lead the world in agricultural exports. We have to negotiate trade agreements to open even more markets. We will negotiate a comprehensive free trade agreement with Chile and follow through on our leadership to determine the future of trade in our own hemisphere with our own neighbors, all of whom but one are democracies. And we have to keep them that way and keep them strong.

We will press aggressively to open markets in Asia as well. We must also continue to open opportunities in the world's newest market economies. In



particular, I urge Congress to support my new partnership for freedom, to expand trade and investment, entrench free markets in democracy, and promote stability in Russia and the New Independent States.

If we don't seize these opportunities, our competitors surely will. Let me just give you one example. Last year, for the first time ever, Latin American nations had more trade with Europe than the United States. There is no reason to think that others will wait while we sit idle. These nations, in Latin America especially, are our friends; they're our partners. They have done an enormously important thing in moving to freedom and democracy in the last few years all over Central and South America. We dare not let this opportunity pass us by.

I am determined that the new trade agreements we seek will be good for our working people. After all, we've got 11 1/2 million more jobs and 5.2 percent unemployment. We know we can make it good for the American people. And I am determined that they will be good for the environment. More and more, in the future, we will see nations negotiating environmental partnerships for the sake of their economies and the stability of their society and the future of their children.

I have asked the United States Trade Representative, Charlene Barshefsky, to work with Members of Congress of both parties, with labor and business and environmental groups to try to reach consensus on these issues. But let me be clear: There is one consensus we cannot avoid. We cannot shrink from the challenges of leadership in the global economy.

Trade and communications are remaking our world. They're bringing it closer together. They're bringing a revolution in global trade. Because in the long run we know that it's going to happen, we ought to lead it. We have to lead it. And if we do, it will increase our buying power and expand our exports. American workers and businesses, given the chance, can outcompete anyone, and I hope Congress will help me let them do just that.

The larger question we face is as old as America, whether to turn inward or reach outward, whether to fear change or embrace it. Over the past 50 years, over the past 4 years, I believe we've made the choices that have served America well.

Now we face another moment of choice. While we no longer face a single implacable foe, the enemy of our time is inaction. It is so easy to be inactive when things seem to be going well and so easy to believe a new choice will cause more trouble than it will do good. But we did not get where we are today by being inactive or by sitting on the sidelines. The decisions we make in the next few months will set America's course in the world for the next 50 years. We have to make them together, and they must be the right ones.

Thank you very much.

Security Classified Information

[A participant asked if the President would support legislation proposed by the Commission on Protection and Reduction of Government Secrecy to place restraints on security classification of Government documents and to create a declassification center to report to Congress on progress in that area.]

The President. Well, first of all, let me say, the short answer to your question is: I think there has to be -- we have to do something about it to respond to the commission's report and to respond to the fact that there are too many people who can make too many things classified in the Government. And we are reviewing the report. We have also started conversations with Members of Congress about it. And I'm -- we're attempting to fashion what we think is the appropriate response. But let me remind you that I believe that we ought to unearth more documents and not keep so many secrets for so long.

I've worked very hard to open up documents since I've been President. We did it with the human radiation experiments. We have conducted a relentless effort to find out what really happened in the Gulf war, in terms of whether our people were or were not and to what extent exposed to dangerous chemicals. And in any number of other ways, I support the general thrust for the commission's report.

I have asked my staff to study it. I have not received a specific recommendation on the specific points in the report, but generally I think there is too much secrecy in the Government, and I think too many people have too much unfettered discretion just to declare documents secret, and I think that you will see some significant progress coming out of this.

Domestic Chemical Weapons Stockpiles

[A participant said that his county contains a stockpile of aging chemical weapons and has no adequate highway system for evacuation and pointed out that the disposal schedule has fallen behind. He asked about more intense security of such sites and expansion of highway infrastructure.]

The President. You've asked me a question no one's ever asked me before, but I can tell you the answer to the first question is, does it make more sense to bring more attention to the country about it? The answer to that is yes if, for no other reason, not just because of what your people may be exposed to but because one of the reasons we decided to destroy all this before I ever came along -- my predecessors made that decision, it was the right one -- is that you don't want even small amounts of these kinds of chemicals in the wrong hands -- can be used for very bad things.

And let me also say -- now, on the second question, I will have to go back and see what the facts are and see what we can do to accelerate it. I don't know enough now to give you a sensible answer, but you've asked a good question, and I will get an answer, and I'll get back to you. And let me just make one other point on this. Some of the opponents of the Chemical Weapons Convention say, "Well, you know, you can't protect everybody against everything." Well, if that were the standard, we'd never have any treaties, and we wouldn't pass any laws.

You know, still, some people may be able to cook up chemical weapons in laboratories in their garages. But if you look at what happened to the Japanese people, for example, when the extremist sect unleashed the sarin gas in the Tokyo subway, it was a devastating thing.

Now, maybe they could or could not do that once the chemical weapons regime is fully in force and we have much tighter restrictions on what can cross national lines. But one thing we know for sure: Japan has already ratified this treaty because they have suffered through this, and they know even if somebody who has got a half-cocked idea and a home-baked laboratory can go out and do

something terrible like this, there will be fewer incidents like this if we pass the Chemical Weapons Convention.

And I think it's very interesting -- a lot of the objections that have been raised to this convention in America were totally dismissed out of hand in Japan, a country that has genuinely suffered from chemicals like this in the hands of terrorists. But that goes back to the question the gentleman from Alabama asked, and it's one of the reasons we want to destroy our stockpiles as quickly as possible, because, in addition to the risks that people in the area are exposed to, we want to minimize the chances that anybody ever can get their hands on any of this for mischievous, evil purposes.

Rogue States and Chemical Weapons Secrets

[A participant asked the President to respond to the argument that the Chemical Weapons Convention might allow some rogue states access to U.S. chemical weapons secrets and asked if he would be willing to change the treaty.]

The President. Well, first of all, it is -- let me answer the second question first, and then I'll go back. In general, obviously no one country can change the body of a treaty which has already been ratified by other countries; we can't do that, and lots of other countries have ratified it. But every country is empowered to, in effect, attach a set of understandings as to what the treaty means, and as long as they're not plainly inconsistent with the thrust of the document and don't vitiate it, they can go forward. And one of the things we've been doing with a lot of the opponents and the skeptics of the treaty -- Senator Helms, for example, and others raised, I think, 30 different questions in the beginning, and we have reached agreement, I believe, in 20 of those 30 areas, and we've offered alternatives that we believe are reasonable in the other areas.

Let me just say for those of you who may not understand this, Iran is a signatory of the -- they have ratified the Chemical Weapons Convention. Iraq and Libya have not and will not. The concern is that if a country is attacked by chemical weapons, and they are part of the treaty, that all the rest of us have pledged to do something to help them. And the concern would be -- well, what if Iran is attacked by Iraq and the United States and Germany, for example, give them a lot of sophisticated defense technology on chemical weapons, and they turn around and use the chemical weapons against someone else. In other words, if they turned out to have lied about their promise in the treaty. That's the argument.

We have made it clear that, as regards other countries, we will not do anything to give them our technology -- not Iran, not anybody -- and that's what our response will be, will be limited to helping them deal with the health effects of the attack. We will help people in medical ways and with other things having to do with the health consequences.

So I believe that the compromise we have reached on that, once it becomes fully public and the language is dealt with, will be acceptable to at least most of those who have opposed the treaty on that ground.

Cuba

[A participant asked about the difference between the U.S. policy of

engagement and trade with communist countries in Southeast Asia vis-a-vis the policy of embargo for Cuba, suggesting it would be better to open up Cuba.]

The President. Well, I think, first of all, as a practical matter, with each of these countries, we do what we think is in our interest and what is most likely to further our interest.

Secondly, the other three countries you have mentioned have not murdered any Americans lately. We had a law that I strongly supported -- the Cuba democracy act. I strongly supported it. I thought it was absolutely the right policy. It strengthened the economic embargo but also gave us a chance to open up relations to Cuba and to take care of humanitarian problems, to facilitate travel, to do all kinds of things. And we were implementing that law. It gave the Executive requisite flexibility.

And in return for the Cuba democracy act, the Castro government illegally shot down two planes and murdered Americans. And so we changed our policy. Congress was outraged. They passed the Helms-Burton law, and I signed it regretfully but not reluctantly. And our policy toward Cuba, therefore today, is one that was dictated by Cuba, not by the United States. And until I see some indication of willingness to change, it's going to be very difficult to persuade me to change our policy. And I would have a different attitude toward China or Vietnam or North Korea if they murdered any Americans. And I would hope you would want me to have a different attitude toward them if they did.

President's Legacy and Aspirations for the Future

[A participant said his son's class would vote for the first time in 2004 and asked what the President's legacy would be for them and what they could do to prepare themselves for the future.]

The President. Let me answer the second question first. I think the following things I would recommend to the fifth graders to prepare themselves for the 21st century. Number one, first and foremost, be a good student. Learn all you can. Learn the hard things as well as those that aren't hard for you. And stay out of trouble. Don't do something dumb, like get involved with drugs or alcohol or something that will wreck your life. Learn. Be a good student.

Secondly, get to know people who are your age but who are different from you, people of a different racial or ethnic group, people of a different religion, because you're going to live in the most multi-ethnic, multi-racial, multi-religious democracy in human history. And how we handle that will determine whether the 21st century is also an American century. Still somewhat of an open question, although I'm encouraged about it.

The third thing I would say is, learn as much as you can about the rest of the world, because it will be a smaller world and you will need to know more about it.

And the fourth thing I would say is, start to take the responsibilities of citizenship seriously and find some way -- even at the age of ten -- to be of service in your community, whether it's helping some student in your school that's not learning as well as he or she should or doing something on the weekends to help people who are unfortunate. I think that we need to build an ethic of citizen service into our young people.

Those are the four things I would advise him to do.

In terms of what I hope the legacy will be, I hope people will look back on this period and say that while I was President, we prepared America for the 21st century basically in three ways: that we preserved the American dream of opportunity for everybody who is willing to work for it; number two, that we preserved America's leadership for peace and freedom and prosperity in the world, and the world is a better place because of it; and number three, that Americans are living in greater harmony with one another as one America because we passionately advocated a respect for people's differences and respect for our shared values, and we made real progress in overcoming these divides and extremist hatreds that have not only weakened our democracy but are virtually destroying countries all around the world.

Or in a more pedestrian way, I hope at least people will say, "Well, after Bill Clinton was President, at least we had a new set of problems to deal with." [Laughter]

In 1983, I was in Portland, Maine, at a Governors conference. And the former Senator and former Secretary of State, Edmund Muskie, who recently passed away -- a remarkable man -- was there. And we were having a visit, and he said, "You know, I loved being a Governor. In some ways I liked it even more than being a Senator or Secretary of State. I liked running something."

And I said, "How did you keep score, Senator Muskie? How did you know whether you had succeeded or not?" He said, "I knew I had succeeded if my successor had a new set of problems." [Laughter] And you think about it, we will always have problems; it's endemic to the human condition and to the nature of life. The way you define progress is if you get a new set of problems and if you get over it.

And particularly I feel on this whole issue of how we deal with our racial diversity. It's something, of course, that's dominated my whole life because I grew up as a Southerner. But it's a very different issue now. It's more than black Americans and white Americans. The majority of students in the Los Angeles County schools are Hispanic. And there are four school districts in America -- four -- where there are children who have more than 100 different racial, ethnic, or linguistic backgrounds within the school districts already.

So this is a big deal. And every issue that we debate, whether it's affirmative action or immigration or things that seem only peripherally involved in this, need to be viewed through the prism of how we can preserve one America, the American dream, our shared values, and still accord people real respect and appreciation for their independent heritages. It will be a great, great challenge. It's a challenge that, by the way, I think the newspapers of the country can do a lot to help promote in terms of advancing dialogue, diversifying your own staffs, doing the things that will help America to come to grips with what it means not to be a country with a legacy of slavery and the differences between blacks and whites but to have grafted on to that not only the immigration patterns of the early 20th century but what is happening to us now.

It is really potentially a great thing for America that we are becoming so multi-ethnic at the time the world is becoming so closely tied together. But it's also potentially a powder keg of problems and heartbreak and division and loss. And how we handle it will determine, really -- that single question may

be the biggest determinant of what we look like 50 years from now and what our position in the world is and what the children of that age will have to look forward to.

National Economy

[A participant said his area had been devastated by downsizing of the military and asked how the President's trade policies would help revive its citizens' spirits and its economy.]

The President. Well, let's talk about the downsizing of the military and the trade policy. The trade policy alone won't necessarily revive a place with a stagnant economy, because very often the trade policy increases jobs in the places that are already doing well, because success will build on success. So the only way it can help is if the people in the Mohawk Valley can identify companies that are going to have to expand because of expanding trade and try to get the expansions to locate there.

But what I think is important -- and I believe the United States, first of all, has an extra obligation to communities that have been adversely affected by military downsizing. And we have worked very hard to accelerate the rate at which we work with communities that have had military downsizing, to give them back the resources that they can use to rebuild their communities. In many places, we've had a lot of success; in some places we haven't.

Secondly, I think it's important that in areas like yours the United States gives greater economic incentives for new investment to diversify the economy. One of the things that I have asked the Congress to do in my balanced budget plan is to more than double the number of empowerment zones and enterprise communities from the numbers we have now in the new plan, so we can give real incentives for people to invest their money and to create good, stable, long-term jobs in areas with high unemployment rates.

If there's anything else you can think of I can do, I'll be happy to do it. If there's anything we should have done in the defense downsizing to benefit your area that we haven't done, I'll be happy to look into that. But I think the main thing we have to do at the national level is to keep the economy strong and then to create extra incentives for people -- like people we're trying to move from welfare to work where I proposed some special incentives -- or for places with high unemployment rates, so that we can more uniformly spread economic opportunity.

When you see that America has a 5.2 percent unemployment rate, that's very misleading. We have a lot of States with unemployment rates below 4 percent now. We have within States a lot of communities with unemployment rates below 5.2 percent. But we still have places with unemployment rates of 7, 8, 9, 10, 12 percent. And so the trick is to create the economic incentives that will even out the investment patterns. And that's what I'm trying to do. And if you can think of anything specific I can do to help you, I hope you'll feel free to contact me and let me know.

Thank you very much.

NOTE: The President spoke at 12:17 p.m. at the J. W. Marriott Hotel. In his remarks, he referred to Bob Giles, board president, American Society of

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Newspaper Editors. A tape was not available for verification of the content of these remarks.

LANGUAGE: ENGLISH

LOAD-DATE: May 05, 1997

Public Papers of the Presidents

May 1, 1997

CITE: 33 Weekly Comp. Pres. Doc. 621

LENGTH: 2375 words

HEADLINE: Interview With Jacobo Goldstein of CNN Radio Noticias

BODY:

Mexico and Drug Trafficking

Mr. Goldstein. Mr. President, let's start with Mexico. You're going down there on Monday. The news today is that Mexico just dismantled its antidrug agency and has put a new agency in place with new trainees. Will this stop the corruption that has been so rampant?

The President. Well, I think there's a good chance that it will improve things. Keep in mind the Mexicans have a big challenge. This is not just something they -- this cooperation we're undertaking in the antidrug area from Mexico's point of view is not primarily for the United States. Of course, we want to reduce the number of illegal drugs coming into America. Primarily, it's for Mexico. It's to preserve the social, political, and economic integrity of the country.

And I think this is a very good first step. I've had a good relationship with President Zedillo and with Mexico since I became President. I've done everything I could do to try to make sure America is a good neighbor and a good partner for the future. And I think this will enable us to work more closely together in that area.

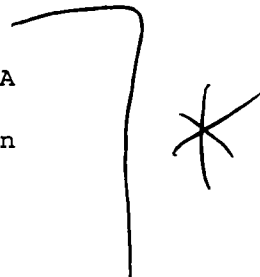
Mr. Goldstein. Mr. President, Mexico is going to have midterm elections that are going to be watched throughout the world. And I know President Zedillo has been trying to change some of old time and change the structure of his party. What are your expectations of these midterm elections? It's the first time the mayor of Mexico City is going to be elected.

The President. I don't know. My only expectations are that they'll be free and fair and that they will express the will of the Mexican people and that we will support that, whatever that is.

NAFTA

Mr. Goldstein. Mr. President, NAFTA, according to the numbers, seems to be working. Do you expect the U.S. Congress to help push NAFTA to Chile fast track? And you have spoken, and your people have spoken, how important Latin America is as far as a trading partner, but does Congress share your view, sir?

The President. I believe a majority do. I am, frankly, disappointed and surprised that there is still so much opposition to expanding fast track. NAFTA has been a big success for us, with Canada and with Mexico. It has helped the Mexican economy to grow. It has brought our two countries closer together. When Mexico had a difficult time economically, the United States made the loan that



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-- I made the decision to make a loan to Mexico, and they paid the loan back early with interest and a profit. And it's working well. It's creating more jobs for Mexico, more jobs for the United States.

And I think we would be very, very, very shortsighted if we did not extend fast track, go down and involve Chile and then eventually complete the promise of the Summit of the Americas -- involve the Andean nations, the MERCOSUR nations, all the nations, Latin America, Central America, Caribbean in the trade area of the Americas. That's what I want to do, and I'm going to keep pushing for it.

Mexico-U.S. Relations

Mr. Goldstein. Mr. President, you placed great importance on the relations with Mexico, personal relation between you and President Zedillo. And now the word is out, you're going to be naming a very famous politician of the other party, the Governor of Massachusetts, Governor William Weld. How will this create better relations between you and Mexico?

The President. Well, if Governor Weld's appointment goes through, I would expect it to greatly strengthen our relationships because I think that they will have a lot in common and that the three of us will all have a good relationship, which will facilitate our countries growing closer together and working better together.

Mr. Goldstein. Will he have direct access to you and Madeleine Albright?

The President. Oh, absolutely. I know him well. I mean, he is a member of the other party, and when he ran against Senator Kerry last year, I worked very hard for Senator Kerry. But we have a good personal relationship. He's a highly intelligent man, and he and I are clearly on the same wavelength in terms of what we believe our policy toward Mexico and, indeed, toward all Latin America should be.

The President's Meeting With President Zedillo

Mr. Goldstein. Finally, Mr. President, I want to touch slightly the issue of human rights. There has been some criticism of violation of human rights in Mexico. Will the subject of human rights be broached during the bilateral meeting, or will you deal -- with President Zedillo?

The President. I expect we will discuss everything that is out there to be discussed in our relationship. We have a very open and candid relationship. If he has some problems with the United States, he feels free to raise them with me. And we'll talk through everything I think we should talk through.

Immigration

Mr. Goldstein. Migrations -- the new migration laws have created a huge stir in Mexico and Central America, also -- the issue, that will come up?

The President. It will come up, and it should. I would like to make three points. First of all, there were provisions dealing with legal immigrants tacked onto the welfare reform bill that had nothing to do with welfare reform that I strongly opposed and that will have to be significantly changed if we are

going to get a budget agreement here with the Republican Congress. I have told them that, and we're working hard on it.

Secondly, with regard to the law dealing with illegal immigration, I know that there are some questions about that law in Latin America. But let me point out, the main thing the law does is to give us extra tools to control our borders, to deal with illegal immigrants in our workplaces and who come into the criminal justice system.

We are going to work very hard to avoid any draconian interpretation of the law that would lead to any kind of mass deportations or anything of that kind. But keep in mind, the United States admitted last year 960,000 legal immigrants. We are now the fifth largest Hispanic country in the world, with 22 million Hispanic-Americans here. So we are committed to open immigration and to having more people here from the Americas, but we have to do it in a legal way that has some discipline and order and integrity to it. And we will try to do it in a fair and balanced way.

Mexico-U.S. Trade and NAFTA

Mr. Goldstein. Mr. President, there was some concern in Mexico when Mexican trucks were not allowed -- truckers to drive in this country. I'm sure that issue will also come up.

The President. It will come up. President Zedillo would bring it up if I didn't. We will -- we're trying to work that out. Our concerns here are basically safety concerns, and we have an obligation under NAFTA, the United States does, to permit Mexican truckers into the United States if they meet the standards that we apply to our people. And we're trying to work out exactly how we define that and resolve it with the Mexicans.

There have been actually relatively few trade disputes. This is now a \$ 130 billion trade relationship. It's a huge relationship. And we have two or three relatively minor matters -- [inaudible] -- all but one. And I think we have to work very hard to try to rectify the economic harm done to the Caribbean countries inadvertently by Congress when they adopted NAFTA but wouldn't go along with my suggestion to give the same treatment to the Caribbean countries.

Mr. Goldstein. Excuse me, by Caribbean you mean Central America and the Caribbean Basin?

The President. Caribbean Basin, absolutely. All the Caribbean Basin countries. We did not -- I don't think the Congress meant to hurt them by passing NAFTA, but I told them what I was afraid would happen. I asked them to at least maintain the status quo, so that they wouldn't lose any ground compared to Mexico because Mexico's great gains have come from the labors of the Mexican people and from the transfer of some production from Asia back to Mexico. They never intended to take anything away from the Central America and Caribbean countries.

So we have to rectify that because those countries have to have a chance to grow. Otherwise, the more successful Mexico is in its antidrug efforts, the more vulnerable the Caribbean countries will be -- especially the Caribbean, even more than Central America. They will become even more vulnerable to drug traffickers because they won't be able to make a living there. So we've got to

rectify this, and I'm hoping to resolve it with this session of Congress.

Immigration

Mr. Goldstein. Mr. President, the Central American countries will also bring up the immigration issue because El Salvador, Guatemala, Nicaragua, Honduras -- they were all deeply affected in the eighties during the liberation or revolution, the civil wars of the eighties.

The President. They -- because of the unique status that they bore when they came into this country, they are in a position different from legal immigrants or plainly illegal immigrants. They are in a different position. And we've already had one discussion, interestingly enough, about that today. We're trying to work that out in a way that seems fair and humane and balanced, and I hope we can.

Hostage Situation in Peru

Mr. Goldstein. Mr. President, I would like to ask you two questions as they're pushing me out. One has to do with Peru. You were very much involved, your country was, with Japan during the hostage crisis, which came to a conclusion a few days ago.

The President. Yes.

Mr. Goldstein. There seems to be some rumblings about some possible human rights violations when the army barged in and saved the hostages. Do you know anything about it or --

The President. No.

Mr. Goldstein. -- have you had any conversations with Mr. Fujimori?

The President. I do not know what the facts are on that. I do know that the Government of Peru was very patient for a long time, that the people who took the hostages were terrorists who threatened their lives, and that it was a good thing and remarkable that only one of them was -- life was lost in the rescue attempt. But I do not know what the facts were about what happened on the compound.

Cuba

Mr. Goldstein. Mr. President, finally, you know Cuba is an issue. Helms-Burton has created a rift -- between Latin America and the United States because of Cuba and Helms-Burton. Do you visualize any circumstances under which Helms-Burton could be lifted? And do you feel this will not threaten your commercial relations and political relations with the Latin American nations?

The President. Well, first of all, I think the biggest problem with Helms-Burton, vis-a-vis Latin America, may well have been solved by the resolution we made with the European Union about the interpretation of Helms-Burton. And I think if we look at what happened with the European Union, what we want the other democracies of Central America and Caribbean and South America to do, is to work with us on promoting openness, human rights, and freedom in Cuba, and we need to do that every way we can.

Now, under the statute, the Helms-Burton statute, about the only agreements I can work out are the ones that -- like we worked out with Europe. That law supplanted a bill that I liked very much, the Cuba Democracy Act, which gave the United States the flexibility to be both more open and tougher with Cuba, depending on the facts. But that law was passed by Mr. Castro himself. He passed the law as surely as if he'd been here voting on it when he shot down those planes and killed those innocent people.

So we're doing the best we can with the law we have, but we all need to keep working for greater openness in Cuba. I think the only prospects for a change in the law would be those that are, again, completely within the control of the Cuban Government and of Mr. Castro. I mean, if he were to evidence some changes, then he might get some changed attitudes here. But we've got to see what happens.

NAFTA

Mr. Goldstein. Finally, Mr. President, you -- during your first term, you fought very hard for NAFTA against your own party. You fought very hard to save Mexico -- the economic bailout against people of your own party including. Will you fight as hard now that you don't need to run for reelection? Political considerations aside, will you fight just as hard to make sure that Latin America has a free trade agreement?

The President. Oh, sure.

Mr. Goldstein. It may take about a year or two. And are you optimistic you can do it by the year 2005, as they said in Miami at the Summit of the Americas?

The President. Well, yes, I will fight just as hard. And I will certainly -- there are no political considerations for me one way or the other now. I would like to point out we did get quite a large number of Democrats who supported NAFTA and that the leadership in both parties supported me with the Mexican loan.

I'm quite concerned that there may have been an erosion of support for the free trade concept in the Americas, not just in the Democratic Party but in the Republican Party as well. And I find this surprising. Here we are now at the pinnacle of our economic success, political influence in the world, but the only way we can exercise our political influence for good is to become involved with other countries. And it disappoints me when I hear Americans who seemed to be reluctant to do that. I think that's a mistake. And so I'm going to try to persuade them to do the right thing from my point of view, and I believe we'll win.

Budget Agreement

Mr. Goldstein. And will you get a budget agreement? Everybody in the basement asked me to ask you ---

The President. I don't know. I hope so.

Mr. Goldstein. Thank you, sir.

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NOTE: The interview began at 11:42 a.m. in the Oval Office at the White House. In his remarks, the President referred to President Ernesto Zedillo of Mexico; President Alberto Fujimori of Peru; and President Fidel Castro of Cuba. A tape was not available for verification of the content of this interview.

LANGUAGE: ENGLISH

LOAD-DATE: June 02, 1997

Public Papers of the Presidents

May 8, 1997

CITE: 33 Weekly Comp. Pres. Doc. 674

LENGTH: 5810 words

HEADLINE: The President's News Conference With Central American Leaders in San Jose

BODY:

President Figueres. Good afternoon, friends. I wish to express on behalf of the heads of states and of government of Central America and the Dominican Republic how pleased we are with the results of the extraordinary work session we have had this morning with President Clinton. It has been a very sincere dialog, a very realistic dialog, a very human dialog, and especially, a very friendly dialog.

I would like to share with you four main conclusions which are the outcome of our discussions and which are reflected in the joint declaration which we have just signed. First of all, we've inaugurated a new phase, a new stage in the relations among our countries. We attach a very special importance to this alliance. It reflects a new visional mood, a more optimistic one, a more mature one, and a more propositional one. And it also demonstrates the existence of a shared agenda, the fundamental objective of which is the well-being of our peoples through the consolidation of economies which are more and more open and integrated. And we have ratified this will.

Secondly, we wish to emphasize the brotherly spirit, the friendship and the understanding which have prevailed in our discussion of topics which we knew were sensitive and complex. We have made a special effort to reach agreements, to compromise and to understand the realities which our Governments face. Beyond those realities, we found a will to work together, and we have opened areas for this dialog to continue and for our collective action.

Third, we underlined the importance of having maintained, as a constant concern of this meeting, the social issues, the importance of which for Latin America and for our region is more vital today than ever before. We share a special concern with the more needy, a concern which reflects solidarity, not charity, as a means to generate opportunities for productive employment and to ensure the dignified life which our peoples demand.

I especially wish to recognize the contribution of women to the developing of economic democracy and how urgent it is to guarantee nondiscriminatory treatment for them in the workplaces, in political life, and in social relations generally. All this should have a significant impact in the improvement of the quality of life of the coming generations.

Finally, we wish to stress the significant role which environmental issues continue to have on our agenda. We have deepened and expanded the scope of the joint declaration of Central America and the United States, CONCAUSA, and in doing so, we have helped our region move even further forward as one of those regions which are noted throughout the world for their commitment to the rational use and intelligent use of our natural resources. In this regard, we

can state that the decisions we've adopted in this field in this declaration can be characterized as revolutionary at a hemispherical level.

An essential element to attain institutional strengthening and to ensure good governance of our countries has to do with the possibility of expanding our markets and stimulating investments which generate employment and improve the quality of life. I believe that with respect to both topics, free trade and investment, we have moved forward in an impressive manner in attaining a better understanding and in acceptance that reciprocity should be the new byword in the establishment of all our discussions.

Ladies and gentlemen, the President and the Prime Minister of Belize and the Dominican Republic would like to make a special mention to the democratic circumstance that prevails in all the region: We are committed to strengthen and perfecting it.

We are aware that, at the threshold of the 21st century, it is not enough to guarantee access to free, fair, and transparent elections for our citizens. Threatened by formidable enemies such as narcotrafficking and organized crime, it is indispensable to fortify democratic institutions and to ensure ways in which civil society can participate more effectively in the decisionmaking process.

Nonetheless, it is through the development of dynamic economies and more equitable social structures that we will be able to fully grasp the benefits of democratic governance. To this regard, we are convinced that one indispensable element to ensure such democratic governance has to do with the possibility to expand our markets and, with it, stimulate investments that generate employment and improve the quality of life of our populations.

Both issues, trade and investment, were positively reinforced during our meeting with President Clinton, and we would like to emphasize our satisfaction as the new criteria that will guide our next steps towards the construction of free-trade zones in the Americas.

In closing, let me emphasize the warmth of this meeting. You, President Clinton, with your insight and your thoughtfulness, have come to Central America and with our friends from the Dominican Republic have given a new dimension to our relations. We all came here with high expectations, We had the opportunity to share our thoughts but express the feelings of our hearts. And we all part full of optimism, ready to continue our work, work that is circumscribed by the need we all have to continue bettering the conditions of living of our people.

Thank you very much.

President Clinton. President Figueres has given an excellent statement. I will just make a few brief comments. First of all, I know I speak for all of us who are guests here in thanking the President and the people of Costa Rica for their warmth and hospitality.

This is truly a new day for Central America. The transition from conflict to cooperation has changed the relationship among the Central American countries and between the United States and Central America. A decade ago, we focused on civil wars. Now, together, we are fighting against poverty and fighting for prosperity, stronger democracy, and the sustainable development of our

precious resources.

It is this new reality, this new agenda that we share which brings us here to San Jose for the first summit meeting between the leaders of the United States, Central America, and the Dominican Republic in 30 years. The people of Central America have chosen peace and democracy. We must help them to prove that they made the right choice, that democracy delivers.

Today, we agreed to an intensified ongoing dialog between the United States, Central America, and the Dominican Republic to work together on issues that will make a real difference to the lives of all our people with a high level, follow-on structure to make sure that our commitments are realized.

Together we looked at ways to strengthen our democracies and to combat the drugs, crime, and corruption that threaten to undermine them. I'm encouraged by the growing cooperation among Central American law enforcement authorities, including the creation of a joint center for police studies in El Salvador. To advance it further, the United States plans to establish an international law enforcement academy in Latin America by the end of this year, modeled on our successful academy in Budapest. We also agreed to modernize extradition treaties and to apply them vigorously. Those who commit a crime in one nation in our region should know that they will have no place to run and hide elsewhere in the region.

We took important steps to broaden the benefits of open and competitive trade. Our trade with Central America exceeded \$ 20 billion last year. That is a 120-percent increase since 1990. This dramatic increase is the direct result of the progress the nations of this region have made toward improving their economies and opening their markets.

To identify concrete actions we can take to expand commerce even more, and to explore ways to move toward our common goal of a free trade area of the Americas by 2005, we created a ministerial level trade and investment council.

The open skies agreement we signed today -- the first in our hemisphere -- are a powerful example of how we can move forward together. They will allow our air carriers greater freedom to increase passenger and cargo services, to lower prices for travelers and shippers, and literally to bring the Americas closer together.

Today, we also agreed that our labor ministers will meet later this year to exchange ideas on promoting respect for worker rights and improving working conditions. And we discussed the issue of immigration. I'm proud that the United States has a tradition of generous legal immigration. Last year, over 900,000 people legally immigrated to the United States. I will do what I can to preserve it because I believe America's diversity is one of our greatest strengths as we move into a new century in an increasingly global society.

But to maintain that tradition and to do what is right by people who immigrate to the United States legally, it is also necessary that we be more effective in stopping illegal immigration. Our new immigration law is designed to accomplish that objective. I appreciate the decision by several Central American nations to criminalize the terrible practice of alien smuggling, which is also a scourge to all of us.

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I do want you to know that enforcing our laws, I am determined to balance the need for firm controls against illegal immigration with common sense and compassion. Our country has greatly benefitted from the talents and the energies of Central Americans who came to our shores because they were fleeing civil war. Today, the remarkable progress in that region means that many can return home. But we want that to occur in a manner which avoids destabilizing the nations and the economies of Central America, or creating enormous hardships for children and families.

There will be no mass deportations and no targeting of Central Americans under this law. I am working with Congress to implement the new law so that it does not produce these unintended results.

Finally, we explored ideas to make a good education the birthright of every child in this region. We agreed that education should be a centerpiece of next year's Summit of the Americas in Santiago, for which today's summit is an important building block.

This has been a full and a productive session. Again, let me thank my colleagues for the passion and the depth of commitment they bring to this enterprise, and to our shared vision for a new partnership between the United States and Central America on the brink of a new century. Thank you very much.

NAFTA Membership

Q. Good afternoon. Thank you very much, Mr. President. I have two questions. For you, Mr. President Figueres, I'd like to know, within the declaration, in the chapter on strengthening democracy and good governance, I'd like to know what should be understood in the paragraph that says that we take on the commitment to update our extradition treaty and apply it vigorously to make sure that criminals are taken to justice, where the effects of their crime are felt more severely.

If we are dealing here with a paragraph that is somehow suggesting for the future any possibility of extraditing our citizens -- [inaudible] -- that the Central American contingency meet in order to be considered by your country to be part of the free trade agreement and if so, if we are, after Chile, the next one -- [inaudible].

President Clinton. I was listening -- [inaudible] -- you started talking in Spanish.

Q. Okay, so here again. My question is -- [inaudible] -- [laughter].

President Clinton. It's been a long day. [Laughter]

Q. Thank you. What do you think the conditions that Central American countries should meet in order to be considered by your country to be part of the Free Trade Agreement, and if we do meet those requirements, are we the next after Chile? Thank you.

President Figueres. The biggest -- [inaudible] -- is that respecting our constitutions and the independence of the branches of government in our countries, the judiciary and the legislative. We will continue cooperating in these areas which have to do with ensuring citizen security. And in accordance

with our responsibility as Presidents with respect to our population, I think we should work out together combating drug trafficking, money laundering, and these modern scourges which have been developing in our societies and which can only cause harm to our societies.

This is a reaffirmation of our will to continue working in that direction, with respect to our constitutions and to our legal provisions. We are all states under the rule of law, fortunately.

President Clinton. I would like to make one comment about that from the point of view of the United States. We do not believe that our sovereignty is undermined by extraditing people through our countries as long as they follow the same rules with us, so that we both respect each other's criminal justice system.

Now, let me answer your question. First of all, I believe that the nations of Central America have already gone a long way toward becoming part of a free-trade area by embracing democracy, open markets, and committing themselves to expanded trade, and committing themselves to increasing international cooperation. After all, we have the President of the Inter-American Development Bank here, we have the Secretary General of the OAS here. We are all working together more. We are committed already, the United States is, to working with all the nations that are here present to establish a free-trade area of the Americas by 2005, which is not so very far away.

Now, in between now and then, can we do more to have reciprocal open trade with the Central American countries? I believe we can, and I have agreed to two steps. The first is that we have set up a ministerial trade and investment council here, as a result of this communique, to identify what the next concrete steps are. But, before that, I have proposed in my budget an expansion of the Caribbean Basin Initiative, and I have funded it over the next 5 years, which would permit us to reduce or eliminate tariffs on a large number of other items coming from Central America that would further deepen our trade relations.

So, I'm strongly supportive of it. I think the big steps have already been taken. The next steps are subject to agreement by our trade negotiators and people who are concerned about investment. And they can be worked out if we stay on the path we're on.

Terry [Terence Hunt, Associated Press]

Central American-U.S. Relations

Q. Mr. President, some of the leaders here today and some other prominent Central American figures have complained in recent days that the United States pays attention to this region only in times of war and in times of natural disaster. Do you think that that has been a valid criticism?

And to President Figueres, what, if anything, has President Clinton said today that makes you think that that attitude would change?

President Clinton. Well, first of all, I think there is some validity to that criticism -- that is, I think there are some sectors of our society that may have been more interested in Central America when it was a battleground in the cold war or when it could at least be interpreted to have been a battleground

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in the cold war. But I don't think it's a fair characterization of America as a whole or of the attitude of this administration.

After all, we convened the Summit of the Americas including all the democratically elected leaders of Central America and the Caribbean and the rest of Latin America in 1994. We have worked diligently since then in meeting with and working with various leaders in this area. We have worked for the cause of peace in Central America and applauded it when it prevailed.

And this meeting here, which as I said, is the first time since 1968 when President Johnson met with the leaders of Central America, the Dominican Republic that such a meeting has occurred, and this one has a different agenda. This is designed to send the message that we believe it is in the interest of the United States and the people of the United States, as well as the right thing to do, to have an economic and a political partnership with Central America as we move into the new century.

President Figueres. I -- [inaudible] -- to this meeting with a completely different perspective of what our relationship should be. The old relationship that we have had in the past is no longer the one that can most benefit us in the world of a globalized economy. And today, we have all come as true partners to share the responsibilities of our development and to look for common paths through which we can develop. Central America today, fully democratic and in peace, is willing to pull its own weight, and we are perfectly well aware of the responsibilities in that respect that we have as leaders of our nations. This is truly the beginning of a great new partnership.

Q. Good afternoon, Presidents. For President Clinton. The countries of Central America have been complaining -- complaining that the United States has abandoned Central America lately. Aside from progressively, steadily liberalizing trade, in what other way could the United States help the people of Central America -- for meetings such as this not be considered as social events with rather rhetorical results that have nothing to do with reality?

President Clinton. Well, I think there are lots of specific ways we can work with Central America apart from trade, and I mentioned one in my remarks. We intend to establish a law enforcement academy in Latin America that will serve the people of Central America in helping them to develop professional police forces that are effective and respects human rights and effective judicial systems.

We did this in Central Europe, with one in Budapest, and we have worked with a lot of former communist countries in the area of law enforcement cooperation in a way that has been extraordinarily well received there, and I believe will be here.

Last night when President Figueres and I had a chance to meet, and again today in our larger meeting, I reaffirmed our willingness to work with countries of Central America to help to expand educational opportunities and to bring the benefits of educational technology to all students. And I think there are great opportunities there. I think there are enormous opportunities for us to cooperate in the environmental areas in ways that will be helpful to the long-term stability of the nations that are represented here.

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So those are just three areas in which I expect there to be significantly increased cooperation in the years ahead. In addition to that, as you know, we still have some modest aid programs. The Peace Corps is active in many of these nations, doing very constructive things. So I expect that there will be other things which will be done in the years ahead.

Keep in mind, the United States has finally voted for the first time since 1969 -- at least we have an agreement with the leaders of the Congress -- to balance our budget. And that will permit us the freedom and the economic stability, I think, to be a better partner with our neighbors in a whole range of other areas. But the most important thing is for you to prove that your economy will work. And I think the plan we're following will enable you to do that.

Paul [Paul Basken, United Press International].

Immigration Law

Q. Mr. President, Central American leaders before this meeting were saying the new U.S. immigration laws are causing major economic and political headaches. A State Department official was quoted today as saying that, given the situation in Congress, all you have been able to offer them today was "words and promises and hot air." Did that turn out to be true, and what do you realistically expect to get from Congress on immigration between now and the date of September 30th, set out in the statement today?

And, for President Figueres, if you could, are the Central American leaders overreacting to the situation?

President Clinton. Well, first of all, let's describe what the situation is. There are a lot of immigrants living in the United States from the countries that are represented here today who came to the United States primarily because of upheaval caused in their countries during wars. Some of those immigrants are there legally, but not as legal immigrants. That is, there is a separate category of our immigration law which says if you're, in effect, fleeing political disruption in your own country, you can stay in our country but you don't become a legal immigrant with the right to apply for citizenship after 5 years. But many of them have been there quite a long while. Some of them are not legal under that status but they've been there quite a long while, and they did come because of the political upheaval.

There are two real problems with just shipping all of them up and sending them home, aside from the practical problems of whether it can be done or not. One is that a lot of them have been in the United States so long that they have families there, they have children in school, they have lives that are intertwined with their communities. And it would be significantly disruptive and unfair to the families and the children.

The other is that a lot of -- such a dislocation would rob a lot of these countries of cash remittances that a lot of these folks are sending back home to their families which take the place of a lot of foreign aid or domestic economic activity in keeping the country going. And also, that level of influx would destabilize them.

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So I think it's fair to say that everyone who studied this understands that the Central American countries -- a number of them are in a very special category when it comes to dealing with the immigration laws.

The immigration law that we passed was designed to help us stop illegal immigration at the border, in the workplace, and in the court system. And it will achieve that. But we have to implement it in a way that is humane and recognizes the special problems created here.

So what I have said is that, number one, for the immigrants that are there legally, but not as legal immigrants -- that is, they're in the category of people fleeing political problems at home -- the law says that I can only exempt 4,000 people from being sent back to their countries. I will not trigger that law until September, the end of September, during which time I will work with Congress to try to figure out how to implement it.

As to people who are generally not in America legally, there will be no mass deportations and no targeting of any citizens from any country. They will have to be dealt with on a case-by-case basis.

And again, I will say, I'm not so sure, as whoever your anonymous source was, that the Congress will be unwilling to recognize the fact that these Central American countries are in a rather special category. After all, the United States Government was heavily involved with a lot of these countries during the time of all this upheaval. And just as we were quite generous -- and we should have been -- in welcoming Vietnamese people to our shores after the termination of our involvement in Vietnam, where our country did not prevail, in these nations where democracy has prevailed and we want to work with them to succeed, it seems to me we ought to be sensitive to the disruptions that were caused during those tough years that we were involved in as a nation. So I'm not so sure we can't get some treatments.

But the law itself, I want to say, as I said in Mexico, it's a good thing that we try to stop illegal immigration because if we don't, we won't be able to keep the American people in support of legal immigration. So we have to stop it as much as we can. But we have to understand, these Central American countries are in a different category because of what they went through in the 1980s.

President Figueres. I feel that we have advanced a lot on this subject, which is certainly important to the Central American nations for many of the reasons that President Clinton has just mentioned. But on this issue of immigration, your question was, has there been an overreaction in Central America. I don't believe that there has been an overreaction, and I believe that we have achieved substantial progress.

If I may, on that, I would like to call perhaps on President Armando Calderon Sol, because he is really the one that, in terms of Central America, with President Arnaldo Aleman, led the conversation.

President Calderon. I would just like to add that, for us, this new relationship that we have begun between Central America and the United States, at the time of President Clinton's visit is profoundly significant. It represents a recognition by the United States, a recognition of the contribution that our people make to their economy, a recognition of the human drama that our people are experiencing in the United States because of what happens here,

because this was the theater of operations of the cold war, here in Central America, to hear this from the President of the United States and to hear the profoundly humane position that he adopts when he looks at the people which have had so much pain, for us is very encouraging. And he has stated very clearly that there will not be mass deportations, that they will seek to work more flexibly with the new immigration law, that there is time from now until September for a joint initiative with the Congress and to awaken more awareness within the Congress concerning this issue which is so important for Central America.

Today is a very important day, a day of great hope for all Central Americans who, because of some of the tragic conditions of violence, had to leave to seek new shores, to find refuge in the United States.

President Figueres. One last question.

Central American-U.S. Trade

Q. Thank you, Mr. President. The question first for President Figueres, don't you think there's very little scope in having the support of the U.S. Government for a draft that would provide to expand the benefits of the Caribbean Basin Initiative when the countries of the region would like to have something more specific than that before the year 2005?

And President Clinton, don't you think that mere support of good will for a draft is actually a very small guarantee for the Central American countries when there is a Congress which is actually against anything that has to do with free trade or unions or even the Democrats, themselves?

President Figueres. With respect to trade, I feel that we have made major progress. These countries have benefitted from the Caribbean Basin Initiative for a number of years now. And this program is the basis on which we have been able to expand our exports from the entire region into traditional markets and also into new markets.

The program that the executive branch of the United States is submitting to the Congress differs from the situation of the past. It contains funds to be able to counteract the loss of tariff income, which would mean expanding the list of products and the exemptions for many of the products coming from this region.

Moreover, I think it is vitally important that we have agreed here to ask our ministers, the ministers who are involved in foreign trade, to task them with finding new ways, new creative ways to continue working together as a region with an eye to the year 2005, the date for which our continent plans to integrate. So the idea would be that we could advance even more in the field of trade before that date comes.

With respect to trade, Laura [Laura Martinez, Costa Rica, Television 7], we need to stress investment. I think this meeting, this summit meeting, in many ways, is a stamp of approval for the profound reforms that have been led by the Presidents of the area in the different countries. Today, the economies are much more open and much more competitive. They are true democracies and, of course, this opens up our doors to greater flows of investment. And ultimately, this is the way for us to integrate better.

President Clinton. I would like to try to respond to your question with two points. First of all, this is not a -- from our point of view -- a vague commitment. I think you should see this in three steps -- the question of how we might expand our trade between the United States and Central American countries.

Number one, I have presented a budget to the Congress which, if the Congress will go along, provides for the reduction of tariffs over the next 5 years on a lot of other goods which would increase trade with both Central America and the Caribbean. It is fully paid for in my budget. And therefore, I think we will have -- we have some chance of passing it, perhaps a good chance. And I certainly intend to fight hard for it. So there's that step.

Then the second step is that we have agreed to bring our trade and investment ministers together to identify what we do after that, what more can we do. Then the third step is adopting the free-trade area of the Americas by 2005.

I know 2005 sounds like a long time away, especially if you're very young, but it's not so very long. And if you think about what will then be a trading area of over a billion people, it is a stunning achievement if we can pull it off. So I am not excluding the possibility that we can do more than expand the Caribbean Basin Initiative, nor am I taking for granted that it will be done, but that is the three-step process I see.

Now, the larger point you made is that the Congress of the United States is opposed to free trade. That may not be true. There are strong opponents of expanded trade in the Congress, but there are also very strong supporters. Some people are just against trade because they think it gives the United States a bad deal. I think the evidence is squarely against them. The more we open our markets, the better our economy does. And we have wages going up for the first time in 20 years, and last year, more than half the new jobs, for the first time in many years, coming into our economy were above average wage. So trade is good for us, not bad.

Secondly, we can get a lot of people in my party -- you mentioned my party specifically -- we can get a lot of people in my party to vote for a fast-track authority if our trading partners will give serious attention to the question of making sure that all people in our country get to participate in the benefits of expanded trade and wealth. That's why I have advocated that we set up a labor forum to go with the business forum that will meet as we work toward a free-trade area of the Americas. The more Americans believe that all ordinary working people in other countries will benefit from expanded trade, the more likely we are to find support for it in the Congress.



Yes, ma'am.

Q. Thank you, Mr. President. I have a question for you and one question for the Presidents of Central America. Regionally, Central America was looking for NAFTA parity, and then later they changed things, that they preferred to have a free trade agreement. Given the sentiments in Congress, what do you personally believe is the best venue, the most effective to get that free trade agreement? And also, when do you expect to have a fast-track authority with Congress?

And also, for the Presidents of Central America -- President Figueres or any of the other Presidents that you are going to seek an amnesty with regard to immigration. I don't know if you asked for that amnesty of President Clinton,

and if so, what was his response?

President Clinton. Let me answer your question quite succinctly. I think the best course is for me first to try to pass my budget which contains an expansion of the Caribbean Basin Initiative; and second, to try to pass fast track authority in the Congress this year, which I fully intend to do my best to do. We're going to work very hard on that. And at the same time, then, to consult with leaders of the Congress in both parties who favor this approach about what they believe the best way to proceed is, because we're all going to have to work together on this.

While we're consulting with Congress, there will be this meeting of our ministers, all of our ministers, identifying what they think the next step should be to continue to expand trade. So I think that our road map is quite clear, and that is the one I intend to pursue.

President Figueres. With respect to the question of immigration, it has already been covered by Armando Calderon Sol, but I would like to go back to your question with respect -- that, first, Central America wanted parity and then later on began to look for other ways to acquire more investment and how do we think is the best. Don Alvaro Arzu discussed this issue extensively this morning in the forum, and I would like to invite him to answer your question.

President Arzu. Thank you. What we have stressed and tried to demonstrate is that the region of Central America is prepared, is ready. It's no longer time for us to be reaching out our hands to ask for support, although we are grateful for the support we have received. But instead, we have a desire for a more longstanding, a more permanent relationship of partnership, and more than that, we want a free trade agreement. This is our aspiration.

We need to follow certain parameters, which are requirements, with Congress for example; also with public opinion, the press -- [inaudible] -- in communication. But what we mostly want to tell the American union is that we are ready. In Central America, we are ready to compete. We are ready to receive investment. We are ready to generate production. And we are ready to diversify the results and the profits that we attract among the large mass of impoverished people in our region in order to begin shrinking the very profound socioeconomic gap that we still have. So we want to go beyond that and I think we can do it.

Thank you.

President Figueres. Thank you. this concludes the press conference.

NOTE: The President's 144th news conference began at 1:20 p.m. at the National Theater. President Jose Figueres of Costa Rica spoke in Spanish and English, and his Spanish remarks were translated by an interpreter. President Armando Calderon of El Salvador and President Alvaro Arzu of Guatemala spoke in Spanish, and their remarks were translated by an interpreter. A tape was not available for verification of the content of this news conference.

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BODY:

Thank you very much, ladies and gentlemen. Thank you, Don, for your introduction and for the good work that you do and that we have tried to do together. I'm delighted to be joined here today by several members of the administration. I see Secretary Daley, Secretary Herman, our NEC Chair, Gene Sperling, my Presidential Adviser for Public Liaison, Maria Echaveste, and Mack McLarty, who is known to many of you for the many hats he has worn and now, among other things, is my special envoy to Latin America.

I wanted to come today to talk to you at what we all know is a very hopeful time, about what we have to do together to keep our economy growing and to prepare America for the 21st century, with the lowest unemployment in 24 years, the lowest inflation in 30 years, the highest corporate profit in more than two decades, the biggest drop in inequality of incomes among working people last year since the 1960's, and a stock market that has done reasonably well. [Laughter] We also have had the biggest drop in crime last year in 35 years and now 5 years in a row of crime going down, by far the largest drop in the welfare rolls ever since 1994 when it reached its all time peak. Our country is also leading the world again in exports and cutting edge technologies. And we can be forgiven if we now hope that we can make the 21st century, like the 20th century, another American century.

The great credit for this remarkable economic turnaround goes primarily to American businesses and workers, to small businesses and entrepreneurs, to those on the cutting edge of research and development, to the responsible policies of the Federal Reserve. But I also like to think that our new economic policy had a little something to do with it as well.

In 1993, we replaced trickle-down economics, which had quadrupled the Nation's debt, with invest-and-grow economics, starting with cutting the deficit. We cut it from \$ 290 billion a year to what is estimated to be about \$ 67 billion this year. That is a 77 percent reduction based on the 1993 plan. Now, with the balanced budget agreement that the administration has reached with the Congress, it will go to zero.

Second, we have invested in the skills and education of our people, beginning to put in place a system of life-long learning for all Americans, which starts with expanding Head Start and includes raising academic standards, opening wider the doors of college, improving job training for employees, and developing with the business community, in every State, school-to-work partnerships for those who don't go on to 4-year colleges or universities.

Third, we have vigorously worked to open markets for American products. With NAFTA, GATT, and over 200 other hard-won trade agreements, our exports are at an all-time high and will be further advanced by the agreements recently reached

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in telecommunications and information technology. Fiscal responsibility, investing in people, free and fair trade, that has been our economic strategy.

We have also tried to modernize and improve the way the Government works with the private sector. The Federal Government now has 300,000 fewer people working for it than it did the day I became President in 1993, some 16,000 fewer pages of regulations, hundreds of fewer Government programs but, more importantly, genuine partnerships with all different kinds of industries to grow the economy and preserve the environment and to reach other genuine and legitimate aims of the American people, including moving people from welfare to work and giving our children a greater future, things to which Don alluded.

The results of your efforts and ours and our partnership have made the United States once again the envy of the world. I read the business magazines when they come out, and they're a long way from where they were in 1993, when I didn't enjoy reading them so much. Now there is a hyperbole contest. One says this is the best economy in 30 years; another says it's the best it's ever been. I don't feel the need to resolve that debate. [Laughter] Regardless, that's a high-class problem.

But we know that underneath that there are other challenges facing us, so I came here to say I think we can keep this going. I believe we can do better. But it will require us to make some critical choices in the coming months that will determine whether we will keep to the vision and the partnership and the forward march that we are on, or abandon it.

First, we have to finish the job of balancing the budget, and that means we have to implement this budget agreement in good faith. It will happen in two steps. In the beginning, there will be votes on what's called a reconciliation package for the multi-year spending and the multi-year tax cut between now and 2002, and then there must be votes on next year's appropriations which are faithful to the budget agreement and to the reconciliation package.

It is absolutely essential for both Republicans and Democrats, especially those who voted for the agreement -- in the House, nearly two-thirds of the Democrats and nearly 90 percent of the Republicans; in the Senate over 80 percent of the Democrats and just over 70 percent of the Republicans, who carried with overwhelming bipartisan support in both Houses with one party having the greater percentage in one House, the other in the other House -- it is essential now to implement the agreement in good faith. It is quite specific, and ambiguous on very, very few points.

If we had enough changes around the edges that some want to make, pretty soon we could make the edges ragged enough to unravel the fabric of the agreement. I do not expect that to happen. I expect it to be implemented. But you will see a lot of efforts, I think, in the next few weeks and months to get people to hold to the terms of the agreement. And since you support the agreement, I hope you will support the discipline necessary to hold to its terms.

The second test will be whether we can make good on the critical need to invest in our people and especially in education and training. This budget contains the biggest increase in educational investment since the 1960's. And arguably, in making universal access to the first 2 years of college after high school, so that it can become just as prevalent as a high school diploma is today, it is the biggest advance in opportunity for all Americans in education

since the GI bill.

In addition to that, it contains the funding necessary for us to conduct a national examination of all fourth graders in reading and all eighth graders in math, according to generally accepted national standards in 1999. I want to again say, of all the things the Business Roundtable has done that I am grateful for, there is nothing that I appreciate more than your steadfast adherence to the cause of high national academic standards and the proposition that all our children can learn, should be expected to learn, and should be measured against those standards. I want to particularly thank you and thank my longtime friend and fellow Arkansan, Brooks Robinson, for going public on this, and thank you for mobilizing other baseball players and getting the Orioles involved. Stay with this.

Even though we just this week had evidence that our fourth graders rank well above the national average in the Third International Math and Science Test, there are States that are reluctant to participate, and it is wrong. It is wrong to pretend that this is some sort of a Government plot to take over the schools, which it isn't, or that somehow math is different in Washington State than it is in Maine, and that physics is different in Miami than it is in Montana. That is not true. And we, and you especially, have an interest in our hanging tough on this.

So we can do it. Already, since I called for this in the State of the Union, we have education leaders in States reflecting about -- now over 20 percent of the school students in our country willing to participate, but we ought not to stop until we have 100 percent. And I thank you for your support of that.

And let me finally say just one more word about the budget agreement. The budget agreement has a unique provision for tax relief, and I think that the amount can be afforded and the framework of the tax relief is set out in the budget agreement. For me, the tax package that they will send to my desk should meet five tests. One, and most important, it's got to be faithful to the agreement. If you want to know what it can do, just read the agreement. Second, it should help the economy grow. Third, it should be fair to working families. Fourth, it should target our top priority of education. And finally, it should not explode the deficit in later years and make it more difficult to meet the fiscal challenges we will face as the baby boom nears retirement.

Now, the amount fixed in the agreement was \$ 85 billion in the first year -- first 5 years, and a little less than twice that in the second 5 years, which allows for natural growth. In the 10-year window that we have agreed to, this is -- to give you some perspective -- will provide for a lot of possibilities, but it's about one-tenth the total cost of the 1981 tax cut, much of which, as you'll remember, had to be undone in 1982 and then in subsequent years because of what happened to the deficit. We don't want to go down that road again, so there are strict limits.

Within these limits, I favor tax relief to help families raise their children and send them to college, to pay for lifetime learning, to own a home. I could support a pro-growth capital gains tax relief package, along with some help to ease the burdens of estate taxes on small businesses and family farms, as long as these tax relief measures are consistent with the budget agreement and especially consistent not only with the 5-year time window but the 10-year time window. We are trying to balance the budget over a long period of time, not

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just have it balanced in one year and have it bump up again the next year and leave our successors here another set of headaches.

Now, from my point of view, the tax package revealed by the Republicans in the House Ways and Means Committee does not meet all those standards. One of the biggest challenges Americans have today -- and you know this, all your employees do, even upper income people -- is balancing the demands of work and family, raising a child, and doing your job.

I believe the package that was revealed this week by the House committee would make that job more difficult for millions of Americans for the following reasons. First, it explicitly excludes 4 million of our hardest pressed families from receiving the child tax credit. I think that's a mistake because their incomes are so modest, they qualify for the earned-income tax credit under present tax law.

Another provision actually penalizes families with working mothers by saying that parents who receive tax relief for child care under present tax law will have their children's tax credit cut. I think that is wrong. I don't think that we should single out working families who need child care for less tax relief. I cannot let that provision stand. And since a lot of you employ members of those working families, I hope you will stand with me on that in opposing it.

Nonetheless, let me say that, on balance, I think good things are happening. It is bound to be that in the beginning of this skirmish there will be a lot of particular proposals made that are inconsistent with the budget agreement. Why? Because the budget agreement, while it was voted on by the whole Congress, was developed by just a few people. And I would dare say that not everybody who voted on it has read every word of it.

So don't get too upset or distracted or think that things are hopeless if we get into a big fight here over an issue or two, because it's part of the inevitable process of going from the terms of the budget agreement to the specifics of a reconciliation package and then to the even more specific appropriation bills that will have to pass later in the year.

The third big test, after our investment priorities and balancing the budget, is whether we will continue to lead the world in trade. I have to say that it is somewhat mysterious to me that we seem to have, if anything, even more opposition to expanding trade in 1997 than we did when we had the critical vote in 1993, and then again on GATT in 1994, when we have more evidence that our policy works.

With the 200 trade agreements that were negotiated in the first 4 years I was President went along over 12 million new jobs, the first time in history one 4-year term ever saw the American people produce over 12 million new jobs. The unemployment rate is at 4.8 percent for the first time in 24 years, since 1973. And in the last 2 years, more than half of the new jobs created in this country have been in categories that pay wages above the average. We know that trade-related jobs pay above the average. So it's not like we don't have any evidence here.

Yet, in the face of all this evidence, it appears to me that there are some people -- in both parties, I might say -- who are afraid to give the President the same authority that every President since Gerald Ford has had to negotiate

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fast-track agreements, not just with specific countries but within the framework of the general trade regimes of which we're a part.

I do not believe we have anything to fear from more trade with Chile. I do not believe we have anything to fear from more trade with Argentina and Brazil. I believe we would be making a terrible political as well as a terrible economic mistake to walk away from the democratic and free market movement that is sweeping the world and especially our neighbors in South America, who have known so much heartache in the past from oppression and poverty, and have given us a lot of heartburn in the 20th century, growing out of the Governments they had and the suffering of their own people. Now we have a chance to solidify a much more positive movement, and we know it is good for us because we have the evidence. So I hope that you will help us win the fast-track vote.

I also know that there is, if anything, even more at least emotional opposition to the extension of MFN to China. You know what a lot of our fellow country men and women don't, which is that MFN is the most wrongly worded term in Government language. And that's a mouthful. [Laughter] We do not seek any special favors for China. We seek simply to continue the status quo, treating them as we do other normal trading partners. We believe that it will help us to maintain a stable, open, and peaceful China. We believe that our interest is having a China that is not only stable and open but one that is nonaggressive, that respects human rights, works to strengthen the rule of law, and works with us to build a more secure international order.

Now, we have great disagreements with China. The question is, can we influence China best by treating them differently from all of our other trading partners for the first time in a very long time, or can we influence them more by giving the possibility of genuine partnership?

Every President since 1980 has extended MFN to China. Ending that would end our strategic dialog, which has led to cooperation on nuclear nonproliferation issues, to stability on the Korean Peninsula, to the protection of American intellectual property rights. All of that cooperation would go by the boards. It would close one of the world's largest markets to our people and our businesses and our exports. It could put in danger some 170,000 American jobs today. It would make China more isolated and remove incentives to play by the rules of international conduct.

Revoking normal trade treatment would have grave consequences especially now, I'm afraid, as we stand on the eve of Hong Kong's reversion. In 1984, Great Britain and China made an agreement about the terms under which Hong Kong would revert and asked the United States, when President Reagan held this office, to bless the agreement. The United States did that. We expect the agreement to be honored: one China, two systems. We think it should be.

Ending MFN now would shatter any claim to influence we have on that important subject. Half of all China's trade flows through Hong Kong. Revocation would have a more devastating effect on Hong Kong probably than China as a whole. All the political leaders in Hong Kong across the political spectrum, including the most ardent human rights and democracy advocates, have implored us to continue MFN with China and not to revoke it.

So what I say to you and what I know you agree with, but I hope you will say to Members of Congress in both parties, is that this is not about whether we

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agree with China on every issue; it's not about whether we have profound disagreements with them; it is about what is the interest of the American people and what is most likely to give us the largest amount of influence and cooperation with China in the years ahead.

We have to continue to speak out for human rights, and we have, and we will. We have worked with the U.N. Human Rights Commission in Geneva. Our State Department issues unvarnished annual reports. We meet with China's leaders on human rights initiatives. We talk about expanding Radio Free Asia's broadcast to China in Mandarin. And all of us have to do more on these important issues. We have supported and will continue to support programs to advance civil society and the rule of law in China. And I ask America's business community to join with us to contribute to programs that will support the rule of law in China and in other countries where it is desperately needed.

We need more educational exchanges, more training centers for lawyers and judges, more support for those who stand against corruption. You have great interest in rules that are predictable and consistent. It will help democratic society eventually to emerge and serve our values as well as our interests. But we cannot do it, I would argue, if we cut off our relations with China in trade.

The road ahead may not be entirely uniform and will be unpredictable and will be rough, but you can disagree with people and still do business with them, knowing that if you're talking to them and working with them, the incentives not to go over the edge to truly destructive behavior and a more isolated world are always there. That is what I believe is in the interests of the American people.

I would point out, too, that I have been heartened by the growing support among religious leaders in the United States for continuation of MFN status based on the ability of people in China of different religious faiths to practice their religion. So we're broadening the support. But again I ask you, please help us with this. There are a lot of people of great and genuine conviction on the other side of this issue, but I think the evidence is on our side and I hope we can prevail.

Let me say, finally, that there are a few other things that I think we have to do beyond these three issues of finishing the work of the budget, investing in our people, and expanding trade. This moment of prosperity and stability has given us an opportunity to work together to repair our social fabric, to join together to face those issues which, if we don't face them, could flare into crises and keep us from becoming the nation we ought to be in the new century.

And let me just mention a few. You were kind enough to mention the summit of service that President Bush, President Carter, Mrs. Reagan, and General Powell and I and others sponsored in Philadelphia. One of the things we have to do if we want to give our children a better future is to help their parents be gainfully employed. We were able to reduce the welfare rolls dramatically because of a growing economy and because of work we did with States before the passage of the welfare reform bill to help them move people from welfare to work.

Now, this welfare reform bill did two things. It required people on welfare who are able-bodied to move from welfare to work within a certain amount of time, and it gave the States, in a block grant, funds that used to be spent in a Federal entitlement so that they would have more flexibility to create

incentives for people to move from welfare to work.

Forty of our States now have a windfall there because they're getting money based on how much they got when the welfare rolls were at their peak, and there has been a 20-percent-plus drop in the welfare rolls in the last 3 years.

I urge you, in all the States that you're working in, to get the Governors, to get the legislators to work with the business community to spend that money in ways that, with your efforts, can move a million more people from welfare to work in the next 4 years. We moved a million people in the last 4 when we were creating 12 million jobs -- that had never been done before, the 12 million jobs, neither had the million people.

Under the terms of this welfare reform law, whether we create 12 million jobs or not in the private sector, we have to move nearly another million people. We have got to have your help. But the States have the power to do things like give employers the welfare check for a year or two to use as an employment and training subsidy for people that are especially hard to place, to spend even more money on child care, to spend money on education and training.

So I implore you to help us do this. It will be a terrible thing if, having called for welfare reform and personal responsibility, the end of it is to wind up hurting poor people. That was never what was intended. The children should not suffer in this. And you are going to have to take the lead in helping to do this.

The second thing I'd like to say is, we have to -- now having faced the structural budget deficit in the country we have to deal with the generational deficit. That means we have to have long-term entitlement reform to face the realities of the baby boom generation retiring. And I will be -- as soon as we get the budget out of the way, I'll be working with the bipartisan leadership in Congress on an approach to that, and I ask for your support.

It also means that we have to fulfill the mission of the Philadelphia summit, with the public and the private sectors doing their jobs. Remember what the Philadelphia summit was about: Every child ought to have a safe place to grow up, decent health care, a good education and marketable skills, a mentor, and the chance to serve.

And we live in a country where 11 percent of the people over 65 are poor, but 20 percent-plus of the people under 18 are. And we cannot do well unless we do better by our children. So this intergenerational thing is about entitlement reform, but it's also about giving our kids a better chance.

The third issue -- the one I'm going to speak about in San Diego in a couple of days -- and that is the challenge presented to us as we become the world's first truly multiracial democracy. We have 5 school districts in America today with kids from over 100 different racial and ethnic groups -- 5. We'll soon have 12.

We have -- we all know this, but my Baptist minister from Arkansas came up to see me during the Inaugural, and he told me he had a cousin who had a Baptist church across the river here in Virginia that now has a Korean mission and runs English-as-a-second-language classes out of the church. There are thousands of stories like this.

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And yet we know that there are still dramatically different perceptions among different racial and ethnic groups, starting with the historic tensions that have existed between African-Americans and whites in the country and layered on by the successive waves of immigrants that pose great challenges to us.

When you look at how the world is being torn asunder in the Middle East, in Bosnia, in Northern Ireland, and Africa, by people who would rather kill each other over their differences than celebrate what they share, you realize that what we are trying to do here is truly astonishing.

Within the decade, more than one state in America will have no majority race -- within the decade. Within three decades, the whole country will almost have no majority race. We are going to test whether what we always say about America is true, that we are basically a country founded on an idea. It's not about land. It's not about race or ethnic origin. It's about the idea that all of us are created equal. And that means, among other things, we have to deal with both the perceptions and the reality. And I don't want to get into this except to say that I hope that all of you are concerned by the consequences of the wholesale abolition of affirmative action on enrollment in higher education that we've seen in California and Texas. And I know a lot of employers of large companies have led the way in trying to preserve a sensible form of affirmative action. So I ask you to consider that because this is not just the President and the Government. All of us are the stewards of whether we can become one America in the 21st century.

Finally, let me say on an issue that I know is a concern to some of you because I read your ad in the paper -- [laughter] -- I think that we have to prove that we can grow the economy while not only preserving but actually enhancing the environment. And I believe most of you think we can do that. And I think the message you were trying to get across in the ad is, don't wreck the economy without knowing what you're doing. I understand that.

But let me say, I was very moved by the speech recently given by the chairman of British Petroleum on the issue of climate change. I don't know how many of you read it, but essentially what he said is, look, nobody knows exactly what the impact of climate change is, but let's not deny anymore that the climate is changing and that it can't be good and that no harm will be done if we take sensible steps to try to reduce greenhouse gas emissions and to do other things which will help us to preserve the environment.

We've had more extreme weather conditions in the United States in the last 5 years than we had in the previous 30. And we know from all the scientific studies what is happening to the temperature of the globe. What I ask you to do is to work with me in good faith to give our children a world worth living in.

A lot of you have made a good deal of money in your corporations by technologies which improve the environment. And if we have the strongest economy in the world, we will find a sensible way to grow that economy in a way that fulfills our responsibilities.

Today, with 4 percent of the world's population, we produce over 20 percent of the greenhouse gases. We're up 13 percent since 1990 when President Bush and his administration said we would try to hold constant through the year 2000.

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I had an interesting conversation with Jiang Zemin in New York about a year ago, when he said, I don't want you to have a containment policy toward China. I said, I'm not sure -- I said, I don't want to have a containment policy toward China. I said, my biggest worry about you is that you'll get rich the same way we did. And if you do that, you might burn the air up because you got 1.2 billion people. And we need to find an environmentally responsible way for China to grow.

So I ask you to join with us in partnership. There is no secret plan. There is no scheme here to try to put thousands of Americans out of business. I have devoted my passion and the best ideas I could come up with to try to get this country in good shape economically and socially. But I do believe it is folly for us to believe that we can go into the next century without a strategy that says, we're going to be responsible and we're going to do our part and lead the world on the environmental issues -- because we all know what the evidence is. We don't know what the consequences are, and we don't want to go off and do something that we're not sure makes sense. But we can do this. We can do it together. We can do it in a way that makes sense.

And I ask you not to ever ask us to back away from that but instead join hands with us and do what we've done for the last 4 1/2 years. Let's find a way to preserve the environment, to meet our international responsibilities, to meet our responsibilities to our children, and grow the economy at the same time. I know we can do it. Look at the evidence of the last 4 years. We can do anything if we put our minds to it.

Thank you very much.

NOTE: The President spoke at 4:37 p.m. in the ballroom at the J. W. Marriott Hotel. In his remarks, he referred to Donald V. Fites, chairman, Business Roundtable; Gen. Colin Powell, former Chairman, Joint Chiefs of Staff; and President Jiang Zemin of China. A tape was not available for verification of the content of these remarks.

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Expanding Trade and Creating American Jobs
Remarks by Governor Bill Clinton
North Carolina State University
Raleigh, NC
October 4, 1992

Thank you. Thank you very much. Thank you. Thank you very much. Thank you.

You've brightened up a cloudy day. I want to say how delighted I am to be here with my good friend, Jim Hunt.

When I was elected Governor and took office in 1979, he was the leader of the Democratic Governors, and he befriended me and helped to educate me, and I can honestly say, in the years that have elapsed, I have served with about 150 governors of the United States, having now served longer than any other governor, and Jim Hunt is one of the very finest with whom I ever served in any state in America.

He was our leader in education. He was our leader in economic development. He made me think of North Carolina as a state of the future, a state with a partnership between business and government and education; a state committed to competing in a global economy; a state committed to educating its people.

The legacy of Terry Sanford and Jim Hunt inspired a whole generation of young people from all across the south, including me, and for that I will always be very, very grateful.

I'd also like to say, I'm glad to be back here at North Carolina State, especially in this comfortable auditorium.

A few years ago I came here to the Democratic Convention and we had it in the place where the Wolf Pack plays basketball. It was 90 degrees outside this is literally true. It was 100 degrees inside, and then we all got up to speak on a podium that had bright lights like this, but brighter and closer, so it was about 120 on the podium. Today it is raining on us; that day I rained on the people in the crowd.

Ladies and gentlemen, I came here to North Carolina today to talk about a

difficult and important issue for our country. I wanted to come here because I think of North Carolina as a mixture of the best in America's economy, its traditional industries, and farms, and its modern hi-tech future.

When I announced my candidacy for President a year and a day ago, I did it not just to challenge Mr. Bush, but to challenge the American people, and here I come today to talk about one of our greatest challenges--how we can compete and win in the global economy.

Because I have been a governor during the entire decade of the 1980s, because I have served in the 1970s, the 1980s, and the 1990s, I have literally been required to be obsessed with the competitive realities of my state and this nation, with what we do well and what we do poorly, with what policies work, and what policies don't. But always at the core of all my concerns are the American people, the kind of people I've seen on these bus trips that Hillary and I, and Al and Tipper Gore, have taken. We're taking another one in Florida tomorrow. People who come out with hope in their heart and pain in their eyes; people who have worked hard and played by the rules. Some of them are winning, but too many of them are losing.

The whole purpose of what one person once called the dismal science of economics, is to enable us to make good decisions that will reward people who work hard and develop their God-given capacities.

I came here today to tell you why I support the North American Free Trade Agreement.

If it is done right, it will create jobs in the United States and in Mexico, and if it is done right and it is part of a larger economic strategy, we can raise our incomes and reverse the awful trend of now more than a decade in which most Americans are working harder for less money.

If it is not done right, however, the blessings of the agreement are far less clear, and the burdens can be significant. I'm convinced that I will do it right. I am equally convinced that Mr. Bush won't.

We live in a world that has been revolutionized almost beyond comprehension. We have seen, in the last few years, the Soviet Union disintegrate, the fall of Berlin Wall, freedom fighters released from their prisons in Eastern Europe and South Africa, end of the Cold War. That was the era in which I was born and in which Mr. Bush came of age, and over the last generation, less obviously but no less dramatically, we have seen unbelievable changes transforming the global economy, which have had their impact here at home.

A little more than a generation ago, international trade and investment were a seemingly insignificant portion of our nation's income, but today our exports and imports of goods and services amount to about a quarter of our entire economy.

A little more than a generation ago, American workers, consumers, and companies lived almost entirely within the American economy. Today we live within the world economy, and foreign trade accounts for almost as high a proportion of our economic activity as it does in Japan and Western Europe.

A little more than a generation ago, we were virtually unchallenged in the world market place, but today we are challenged as ever before not only by Japan and Western Europe, but by other countries as well.

A little more than a generation ago, the world was a far simpler place. We could support free trade and open markets and still maintain a high wage economy because we were the only economic super-power, and our capacity to control our destiny was largely totally within our own hands.

Now, because money and management and production are mobile and can cross national borders quickly, we face unprecedented competition from developing countries, as well as wealthy ones.

You know that in North Carolina and so do I. A textile worker in Carolina has to compete against a textile worker in Singapore perhaps to sell sweaters in Germany.

It's also hard to tell who the players are. An American car may have more foreign parts in it than a foreign car that happens to be made in an American assembly plant.

This, in other words, is not a simple debate. The world is changing in complex ways. The choices before us are difficult, and it is imperative that at least we understand what is going on, and that we have an honest and forthright discussion of all the forces at play.

For a high wage country like ours, the blessings of more trade can be offset, at least in part, by the loss of income and jobs as more and more multi-national corporations take advantage of their ability to move money, management, and production away from a high-wage country to a low-wage country.

We can also lose incomes because those companies who stay at home can use the threat of moving to depress wages, as many do today. Other countries like Germany and Japan have, quite frankly, managed this problem much better than we

have. How have they done it?

First of all, by maintaining a more highly-skilled work force -- not just among their university graduates, but up and down the line among their workers.

Secondly, by investing more in modern plant and equipment and in research and development, and developing better systems of moving ideas from the laboratory to the market place, so that if they lose one kind of manufacturing job, there are always other kinds opening up. In contrast to what you often have here, where when people lose their manufacturing jobs, they look around until their unemployment runs out, and then eventually take jobs making half what they used to make.

Thirdly, these countries do a better job of controlling their external costs like health care and energy. The average German factory produces the same amount of output as the average American one for 1/2 the energy input, and our country spends 30 percent more of our income on health care than any other nation with which we compete.

Next, other countries do a better job of exporting more and of continuously increasing productivity by working together more closely, business and labor, government and education. But also let's be frank--Germany and Japan have policies that are tougher in keeping high wage jobs at home, at least for the home market. The Europeans have an absolute ban on foreign car sales that exceed 16 percent of the market now in Western Europe. The Japanese distribution system means that only 3 percent of the cars sold in Japan are not Japanese. We have an auto parts export surplus of \$4 billion with every country in the world, but when you add Japan in, we have a \$9 billion deficit.

For some time now--as you see, this is a very complicated thing, and for some time I have felt that one of the most difficult problems in modern politics and, therefore, in this presidential election, is the simplistic and superficial labeling of complex issues.

As network news sound bites have shrunk by -- one study -- they're down to less than 9 seconds now, public discussions of important issues have gotten the short shrift. On, perhaps, no other issue has the decline of discourse been more pronounced than on the issue of trade, an issue of great impact to you here in North Carolina, in positive and in negative ways on farmers and textile workers, on furniture makers, on engineers, and scientists in the research triangle.

Too much is at stake here to avoid the real issues and yet, time and again, that is what we do.

The issue here is not whether we should support free trade or open

markets. Of course, we should. The real issue is whether or not we will have a national economic strategy to make sure we reap the benefits, and the answer today is -- we don't.

Too many Republicans would say that it's a simple issue--free trade always equals economic growth. Well, it can, but only if we have a comprehensive national strategy to promote that kind of growth.

Some Democrats would say that free trade today always equals exporting jobs and lowering wages. Well, it sure can if you don't have a comprehensive economic strategy to maintain a high-wage, high-growth economy.

It is in that context that we have to look at this North American Free Trade Agreement. Is it good for Americans? Will it help us to develop a high-wage, high-growth economy here at home? Or, by opening Mexico to more U.S. and foreign investment, will it simply encourage more United States companies to abandon their workers and communities here and move to Mexico? Will it depress wages of those who are left here, and will they even have ironically, less money to buy the products that Mexico will send back to this country?

Well, if you look at the experience of the maquiladora plants, those who have moved to Mexico right across the border, there is certainly cause for concern. We can see clearly there that labor standards have been regularly violated; that environmental standards are often ignored, and that many people who have those jobs live in conditions which are still pretty dismal not just by our standards, but theirs.

So there is some reason to fear that there are people in this world and in our country who would take advantage of any provisions insuring more investment opportunities simply to look for lower wages without regard to the human impact of their decisions.

Still, you must look at the other side of the coin. Changes in Mexico under President Salinas have ballooned our two-way trade with them and have eliminated the trade deficit we once had with Mexico, thus creating jobs here in America even as our investment policies have cost them.

I can also say, based on my own experience, that a good economic policy can grow manufacturing jobs even in tough global competition.

In our state, thanks to highly productive workers and creative business leaders, good cooperation between the government and the private sector, good incentives and aggressive support for educating workers, promoting quality management and marketing more products, we have grown manufacturing jobs at 10 times the national average for several years now. You heard

Governor Hunt say that we now rank first in the country in private sector job growth. There are many and complex reasons for this, but we did have a definite strategy that involved partnerships with a deliberate decision not to give up our manufacturing base. That is very important.

In the United States of America today, only about 16.5 percent of the work force is in manufacturing. In my state, it's 22 percent. In this state, I think it's still about 28 percent, the largest in the United States.

I want to make it very clear--I am committed to maintaining a strong manufacturing base in this country.

My granddaddy used to say that during the Depression, people were so poor they took in one another's washing for a living.

That would be the equivalent of an economy that was only a service economy where nobody in America ever made anything.

The great economic powers in this world are the people who make things. We have 16.5 percent of our work force in manufacturing; Japan has 28 percent; Germany has 32 percent. We must do better and we can.

I believe NAFTA can contribute to this effort, not undermine it, as long as we move aggressively to address the serious omissions from the agreement.

I believe we have to do more for our own workers, to protect the environment on both sides of the border, both because it's good for the environment and because if they don't do it, it will further lower their cost of production, to promote prosperity on both sides of the border.

If we do these things and, again, if we develop a serious economic policy at home, then NAFTA can be a very good thing for the United States.

We simply cannot go backwards when the rest of the world is going forward into a more integrated economy. We cannot go inward when our opportunities are so often outward. For all our history, America has moved ahead and reached out, colonizing a wilderness, exploring a continent, always seeking what President Kennedy called the New Frontier.

And today we must forge ahead again. As president, I will seek to address the deficiencies of the North American Free Trade Agreement through supplemental agreements with the Canadians and the Mexican government and by taking several key steps here at home. I will not sign legislation implementing the North American Free Trade Agreement until we have reached additional agreements to protect

America's vital interests. But I believe we can address those issues without renegotiating the basic agreement.

This agreement, however, is only one piece of a larger picture. Even the present negotiations recognize that, as there are other issues being discussed all along. We need not only to reduce trade barriers, but to prepare our entire workforce not only to compete in the global economy, but to live with the changes in it and to make sure nobody gets left behind.

I remain convinced that the North American Free Trade Agreement will generate jobs and growth on both sides of the border if and only if it's part of a broad-based strategy, and if, and only if, we address the issues still to be addressed.

If we don't do those things, we can kill NAFTA, but we'll still lose jobs. And that's the important point I want to make. I have been governor of a state that has seen jobs go on a fast track to Mexico and to other countries. If we do nothing on this agreement and we don't address the serious worker retraining and economic investment issues in this country and we don't change our economic policy, we will still lose jobs because money, production, and management are mobile, and there are people, unfortunately, in this world who would rather move for cheap wages than stay and work for productivity.

We have got to face the bigger issue. We cannot overload NAFTA and make it the symbol of either all our hopes, as Mr. Bush has done, or all our fears, as some of the opponents have done. We have got to see this as a part of a real, big effort to rebuild the American economy from the ground up.

This is not an abstract question. It has real consequences for real people.

For more than a decade, our country has been led by yesterday's men, who were out of touch, out of ideas and out of step with the developments in the global economy, who refused to recognize not only new opportunities, but new challenges and new responsibilities.

Americans have paid a terrible price for their policies. Trickle-down economics have given us a weakened economy, declining wages for more than two-thirds of our workers, longer work weeks, lost jobs, greater inequality, greater poverty, one in 10 Americans on food stamps today, 100,000 Americans a month losing their health insurance, and the real sense that we may be raising the first generation of Americans to do worse than their parents.

Without a national economic strategy, this country has been allowed to

drift. Meanwhile, our competitors have organized themselves around clear national goals to save, promote and enhance high-wage, high-growth jobs.

In a Clinton administration, we will approach trade and every other issue with a single-minded focus, to do what is best for ordinary Americans who are willing to work hard to get ahead.

But that focus must also recognize the new rules of the global economy. When Japan discovers a way just to make cars a little better, or when the European Community closes its markets to American pork, or when our president refuses to issue export credits and European farmers take away a Russian market that was meant to be for us, or when a country in South Asia or South America violates copyright standards for software, the impact is felt in factories and farms and families all across America.

But when people line up in Paris to watch an American movie, when families around the world eat American food, when a jet made in Seattle lands or takes off from an airport in Seoul, American jobs and paychecks are more secure.

Our prospects and our prosperity depend upon our ability to win in this kind of environment, an environment in which what we earn depends on what we can learn, in which Americans who only finish high school and have no further education and training face far grimmer futures than their parents, an America in which if we do not equal our competitors in research and development and our skill in bringing ideas into manufacturing jobs here at home, unless we have a conversion plan to take all the money by which we reduce defense and invest it in an American economy for the 21st century -- in transportation, communication, and environmental cleanup technologies, in biotechnology, in the new frontiers that will provide tens of thousands, indeed, hundreds of thousands of high wage jobs if we seize the opportunities, unless we do that, whatever we do on this trade agreement will not guarantee or undermine the future we are otherwise going to have.

We've got to understand what the big rules are and start following them. Our competitors know it. The Germans and the Japanese do more with education, from public school to apprenticeships to training in the work force, than we do. The average German factory spends five times as much money retraining its workers as the average American employer on an annual basis.

They do more on research and development than we do. They spend a higher percentage of their income.

But when our companies do have well-trained workers and competitive products and services and high levels of cooperation and productivity, they

do very well indeed. We still have some of the finest companies in the world, that dominate their marketplaces in spite of the fact that they live in a country which doesn't encourage investment in new plants ~~over~~ investment in new Maseratis or third or fourth homes. They do so in spite of the fact that they live in a country which won't control health care costs and in spite of the fact that they live in a country which doesn't guarantee that workers will always have the opportunity to have high, high, high levels of education and training.

But no matter what we do in preparing our workers and investing money, we've still got to have markets for our products. As much as we export, the Germans export a far higher percentage per capita than we do. We need more markets. And today, regional economic blocs are emerging, very formally in Western Europe and less formally, but still surely in Asia, organized by Japan and Japanese investment.

It is too early to say whether the integration of Western Europe will be a plus or a minus for America. If they keep opening trade, well, that's good.

We now have a \$17 billion surplus with Europe. But they also limit car imports to 16 percent, and they recently restricted imports of American agricultural products on the flimsiest of excuses.

So while we don't know what will happen with these other regional trading blocs, we know enough to know that we need stronger ties to our neighbors both for positive opportunities and to protect us in the event that other countries become more protectionist.

We can only do that with Canada, which is already at roughly our standard of living, and with Mexico, which is way below our standard of living, if we find a way to grow our economies together in ways that are good for both of us.

So I advocate this treaty as a beginning of that process. I hope that one day we'll have a global agreement for the General Agreement on Tariffs and Trades which will be fairer to our country and which will open markets around the world. But in the meantime, we need to do more in our own region.

If we can make this agreement work with Canada and Mexico, then we can reach down into the other market-oriented economies of Central and South America to expand even further. But these three economies together will give us, in terms of population, the largest trading market in the world today.

It will provide more jobs through exports. It will challenge us to become more competitive. It will certainly help Mexico to develop, but still, that is also in our interest: A wealthier Mexico will buy more American products; as incomes rise there, that will reduce pressure for immigration across the border into the United States, which depresses wages here.

President Salinas has taken some important steps. He's privatized corporations, he's reduced his debt, he's tamed inflation and he's brought down trade barriers. As I said, the unilateral initiative of the Mexicans has led to a huge increase in the products we sell there and the evaporation of the trade deficit. They also encouraged us to enter these negotiations.

Now, what we have to do, I will say again, is to have a new kind of leadership to make this work. We have to have an overall trade policy that says to our trading partners, particularly our wealthy ones, if you want access to our market, you've got to give us access to yours.

When the president went to Japan, it was sort of sad. He took the auto company executives and pleaded with the Japanese to buy cars. But his United States trade representative had given him a report that said that if Japanese markets were as open as American markets, they would buy \$10 billion more products from us every year, everything from agriculture to auto parts to electronics, in ways that would create 300,000 high-wage jobs in America.

So have to say that trading blocs are not enough. We need fair treatment in other countries if we are giving them fair treatment in ours.

But let me come back to this agreement. Although it is unpopular with some people and organizations that I admire and who represent the very Americans I am fighting so hard for in this election, I think we should go forward with it because it advances our interests, the interests of ordinary Americans, more than it undermines them if we also do the other things needed to deal with the deficiencies in this agreement and if we have a good, new economic policy.

The agreement reduces and eventually eliminates trade barriers in place, especially in Mexico, against a number of major American exports. It opens up larger markets for our goods and services. It will phase out virtually all tariffs between the U.S. and Mexico over the next 15 years, with some of the most sensitive products being given the longest transitions.

Yet, as I said, there are critical issues which remain unaddressed, from workers' rights to farmers' needs to environmental protection. Despite the promises he made to really address these in a forthright way, Mr. Bush has failed, most

important, to provide adequate assistance to our workers, those most likely to be hurt by economic integration with Mexico.

American farmers could also suffer without stronger safeguards for their interests. And the environmental provisions are still too weak. This agreement does nothing to reaffirm our right to insist that the Mexicans follow their own labor standards, now frequently violated--this is a very important issue--and not aggravate the wage differentials which already exist.

As we move toward free trade, we must always remember why we're doing it--to help the working men and women of America. We should not do things that are not in the interest of our people over the long run.

There are apparel workers, fruit and vegetable farmers, electronic workers, and auto workers who are at risk, not only of short-term dislocation, but of permanent damage if this agreement is not strengthened and improved. Industries that have already been hard hit by the flow of jobs to Mexico will continue to be hurt unless we negotiate tougher measures to protect them and to make ourselves more competitive.

The shortcomings in the agreement are really a reflection, however, of the shortcomings in the Bush economic policy as a whole, not just in his approach to trade with Mexico or to world trade, but in the whole approach to the economy and the environment.

This agreement underscores the core of the differences between me and Mr. Bush. From the national economic recession to the dislocations caused by defense cutbacks, his attitude has been that we should have trickle-down economics and let the market have its way, keep taxes lowest on the wealthiest Americans, then get out of the way. He seems to be saying, so what if some workers get hurt or some farmers get hurt or some environmental damage is done? So what? Sooner or later, it'll all come out in the wash. Well, a lot of Americans are being washed away by that economic philosophy.

I want America to go forward with expanded trade with our neighbors. I also want an America that has a national economic strategy that makes sense. And I believe there are some things we need to do to make this agreement stronger, but I think they can be addressed without renegotiating the basic free trade agreement.

As president, I will ensure adequate measures are taken, before Congress acts to implement the free trade agreement. I don't want to give up all our leverage to help our workers and to make sure our environment is protected by basically ratifying the agreement through legislation. I think that we don't have to reopen the agreement, but we do have to insist that protection for our workers, and for the environment proceed on parallel tracks. We should do it all at once.

President Bush has many tools at his disposal to protect our interests in addition to the things that ought to be done to the agreement. But he has failed to use them. As president, I will aggressively pursue the remedies available in our current trade laws and in the proposed agreement to protect our jobs, our businesses, our farmers and our environment from unfair practices. In addition, I think there are five unilateral steps we should take, and there are three supplemental agreements we should negotiate with Canada and Mexico to achieve an acceptable package. Here they are: First, what we have to do; we've got to address the long neglected needs of our working people, both skilled and unskilled, who are on the front lines of new economic conditions and who may be displaced. The most glaring omission in the president's package is its lack of meaningful assistance to vulnerable workers and community.

For those who need training, we must provide it. Mr. Bush's record on these issues is not a good one. In the last three budgets, he has proposed totally eliminating the training assistance that goes to people whose jobs are displaced by foreign competition.

In his 1993 budget, he cut employment and training programs by \$40 million. In a cynical election year ploy, his labor department proposed some more money for job training and other trade assistance to Michigan workers who've lost their jobs. It amounted to about \$4.60 a worker.

In our administration, the Clinton/Gore administration we won't play politics with the lives of working men and women.

We will give you real programs to deal with the real problems. Trade adjustment assistance that includes training, health care benefits and income supports, and assistance to communities to create jobs. You can train people all you want, but if they don't have anything to do, it will be like being all dressed up with no place to go.

While Mr. Bush has, in the 11th hour, made a proposal more generous than anything he has said before, it is still way too little too late. I will do more, it will be better. The American working people will be proud of it. It will ensure dignity and the opportunity to continue to be a productive member of the American workforce.

The second thing we have to do is move to protect our environment.

The Bush administration on this score is so bad that Mr. Bush's own cabinet secretary sent a memo to all of his employees saying what a bad job the president had done at the earth summit. And he's even stopped calling himself the environmental president.

It's not surprising that they did little to deal with this issue in the negotiations. Before we implement this, we have to be sure, first, that there will be environmental cleanup and infrastructure investments in our country sufficient to do what we have to do.

The third thing we have to do is to make sure we do something for the farmers who are at risk here. I am convinced, having read this agreement with some care, that some of the farmers will do better under it than they fear that they will and that the losses in some sectors have been somewhat exaggerated. However, there will certainly be some dislocation.

Assistance should be provided to farmers who are threatened. We can assist them first by strict application of American pesticide requirements to imported food.

We should help some growers shift to alternative crops, and those who may lose out to competition should be just as eligible for transition assistance as workers in businesses and communities are.

Fourth, we ought to make sure that NAFTA, the trade agreement, doesn't override the Democratic process.

For example, in the provisions on the environment, the current agreement contains no mechanism for public participation in defending challenges to American laws if we apply our environmental laws against Mexican products, or in bringing challenges to the practices of other parties.

I think the new Congress should pass legislation to provide for public participation in crafting our position in ongoing disputes, and to give citizens the right to challenge objectionable environmental practices by the Mexicans or the Canadians.

Fifth, I think we have to make sure this agreement's provisions allowing foreign workers to cross our borders are properly implemented. We have to assure that certain professional workers aren't brought in here as strike breakers. The recent experience where Canadian workers were brought into the country to break our nurses' strike by American nurses is an example of this. That should never be repeated.

As president, I have said repeatedly, I would support a law to outlaw the use of permanent replacement workers, and I certainly will negotiate to stop the use of replacement workers from Canada and Mexico.

I also think--I want to note that this agreement allows Mexican truckers to drive in the United States without having to satisfy all the U.S. safety and training

standards. That troubles me, and I think that you have to say that we must do everything we can under the agreement, and there are some things we can do, to assure there is adherence to U.S. standards through tough inspections.

There are several areas now that we have to negotiate, supplemental agreements which I would want to present together with the agreement that's already been negotiated. Before implementing the agreement, we must establish an environmental protection commission with substantial powers and resources to prevent and clean up water pollution. The commission should also encourage the enforcement of the country's own environmental laws through education, training and commitment of resources, and provide a forum to hear complaints.

Such a commission would have the power to provide remedies, including money damages and the legal power to stop pollution. As a last resort, a country could even be allowed to withdraw.

If we don't have the power to enforce the laws that are on the books, what good is the agreement?

We must have some assurances on this. This is a major economic, as well as an environmental, issue.

Best of all, I'm going to ask Senator Gore to take charge of ensuring that an effective commission is established and that it does work to protect the environment.

The Bush administration has talked about setting up a commission, but it's too little, too late. It won't even be up for final discussion until next year. By then, the incentives the other countries have to do anything meaningful will have evaporated if the agreement is already adopted.

That is unacceptable. Al Gore and I will ensure that the environmental protection commission is up and running when the free trade agreement is up and running.

A second commission with similar powers should be established for worker standards and safety. It too should have extensive powers to educate, train, develop minimum standards and have similar dispute resolution powers and remedies. We have got to do this. This is a big deal.

Perhaps the toughest issue of all is how to obtain better enforcement of laws already on the books on the environment and worker standards. It's interesting that the agreement negotiated by the Bush team goes a long way to do this in protecting intellectual property rights and the right to invest in Mexico, but is silent

with respect to labor laws and the environment.

I want to remedy that. I'm interested in the impact of this agreement on the rest of the people, not just those investing in Mexico, but the rest of the people in this country and the rest of the people in their country.

So we need a supplemental agreement which would require each country to enforce its own environmental and worker standards. Each agreement should contain a wide variety of procedural safeguards and remedies that we take for granted here in our country, such as easy access to the courts, public hearings, the right to present evidence, streamlined procedures and effective remedies. I will negotiate an agreement among the three parties that permits citizens of each country to bring suit in their own courts when they believe their domestic environmental protections and worker standards aren't being enforced.

Finally, I want to ask Congress to grant the authority to the president to continue negotiations on the impact of this treaty. What if we have a global agreement? How will that impact this? And most important, what happens if there is an unexpected surge in imports in one sector or another that displaces huge numbers of people in this economy?

We have in our present trade law, believe it or not--a lot of people don't know this--we have in our present trade law the capacity to protect our own workers if there is, quote, an unexpected surge in exports--or imports into our country in some sectors of the economy, where the displacement is too great for us to manage, too great for us to retrain, too great for us to put people to work in other sectors.

That provision is contained, for automobiles only, in the North American Free Trade Agreement, and the remedy is weakened substantially.

I believe we should negotiate a parallel agreement that deals with the fact that neither the Mexicans nor the Americans know what the full consequences of this agreement are going to be. You can't get anybody to agree on how many jobs we're going to lose or how many jobs we're going to gain out of this. And I think it's fair to say that we don't want to do anything that's unnecessarily crippling to them, and they shouldn't want to do anything that's unnecessarily crippling to us.

So I will ask the Congress to give me extended authority to negotiate another agreement to deal with the ability of both countries to move in the event there is an unexpected and overwhelming surge in imports into either country which would dislocate a whole sector of the economy so quickly that there's nothing we could do about it to overcome the economic impact.

Now, I want to say one more time, none of this will make a difference unless

we have a new economic policy. This administration has no strategy to create and preserve jobs in middle America, but they offer job training, low cost loans and technical assistance to companies that'll move to Central America. I know that most of you saw or now have heard the television show which documented the fact that the United States Agency for International Development has spent at least \$289 million for programs to encourage American businesses to shut down here and move to Central America and the Caribbean. In fact, your tax dollars paid for this advertisement. And I quote--you paid for this: Rosa Martinez produces apparel for the U.S. markets on her sewing machine in El Salvador. You can hire her for 57 cents an hour.

How do you feel about paying for that? You paid for low-interest loans to a plant in Tennessee to shut down in Tennessee, put 304 people on the street, and move to Central America. But that fellow running that plant couldn't get the same low-interest loan to modernize plant and equipment in Tennessee to keep those people working.

You paid for an employee of the United States government who was photographed in an interview saying that the workers in the country he was working in were more reliable than the workers in Miami, Florida. You paid for that.

It is no wonder that the American working people are so frightened of having this administration implement this trade agreement.

We've got to stop using our own taxpayers' money to export their own jobs. And it's unbelievable to me that we have actually spent more money under the Bush administration last year to train workers in Central America than we spent to train people in middle America who had lost their jobs because of foreign competition.

Now, those are their priorities. But let me say again: it's not enough just to stop what they are doing wrong. We have to do some new things right. And let me reel them off quickly:

We've got to change the tax system in this country. We should give people more incentives if they invest in new plants, new equipment, new small businesses, research and development, housing, the kinds of things that put the American people to work, and we should remove from the tax code the incentives to shut plants down here and move them overseas. That's what we should do.

This is entirely consistent with what the other wealthy countries do. This is the only country--you look at Germany and Japan; look at their tax code--that would say we're not going to give you an investment tax credit to modernize your equipment and your plant; but shut your plant down, move it overseas, we'll give you a tax deduction for shutting the plant down, we'll give you loss carried forward for the losses in the

earlier years. Keep your money down there and you'll never have to pay income tax on it in America.

It's all backward. We need a tax system that's an investment, a job-oriented tax system that says we want people to make money in America, but we want them to make it the old fashioned way--make millionaires by putting other Americans to work. That's very, very important.

I mentioned this once before and you clapped so I know you got it, but we've got to have a conversion strategy to do something with the defense money. The defense budget is going to be cut no matter who wins this election.

But look what has happened. What has happened under the present Administration is all that money is going to the S&L bailout the higher health care costs. I want to put it into jobs for Americans. It's important.

We've got to have--we have got to finally join the other advanced nations and have a national system to bring health costs in line with inflation and provide basic health care to all Americans; one that preserves the strengths of our system, but deals with the problems.

We've got to bring energy usage into competitive lines with more efficiency and alternative uses of energy, more use of cheap American natural gas, renewable energy sources, and efficiency.

If we could be as efficient in every factory and office building as our foreign competitors, it would free up billions of dollars to reinvest in this economy.

If we could bring health care costs in line with inflation, it would save the average American family \$1,200 a year and hundreds of billions of dollars for this economy, which could be reinvested for new jobs by the end of this decade hundreds of billions of dollars.

And let me point out that that is why our campaign has been getting such broad based support. The Teamsters endorsed the Clinton-Gore ticket, the first Democratic ticket they had endorsed in two decades. In the hi-tech center of America, Silicon Valley, 21 computer and electronic executives endorsed our ticket; two-thirds of them were Republicans.

In Chicago the other day, 400 business executives endorsed our campaign; a third of them were Republicans--because they know that what's going on now is not working.

On the health care issue, Mr. Bush keeps dumping on me, but the Nurses

Association endorsed our campaign; the first time they ever had

The American College of Physicians, 77,000 doctors, issued a health care plan very similar to mine, and last week people who had been executives in both the Republican and Democratic Administrations said that Bush's health care plan would not control costs; that mine would save the average family nearly \$1,200 a year by the year 2000 and that we would cover everybody, and his plan would still leave 27 million people uncovered.

There is a reason why this kind of support is being generated for this ticket.

For all of its complexities, the debate over this treaty comes down to this:

It's clear what the benefits of trade are. It's clear what the hazards of investment across national lines are, and the issue you have to face is who do you trust to protect our workers, our communities, and our environment?

George Bush, whose Administration encourages American corporations to move to other countries with low wages and lax environmental laws, and even spends your tax money to finance it, or Bill and Al Gore who have a long record of fighting for good jobs and a healthy environment?

Do you trust George Bush, who has amassed the worst economic record in 50 years, the first decline in manufacturing, two-thirds of the working people with their wages going down, 1 in 10 Americans on food stamps, quadrupled the debt in the last 12 years with our investment in the future going down, and no strategy for the future, or a different kind of Democrat who believes we can have both, open markets and a strong domestic economy?

In the end, whether the North American Free Trade Agreement is a good thing for America is not a question of foreign policy. It is a question of domestic policy.

If we are not strong at home, we will inevitably be weaker abroad. We have to build a new economy in which incomes and employment are rising and companies are growing; a society in which opportunity is expanding and hope comes alive again.

And so I say to you, my fellow Americans, we have to have the courage to change, and a part of that change should involve a closer relationship with Mexico now under better leadership than ever in my lifetime. If we have the determination to reject failed policies and the old labels of the past, if

we have the vision to see and work toward a better tomorrow then we need not fear the future. If we seize this day and shape this change, we can make our great country what it was meant to be.

Thank you very much.