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<th>Clinton Presidential Records</th>
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<tbody>
<tr>
<td>Subgroup/Office of Origin:</td>
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<td>Michael Waldman</td>
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BUSINESS STATS

Business investment increased: 10.5 % per year - the biggest increase since Kennedy.

Deficit reduction 77%, expected to be under 1% of G.D.P in 1997. Budget agreement will balance the budget for the first time since 1969.

Low inflation: 2.8% per year, the lowest of any administration in 3 decades

Profits are 9.1% of G.D.P. Highest since 1978.

First time the stock market has doubled in any administration since WWII.
THEN AND NOW: WHAT A DIFFERENCE 5 YEARS MAKES
May 30, 1997

Deficit Cut By 77%
• 1992. The deficit was $290 billion -- the highest dollar level in history. As a share of the economy (4.7% of GDP), it was much larger than in Japan (1.7%) or Germany (1.3%). [Source: International Monetary Fund]
• Today. The deficit is expected to fall to $67 billion this year -- down 77% from 1992. As a share of GDP, it is smaller than in Japan or Germany. [Source: International Monetary Fund]

Unemployment Below 6% For 33 Months
• Today. The unemployment rate is at 4.8% -- the lowest in 24 years. [Source: Bureau of Labor Statistics]

Jobs Are Up: More than 12 Million Created Since January 1993
• 1992. The private-sector was barely even creating jobs and had suffered from one of the worst 4-year periods of job growth in history. [Source: Based on data from the Bureau of Labor Statistics]
• Today. The economy has created 12.3 million new jobs since January 1993 -- a faster annual growth rate than any Republican Administration since the 1920s. The economy has added over 4 times as many private-sector jobs per year than the previous Administration. [Source: Based on data from the Bureau of Labor Statistics]

Private-Sector Growth Is Up: 3.5% Per Year
• Today. The private sector of the economy has grown 3.5% annually -- a stronger record of private-sector growth than under Bush or Reagan. [Source: Based on data from the Department of Commerce, Bureau of Economic Analysis]

Investment Is Booming: Fastest Since Kennedy
• 1992. Real equipment investment rose just 2.0% annually during the previous Administration.
• Today. Real equipment investment is up 10.5% per year -- faster than any Administration since Kennedy. [Source: Based on data from the Department of Commerce, Bureau of Economic Analysis]

Jobs In Basic Industries Are Back Up
• 1992. The economy lost more than two million jobs in manufacturing and construction combined during the previous Administration. [Source: Based on data from the Bureau of Labor Statistics]
• Today. The economy has added 1.1 million new jobs in construction and 383,000 new jobs in manufacturing since the beginning of 1993. [Source: Based on data
The Auto Sector is Back on Its Feet

- **1992: Trailed Japan for 13th Year In A Row.** In 1992 Japan produced 28 percent more automobiles than America -- trailing for the 13th year in a row.
- **Today.** In 1994, the U.S. surpassed Japan for the first time since 1979. We maintained the lead in 1995 and 1996. [Source: Based on global production data from the American Automobile Manufacturers Association]

Paul Volcker, former Federal Reserve Chairman: *"The deficit has come down, and I give the Clinton Administration and President Clinton himself a lot of credit for that...What’s important is that he acknowledged that it was a big problem and did something about it, fast. And I think we are seeing some benefits."* [Audacity, Fall 1994]

Alan Greenspan, current Fed Chairman: The deficit reduction in President Clinton’s 1993 Economic Plan was *“an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter.”* [2/20/96]

Business Week, “Clinton’s 1993 budget cuts, which reduced projected red ink by more than $400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity.” [5/19/97]
## PRESIDENT CLINTON'S ECONOMIC REPORT CARD:
### JUNE 6, 1997

<table>
<thead>
<tr>
<th>Category</th>
<th>Clinton Administration</th>
<th>Best Since</th>
<th>Related Facts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment and Inflation</td>
<td>Combined rate: 8.7 percent</td>
<td>Lowest average since Johnson</td>
<td>Unemployment fell from 7.5 percent in 1992 to 4.8 percent in May 1997 -- the lowest in 24 years -- and has remained under 6 percent for 33 months.</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.8 percent per year</td>
<td>Lowest average since Kennedy</td>
<td>Underlying inflation -- excluding volatile food and energy components -- was lowest since the Kennedy Administration.</td>
</tr>
<tr>
<td>Employment</td>
<td>12.3 million new jobs</td>
<td>Only Administration to exceed 11 million</td>
<td>93 percent of the net new jobs were in the private sector. Over two-thirds of recent employment growth has been in industry/occupation groups paying above-median wages.</td>
</tr>
<tr>
<td>Construction Jobs</td>
<td>1.1 million new jobs</td>
<td>Fastest growth since Truman</td>
<td>Real construction output has grown 5.7 percent per year -- the fastest rate since the Kennedy Administration.</td>
</tr>
<tr>
<td>Consumer Sentiment</td>
<td>Increased 16 percent from January 1993 to May 1997</td>
<td>Highest average since Eisenhower</td>
<td>University of Michigan index reached its highest level in three decades. Conference Board measure reached its highest level in 28 years.</td>
</tr>
<tr>
<td>Deficit Reduction</td>
<td>From 4.7 percent of GDP in 1992 to 1.4 in 1996. Expected to be under 1 percent in 1997</td>
<td>Largest fall since Truman</td>
<td>Deficit narrowed for four years in a row under one President for the first time since before the Civil War.</td>
</tr>
<tr>
<td>Business Investment</td>
<td>Grew 10.5 percent per year</td>
<td>Fastest growth since Kennedy</td>
<td>Business investment averaged 7.7 percent of GDP -- the highest share for any Administration since World War II.</td>
</tr>
<tr>
<td>Homeownership</td>
<td>Rose from 63.7 to 65.4 percent of households</td>
<td>Largest increase on record</td>
<td>Reached its highest level in 15 years.</td>
</tr>
<tr>
<td>Stock Market</td>
<td>The Dow Jones rose from 3242 on 1/20/93 to 7305 on 6/5/97</td>
<td>Fastest growth since World War II</td>
<td>The real growth rate was higher than for any Administration since World War II.</td>
</tr>
<tr>
<td>Poverty Rate</td>
<td>Declined from 15.1 in 1993 to 13.8 in 1995</td>
<td>Largest drop since Johnson</td>
<td>Real income for the bottom 20 percent of households has grown 6.8 percent between 1993 and 1995 -- after declining by 7.7 percent between 1979 and 1993.</td>
</tr>
<tr>
<td>Median Family Income</td>
<td>Up $1,600 between 1993 and 1995</td>
<td>Fastest growth since Johnson</td>
<td>Real net worth per household grew 3.2 percent per year after falling over the previous 4 years.</td>
</tr>
</tbody>
</table>
### New Job Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>New Job Growth (Thousands per year)</th>
<th>Private-Sector GDP Growth (Percent)</th>
<th>Consumer Job Growth (Thousands per year)</th>
<th>Consumer Sentiment (Average, percent)</th>
<th>Deficit (Change in percent of GDP)</th>
<th>Business Investment (Growth, percent)</th>
<th>Mortgage Rates (Average, percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinton</td>
<td>2836</td>
<td>3.5</td>
<td>255</td>
<td>91.0</td>
<td>-3.3</td>
<td>10.5</td>
<td>7.9</td>
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<tr>
<td>Bush</td>
<td>633</td>
<td>1.3</td>
<td>-167</td>
<td>82.1</td>
<td>1.6</td>
<td>2.0</td>
<td>9.5</td>
</tr>
<tr>
<td>Reagan II</td>
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<td>3.5</td>
<td>158</td>
<td>93.1</td>
<td>-1.8</td>
<td>3.0</td>
<td>10.7</td>
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<tr>
<td>Reagan I</td>
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<td>2.6</td>
<td>71</td>
<td>81.4</td>
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<td>14.9</td>
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<tr>
<td>Carter</td>
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<td>3.6</td>
<td>181</td>
<td>74.0</td>
<td>-1.6</td>
<td>6.2</td>
<td>11.0</td>
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<tr>
<td>Nixon-Ford</td>
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<td>2.1</td>
<td>-98</td>
<td>74.6</td>
<td>2.3</td>
<td>2.9</td>
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<tr>
<td>Nixon</td>
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<td>112</td>
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<td>Johnson</td>
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<td>4.4</td>
<td>79</td>
<td>96.1</td>
<td>2.0</td>
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<tr>
<td>JFK-LBJ</td>
<td>1466</td>
<td>6.7</td>
<td>85</td>
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<tr>
<td>Eisenhower II</td>
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<td>90.8</td>
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<tr>
<td>Eisenhower I</td>
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<tr>
<td>Truman II</td>
<td>1355</td>
<td>107</td>
<td></td>
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</tr>
</tbody>
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**Source:**
- Based on data from the Bureau of Labor Statistics, Department of Labor.
- Based on data from the Bureau of Economic Analysis, Department of Commerce.
- Based on data from the Bureau of Labor Statistics, Department of Labor.
- Based on data from the University of Michigan Survey.
- Based on data from the Congressional Budget Office.
- Based on data from the Board of Governors of the Federal Reserve System.

### Homeownership

<table>
<thead>
<tr>
<th>Year</th>
<th>Homeownership (Change in rate)</th>
<th>Homeownership (Real annual growth, percent)</th>
<th>Dow Jones (Average, percent)</th>
<th>Unemployment and Inflation (Average, percent)</th>
<th>Inflation (Average, percent)</th>
<th>College Enrollment Rate (Average, percent)</th>
<th>Median Family Income (Real annual growth, percent)</th>
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<tbody>
<tr>
<td>Clinton</td>
<td>1.7</td>
<td>16.4</td>
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<td>2.8</td>
<td>62.1</td>
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<td>2.1</td>
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<td>1.6</td>
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<td>JFK-LBJ</td>
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<td>1.2</td>
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<td>1.0</td>
<td>2.6</td>
<td>5.1</td>
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<tr>
<td>Truman II</td>
<td>9.7</td>
<td>7.0</td>
<td>2.6</td>
<td></td>
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**Source:**
- Based on data from the Bureau of the Census, Department of Commerce.
- Based on data from the Department of Treasury analysis.
- Based on data from the Bureau of Labor Statistics, Department of Labor.
- Based on data from the National Center for Education Statistics, Department of Education.
- Based on data from the Bureau of the Census, Department of Commerce.
Winners and losers are being created with a vengeance

The $10 million-a-year company that Richard J. Lee runs in the hilly Pittsburgh suburb of Monroeville uses computer-controlled scanning electron microscopes and other gee-whiz devices to analyze materials, such as gunshot residue for police labs. After a couple of tough years, business is zipping along, and the company is expanding its 130-person work force. Lee, whose company is called the RJ Lee Group, says he is paying about 20 percent more for new hires than he did three years ago, often drawing workers from USX, Alcoa, Westinghouse, and other big firms that are downsizing or restructuring.

According to standard economic textbooks, those pay hikes should be driving up prices for RJ Lee's services. Well, they're not. In fact, the average price the company charges has declined by 50 percent over three years, mostly because of intense competition. If labor costs are increasing and prices for the company's services are falling, how can Lee, a former US Steel scientist, stay in business? "The only way you survive is to make your people work smarter and make them more productive," says Lee.

He does that by requiring that all his key technical people be "cross-trained" to handle multiple functions. In peak periods, he temporarily hires college students and contract workers to keep his equipment running 24 hours a day, seven days a week. New, more powerful desktop computers have tripled the speed at which data can be drawn down from the company's internal network. To make all this click, everyone down to the new maintenance manager Lee is about to...
Transarc, which was begun by a professor at Carnegie Mellon in 1989. It now has 350 employees; to be computer literate. "The jan-

Lee is more than just a lucky entrepre-
gru. His success reflects the emergence
of a new American economy that has
turned many nostrums upside down. The
fact that the economic expansion has lasted seven years is stunning enough news. In long-term expansions in the past, growth usually subsided as inflation picked up over time. In the 1990s version, the reverse has occurred—growth has accelerated in the past three years as inflation has gone down. And the gains from rapid technological change, the rise of the service sector, and globalized markets for almost everything are penetrating deeply, if unevenly, into the economy—yes, even in places like Pittsburgh, among those hit hardest by the decline and near death of the old mass-manufacturing model.

In effect, a second industrial revolution appears to be washing over the land, creating exciting new opportunities as well as new pitfalls. In the workplace, the fundamental nature of jobs is changing. Since 1980, the U.S. economy lost some
43 million jobs through downsizing and other structural changes. Economists call them "sunset jobs." In their place, analyst Horace W. Brock has pointed out, 71 million new jobs have been created. That's a net gain of 28 million jobs, or nearly seven times as many as the economies of continental Europe, which together are larger than America's, gained in the same time. Even more important, they are "sunrise jobs" in industries that have a future and, in a majority of cases, pay better than the median wage.

The changes stem from a massive restructuring that was abetted in part by governmental decisions whose impact was, if anything, underestimated. The decision to embrace Mexico and Canada as part of the North American Free Trade Agreement in 1994 is creating a continental-scale economy, in which the auto industry, for example, is able to shift production across southern as well as northern borders. The government-induced breakup of AT&T and deregulation of telecommunications have helped turn the telephone into an important source of
At the same time, the historic decline of organized labor's clout has, for better or worse, given companies new flexibility to relocate manufacturing and jobs, employ large numbers of temporary workers, "outsource" many functions like bookkeeping, and in general drive their costs down and their profits up. A huge influx of immigrants and now a potentially large move of welfare recipients into entry-level positions intensify competition for jobs, particularly lesser skilled ones.

An equally fundamental workplace change is that the best new jobs rely on highly educated and highly skilled workers. In 1979, 38 percent of young men with high school diplomas were employed in better-paying manufacturing jobs. Now, fewer than a quarter of young men with that education level have such jobs.

The scale and import of what is happening in the American economy are only beginning to dawn. Real economic growth for the United States as a whole is roaring along at about a 4 percent annual rate, and unemployment has fallen below the crucial 5 percent threshold for the first time in more than two decades. The inflation that haunted the economy throughout the 1970s is in check.

All this is a major surprise to U.S. policy makers because it challenges two of the economics profession's most basic convictions: that growth over about 2.5 percent and unemployment below 5 percent, however desirable they might seem, are unrealistic goals because either or both cause inflation. But they haven't done so yet.

That's one theory. Decades-old theories about how the economy performs and the statistics used to understand it—its dashboard indicators—are increasingly under attack as dated and faulty. For example, traditional economic theory holds that if capacity utilization—the rate at which factories are operating—is too high, then inflation is sure to result. Typically the figure that's seen as triggering inflation is about 85 percent, and Fed Chairman Alan Greenspan has said he is watching this statistic with particular interest. But it covers just a quarter of GDP. If your windshield obscures three fourths of the view, you're talking about a pretty big blind spot.

Medical services are a major growth industry.

Even in the manufacturing sector, long-held assumptions are being exploded. For example, the application of new software from German company SAP that links manufacturing, inventory, and other functions is dramatically increasing efficiency. For years, experts have wrung their hands over the "productivity paradox," or why billions of dollars have been spent on technology without much impact. But now, "management practices are beginning to catch up with the installed technology base," says Donald F. Smith Jr., executive director of the Center for Economic Development at Carnegie Mellon University. In other words, the real definition of total capacity—how much factories can produce—has increased, but official figures haven't kept up.

Above all, the new economy calls into question two related but different economic concepts: namely, how fast the
economy can grow, and how many people can hold a job, without triggering inflation. Economists believe that if the U.S. economy expands faster than 2.5 percent, productive resources will be strained beyond what they can bear, thereby causing prices to rise. Likewise, unemployment that is too low—below 5 percent—has been assumed to overstrain the labor market, in turn raising wages.

What these concerns don’t take into account, however, is the decidedly uneven impact the new economy has had on different layers of the work force. Each tier has its own dynamics. At the top of the pyramid, where 20 percent to 30 percent of Americans work in the technology- and service-oriented economy, the salaries are strong and there are not enough people to fill some specialized jobs such as software programming. The technology sector is growing at an overall annual clip of 40 percent, and the Information Technology Association of America estimates that high-tech companies need 190,000 new workers and can’t immediately find them. But the vast majority of high-tech firms, both hardware and software, operate under the iron assumption that final prices for their goods will continue to fall. One reason is that computer power keeps increasing as the cost of computation plummets—simply put, this allows workers to get more productive while the technology costs less.

Getting by. Yet another check on inflation is the fact that the hard-pressed middle doesn’t enjoy the same ability to push for an increase in wages. That is reflected in a rash of strikes and labor friction hitting General Motors, Chrysler, Goodyear, and Caterpillar. Workers say they are angry because companies are forcing them to work overtime for long periods rather than hiring new workers and because most companies are still seeking ways to outsource production to nonunion suppliers. This tier of the work force, whether unionized or not and whether blue or white collar, is holding even or eking out small gains by working more hours, sending more members of a household out to work, and working at temporary jobs without any benefits.

At the lower ends of the labor market, there are more disinflationary pressures than inflationary ones. Companies continue to close expensive, aging factories and to relocate production to cheaper areas inside the country but also in Mexico and Asia. Those pressures are plainly evident in the textile industry in the Carolinas, just as they are in the steel, auto, and machine tool industries of the Midwest. The least skilled workers aren’t able to push for wage hikes at all because of abundant supplies of immigrants and former welfare recipients.

So the wage pressures at the top of the work force aren’t being translated into price increases partly because employers compensate by driving wages lower at other levels. However brutal that may be for workers who are displaced or paid less well, that flexibility means old theories about the labor force moving in lockstep are antiquated. And because of structural changes in the economy in general, there is less of a direct connection between total wages paid and the actual prices that a company charges. In addition, Edward Yardeni, chief economist at Deutsche Morgan Grenfell, says economists’ concerns that low unemployment may trigger inflation don’t take into account the changing composition of the work force, which has shifted from manufacturing jobs to professional and technical positions, just as Americans shifted from agriculture to factories earlier in the century.

Can the new U.S. economy continue to expand while avoiding the inflation that would bring its achievements to an end? Certainly, there are promising signs. What’s going on inside the old Gulf Oil headquarters building in downtown Pittsburgh, an art deco landmark, is particularly revealing. The largest tenant in the building is a software company, Transarc Corp., with 350 employees. The company was born at Carnegie Mellon, where a professor named Alfred Z. Spector was studying large-scale computing systems like those used to process credit-card transactions and reservations for airlines. Along with some graduate students, he created the company in 1989 and began to compete against Microsoft and Novell in this market segment. IBM bought the company in 1994. Its sales today stand at about $45 million, and it is gearing up for 50 percent growth this year. It’s trying to increase its staff to 800 people by year’s end to serve customers such as Boeing, Dow Corning, Goldman Sachs, and Merrill Lynch.

In hallways where buttoned-down oil company executives used to tread, table tennis equipment has been set up to let blue-jean-clad technicians relax. In one lab where 250 Pentium-based personal computers have been linked, white kids wearing T-shirts have pasted fliers on their doors mocking Microsoft’s Bill Gates and proclaiming that they will beat the Seattle giant in creating software that can process 1 billion transactions in 24 hours.

It’s companies like this that are creating growth and employment in cities across the country. Others that have spun out in one way or another from Carnegie Mellon and Pittsburgh include Mastech, Fore Systems, USA On-Ramp, Redzone Robotics, and Carnegie Group. Pittsburgh is trying to foster all this by erecting technology centers on the sites of old steel mills along the Monongahela River, and

are of limited value these days. No one can say for
Former steelworkers like John Ruccaz, now a barber near Pittsburgh, have had trouble finding high-paying jobs in the new economy.

The state's innovative Ben Franklin Technology Center is training out-of-work bankers in how to become entrepreneurs. Other major sources of growth are the financial sector, where PNC Corp. and Mellon Bank are expanding, and the University of Pittsburgh's medical complex.

If the Fed were to raise interest rates aggressively, it could slow overall growth. But the technology-led growth in American cities and regions isn't as interest-rate sensitive as construction, housing, or retailing, which typically offer more entry-level jobs. As a result, steeper interest rates would fall hardest on the lower end of the work force, particularly lesser skilled people attempting to break in. "For the first time in 20 years, we have people saying, 'If I play by the rules, maybe I can get a job,'" says Pittsburgh Mayor Tom Murphy. "We need sustained growth to get them back into the marketplace."

The bigger challenges to the continued transformation of the economy may not be traditional notions of inflation and business cycles at all. Instead, structural issues such as a deep mismatch in skills—what employers need and what applicants have to offer—could be more important. States, counties, cities, and educational institutions are scrambling to come up with better ways to train or retrain workers to get them into the best jobs, and to do it fast enough to head off labor shortages.

In the know. The problem is going to intensify. Some 60 percent of all jobs in the United States in 1950 were unskilled, according to Timothy Parks, president of the Pittsburgh Regional Alliance. That has shrunk to about 25 percent today and will shrink further to 15 percent by the year 2000. The corollary is that finding adequate supplies of "knowledge workers" will require companies to go to greater lengths, including shifting offices and factories more rapidly. "The key differentiator among regions and cities will be, 'Who can deliver the people?'" says Parks.

In boomtowns such as Atlanta, Dallas, Austin, and Phoenix, companies are able to ease their human-capital crunch by hiring skilled workers from other parts of the country or by hiring immigrants, particularly from Asia. But if the fruits of the new economy are going to be broadly distributed among all sectors of the American population, at some point the nation's educational institutions and its kaleidoscope of job training, social services, and economic development agencies will have to function in greater harmony.

If the old indicators are of limited value in understanding the complexities of what is happening in the U.S. economy, no one is quite certain what the new rules are. The only thing certain is that some of the most rapid, sweeping economic changes in American history are challenging the ability of policy makers to comprehend. Failure to recognize that could result in seriously flawed decision making.

With Fred Vogelstein and Jack Egan in New York, Jill Jordan Sieder in Atlanta, and Matthew Miller in Los Angeles.

Sure what the rules of the new era are likely to be.
a warm welcome. Let's keep it

and

university administra-
she takes the lead
and I hope to the

Our relations with Canada are far more than
that kind of progress knowing that we will be
represented in Ottawa by Jim Blanchard. I ap-
preciate the fact that Jim and Janet are willing
to accept this assignment. We all wish them
great success.

And now, Mr. Vice President, I would like
to ask you to do something I cannot do, admin-
ister the oath of office.

NAFTA

Q. Mr. President, have you given up on
NAFTA?

The President. That's ridiculous. No.

Q. Some people say that the administration
isn't fighting hard enough for it.

The President. We don't have an agreement
yet. We have to wait until we finish. The Trade
Ambassador has not finished with the negotia-
tions.

NOTE: The President spoke at 11:48 a.m. at the
North Portico of the West Wing at the White
House.

Remarks on Signing the Omnibus Budget Reconciliation Act of 1993
August 10, 1993

Thank you very much. Thank you. Ladies and
gentlemen, the Vice President has given me a
very generous introduction and has fairly charac-
terized the struggle in which we have been en-
gaged. I might say also, for all of you sports
fans, he's given a whole new meaning to the
term "tie-breaker." [Laughter]

But I think it would really be unfortunate
if this event were to come and go without rec-
ognizing the fact that the people in Congress
who voted for this plan had to labor under his-
torically difficult circumstances. They had to re-
verse a plan of trickle-down economics in which
it was the accepted path always to say the right
thing but never to do it, and in which, if you
tried to do the right thing, people would say
the wrong things about you and cloud the de-
bate with a fog of misinformation.

In this incredible series of events that have
unfolded, there were many Members of Con-
gress who never appeared on the evening news,
whose names never appeared in the newspapers
simply because of their quiet courage and deter-
mination to do what they thought was right and
to see this process through to the end. And
I think I would be remiss, therefore, if on this
occasion I did not ask at least all the sitting
Members of the United States Congress who
are here to stand and to receive a round of
applause. Would you all please stand? I also
want to explicitly thank all the many members
of the Cabinet and the administration who are
here who worked so hard on this program, as
well as the many citizens throughout the country
who helped us to lobby it through.

Today we come here for more than a bill
signing. We come here to begin a new direction
for our Nation. We are taking steps necessary
and overdue to revive our economy, to
renew our American dream, to restore con-

NOTE: The President spoke at 11:48 a.m. at the
North Portico of the West Wing at the White
House.
fidence in our own ability to take charge of our own affairs. This was clearly not an easy fight. When I presented this program to Congress, I had hoped for something quite different: I had hoped that it would spark a genuine, open, honest, bipartisan national debate about the serious choices before us, about the world economy we face as we move toward the 21st century, about the problems we have here at home and all the people whose lives and potential we lose and what economic consequence that has for all the rest of Americans. I had hoped that we could discuss whether and to what extent the revival of the competitive skills of our work force could raise incomes and generate jobs; how we could both reduce the deficit and increase investment in our future; whether we could escape the trap that has afflicted so many wealthy countries, that even when their economies are growing now they don't seem to be creating jobs; how we could escape the policies of the seventies and the eighties which led middle class Americans to work longer work weeks for lower pay while they paid more for the essentials of life; whether we could bring the power of free enterprise to bear in the poor inner cities and rural areas of this country and lift people up with the force of the American dream; whether the short-term consequences of bringing the deficit down would be more than outweighed by the short-term benefits of lower interest rates and the long-term benefits of being in control of our economic destiny.

These are the kinds of things that I wanted to see debated. And to be sure, to some extent, we did debate them. But for 5 months the American people heard too little about the real debate and too much from those who oversimplified and often downright misrepresented the questions of tax increases and spending cuts because they had narrow economic or political or personal reasons to do so.

So today, as we sign this landmark legislation, I say again, now we can talk about the national interests, how this plan will begin to bring the change we need in America, how we can have economic revival and hope if this is a beginning and we move forward from here. After all, after 12 years of the most rapid increase in deficits in our country's history, when the national debt went from $1 to $4 trillion in only 12 years, this is the largest deficit reduction plan in history, with $255 billion in real enforceable spending cuts in very specific areas, not generalized hot air and tomorrow's promises but specific cuts. After 12 years of trickle-down economics where taxes were lowered on the wealthiest Americans, raised on the middle class, hoping that investments would be made which would reverse the trends of the last 20 years, we now have real fairness in the Tax Code with over 80 percent of the new tax burden being borne by those who make over $200,000 a year, with the middle class asked to pay only $3 a month, and with a tax cut to working families with children who make under $27,000 a year. By expanding this earned-income tax credit to working families and especially to the working poor, this Congress has made history by enabling us to say for the first time now, if you work hard and you have children in your home and you spend 40 hours a week at work, you can be a successful worker and a successful parent, and you will be lifted out of poverty.

Everybody in this debate talked about small business, and the people who opposed this plan said it was bad for small business. But in truth, the opposition plan actually increased the burden on small business people who took out their own health insurance by taking away their deduction for it, while this plan increases by 75 percent the expensing allowance for small businesses in ways that will give over 90 percent of the small businesses in America a tax cut if they do what they ought to do, invest more money in their business. Others talked about the importance of small businesses in America a tax cut if they do what they ought to do, invest more money in their business. Others talked about the importance of small business as a job generator. This plan passed a pro-jobs capital gains tax that reduces tax rates by 50 percent for people who invest their money in new and small businesses and hold those investments for 5 years or more, the most dramatic incentive we have ever had to encourage people to take money out of their savings and take a chance on the free enterprise sector in America in the places where the jobs are being
created, in the small business sector. That's what this plan does. Instead of talking about doing something for small business, this plan actually did it. And all of you need to be proud of that.

The plan offers incentives to Americans to invest to revive the homebuilding market: to invest in research and development, something that especially helps high-tech companies; to invest in new plant and equipment. Even the biggest companies in America now will be able to have tax incentives if they are willing to invest in growing more jobs here at home. These are the right ways to cut taxes, my fellow Americans, cutting taxes for people because they spent their money in growing this economy and putting their fellow Americans to work. And that's what this plan does.

This plan was criticized in some quarters because it did spend some new money on some new things. I would argue to you that anybody who thinks that all Government spending is the same might just as well say all kinds of bread taste the same. We did not come here to leave our judgment and our knowledge about the global economy at the city borders of Washington, DC.

So yes, I plead guilty. We reformed the student loan program to lower the interest rates on student loans and make it easier for people to take out college loans and to repay them. We did, finally, after 6 long years of reducing defense spending at rapid rates, at throwing people in the street from California to Connecticut, we finally did put some more money in here for defense conversion to give those people a chance to go back to work in a peacetime economy, to contribute to the American dream. We did spend some more money on Head Start and on poor pregnant mothers to try to get their children into the world in good shape, to try to lower the tax burden on other people and increase their productivity. We did spend some money to try to give 6 million more children inoculations, because no one can explain to me why the United States of America has the third worst immunization record in the Western Hemisphere and we're paying a fortune for it.

This plan has already begun to work. Ever since it was clear that we were working to bring down the deficit and every time we made progress along the way, long-term interest rates dropped, enabling millions of Americans to refinance their home either to lower their monthly payments or to build up their own savings, enabling businesses to refinance their loans and, over the long run, lowering the cost of new investment in new jobs.

Because of the leadership of the Speaker of the House, Senator Mitchell, Congressman Gephardt, the hard work of the committee chairs, Senator Moynihan, Congressman Bostenkowski, Senator Sasser, Congressman Sabo, the committee chairs in all the other committees in the Congress, and as I said earlier, the simple courage of millions of Americans in supporting this plan and the quiet courage of so many Members of Congress who literally put their careers on the line, this country has begun to take responsibility for itself.

I say to those Members who took a big chance in voting for this, with all the rhetoric that was thrown against them, if you go home and look your people in the eye and tell them you were willing to put your job on the line so that they can keep their jobs, I think they will understand and reward you with reelection.

This plan is only the beginning. As I said on February 17th and would like to say again today as we close, this administration views job creation and deficit reduction, expanding international trade and providing health care at affordable rates to all Americans, training and educating our work force, making our families healthier and our streets safer, reforming our welfare system and reinventing our Government not as different challenges requiring disparate solutions in different coalitions but part of the fabric of reviving the dream that we were all raised with.

We cannot simply say, "This is a complicated time, and we're unequal to the challenge. So we'll do this, and 4 or 5 years from now we'll worry about that." We have to think about what it takes to build the fabric of community, to rebuild the fabric of our families, to give our children a good shot, and to have sensible economic policies at home and with our allies around the world. Toward this end let me say again, in the long run we cannot succeed in an endless season of partisan bitterness and rancor and bickering. If some of us have to make hard choices while others stand aside and hope that the house collapses, nothing will in the end get done.

And so I ask today of the American people and the American people's representatives, with-
out regard to your party or philosophy, when the August recess is over, let us join again in the common work of American renewal. There is so much to be done that can only be done if we're all willing to carry our share of the load. Clearly, that is what the American people want us to do.

In the very first week when the Congress comes back, the Senate will have a chance to demonstrate that bipartisan spirit by passing the national service plan that the House has already passed and opening up the opportunity for hundreds of thousands of young Americans to pay their college way by serving their communities and rebuilding a sense of community in this country. And then we will move on to the other great issues of the day. And move on we must. We cannot stand still.

I remember every time I do something like this who we're really working for: I remember the people that Senator Moynihan and I saw lined along the long way from the airport to Hyde Park in New York; the people who stood out in 3-degree weather in Chillicothe, Ohio, to visit with me about their hopes for America; the young people I saw at Rutgers in New Jersey, in New Orleans, and in Boston, so deeply committed to the idea of national service because they want to be in a position to give something back to their country and to believe that their country can work for them again; high school students in Chicago who for the first time are dreaming of an affordable college education; and inner-city youths I saw at the playground in Los Angeles who believe that there's no reason they can't live in a neighborhood that is free of crime and full of opportunity. These are the people that we all came here to work for. These are the people that we celebrate for today.

This is a beginning. Let us resolve when this recess is over to come back with a new determination to finish the work. And let us again hold our hands out to those who were not part of this process and say, "America needs us all. Let us go forward together."

Thank you, and God bless you all.

NOTE: The President spoke at 12:33 p.m. on the South Lawn at the White House. H.R. 2264, approved August 10, was assigned Public Law No. 103-66.

Remarks on the Swearing-In of Supreme Court Associate Justice Ruth Bader Ginsburg
August 10, 1993

The President. Please be seated. Welcome to the White House. It is my distinct honor to introduce the Chief Justice of the Supreme Court.

[At this point, Chief Justice William Rehnquist administered the oath of office, and Justice Ginsburg then made brief remarks.]

The President. Ladies and gentlemen, before we adjourn to the reception in honor of Justice Ginsburg, I'd like to acknowledge the presence here today of Senator Moynihan, who sponsored her so strongly in the Senate; Senator Larry Pressler of South Dakota, Senator Strom Thurmond of South Carolina, and the chairman of the House Judiciary Committee, my good friend Jack Brooks from Texas. It's good to see all of you here.

This was a very important appointment to me. In one of my former lives I had the great joy and responsibility of teaching the United States Constitution and the decisions of the Supreme Court under it to aspiring but not always interested law students. [Laughter] I have learned over the course of a lifetime of practical experience what I knew then: We breathe life into the values we espouse through our law. It gives to every American, including the most illiterate among us, the most totally unaware of how the legal system works, a fair measure of our ideals and some reality that comes into life from the speeches given by the rest of us. There is no one with a deeper appreciation of this fact than Ruth Bader Ginsburg. This is a moment, this historic moment, therefore, that all Americans can celebrate. For no one knows better than she that it is the law that provides the rules that permit us to live together and that permit...
PRIME MINISTER BLAIR: Good afternoon, ladies and gentlemen. The President and I have ranged over many subjects in the hours we have had together, and we intend to continue those discussions later today.

We've discussed Bosnia and our continuing efforts to work together in addressing one of the most pressing crises on the international agenda. We've discussed, obviously, Northern Ireland and our determination to do all that we can to bring about the cease-fire that will allow all-party talks to proceed in the best possible climate, and that a cease-fire is genuine and credible with all the parties there.

We agreed that NATO is and will remain the cornerstone of Europe's defense. And I was grateful, too, for the President's expression of continuing support on Hong Kong. We agreed, too, that Britain does not need to choose between being strong in Europe or being close to the United States of America, but that by being strong in Europe we will further strengthen our relations with the U.S.

President Clinton will have more to say on these and other issues in a moment. But we agreed, too, and have for sometime, that this is a new era which calls for a new generation politics and a new generation leadership. This is the generation that prefers reason to doctrine, that is strong in ideals but indifferent to ideology; whose instinct is to judge government not on
grand designs, but by practical results. This is the generation trying to take politics to a new plateau, seeking to rise above some of the old divisions of right and left. It is what, on my last visit to the United States to meet the President, I described as the radical center of politics.

The soil is the same; the values of progress, justice, of a one nation country in which ambition for oneself and compassion for others can live easily together. But the horizons are new; the focus and agenda are also new.

We discussed how this is the generation that claims education, skills and technology as the instruments of economic prosperity and personal fulfillment, not all battles between state and market. This is the generation that believes in international engagement, in our nations being stronger by being open to the world, not in isolationism. This is the generation that knows that it will fall to us to modernize the New Deal and the welfare state, to replace dependency by independence.

This is the generation, too, searching for a new set of rules to define citizenship for the 21st century -- intolerant of crime, but deeply respectful and tolerant towards those of different races, colors, and class and creed, prepared to stand up against discrimination in all its guises. This is the generation, too, that celebrates the successful entrepreneur, but knows that we cannot prosper as a country unless we prosper together, with no underclass of the excluded shut out from society's future. It's a generation that puts merit before privilege, which cares more about the environment than about some outdated notion of class war.

New times, new challenges -- the new political generation must meet them.

So, yes, we discussed the pressing issues of diplomacy and statesmanship and peace in troubled parts of our world. But perhaps just as important was our discussion of this new agenda for the new world in which we find ourselves. We agreed that our priority as political leaders must indeed be education, education, education, flexible labor markets, welfare reform, partnership with business.

In Europe, in particular, we need to reduce long-term and youth unemployment, both of which are unacceptably high. The U.S. has been more successful in creating jobs, but it, too, faces new challenges in seeking to assure opportunity for all its citizens.

The United States has the presidency of the G-8 in 1997. In 1998, Britain has the presidency both of the European Union and the G-8. We have agreed today to a common agenda and a shared determination to identify what action needs to be taken to tackle the problems we all face, to identify what reforms have worked where, what reforms have failed, and how we can learn the lessons both of success and of failure.

As part of this process, Britain will host a G-8 Conference of Finance and Social Affairs
Ministers in the early months of our G-8 presidency next year, and the Chancellor of the Exchequer will be announcing further details today.

We have a shared language; we have a shared outlook on many of the issues that face us. We are determined, too, to share our ideas, our expertise, and our commitment to a new era of cooperation and of understanding. Thank you.

President Clinton.

PRESIDENT CLINTON: Thank you very much, Prime Minister. First, let me say it's an honor and a pleasure to be here today. I've looked forward to this for a long time. I have read countless articles about how Prime Minister Blair and I have everything in common; and I'm still looking for my 179-seat majority. I have been all ears in trying to get the advice about how such a thing might be achieved.

On a more serious note, let me say that one of the most important and meaningful responsibilities of any American President is to carry forward the unique partnership between the United States and the United Kingdom. Over the last 50 years, our unbreakable alliance has helped to bring our people unparalleled peace and prosperity and security. It's an alliance based on shared values and common aspirations.

In the last four years I was privileged to lead the United States in pursuing that partnership. I had a good and productive relationship with Prime Minister Major, and I am very much looking forward to working with Tony Blair. I have asked him in pursuance of this to come to Washington as early as is convenient for both us, and I expect that there will be an official visit pretty soon. And I know that the people of the United States are looking forward to having him there.

I have been impressed by the determination of the Prime Minister and his Cabinet to prepare this nation for the next century; to focus on economic growth; to make education the number one priority because without it, you can't guarantee every person in any country the chance to compete and succeed in the world toward which we're moving. I have been impressed by his understanding that in order for the United Kingdom to fulfill its historic leadership role in Europe and the rest of the world, the needs and concerns of the people here at home have to be adequately addressed.

As you know, this corresponds with my own views. Our first task must always be to expand opportunities for our own citizens; to expect them to behave in a responsible manner; and to recognize that we have to maintain a community in which people's differences are respected, but in which their shared values are more important.

We talked about how we could work together to shape a peace for the coming generation. We reviewed our efforts to complete the work that began 50 years ago with the
Marshall Plan, building an undivided, peaceful Europe for the first time in history -- through NATO's enlargement, through its new partnership with Russia, its new agreement with Ukraine, a strengthened Partnership for Peace, an expanding European Union that reaches out to Europe's newly free nations.

We agreed on the importance, as he has already said, of helping the parties in Bosnia fulfill their commitments under the Dayton Accord and continuing our support for all elements of it.

We discussed Northern Ireland. As all of you know, when I visited Northern Ireland 18 months ago, I was profoundly moved by the palpable desire of people in both communities for peace. I applaud the Prime Minister's initial efforts in this regard. There is a sense of hope and reassurance that has been conveyed here. And I know that he is committed in partnership with the Irish government to bring about a lasting resolution to the conflict.

The goal of this peace process is inclusive talks because they are the ones most likely to succeed. But I have said before, and I'd like to say again, that can only succeed if there is an unequivocal cease-fire in deed and in word. Again, I urge the IRA to lay down their guns for good, and for all parties to turn their efforts to building the peace together.

The concerns we share extend far beyond our borders. Today's global challenges require global responses. Indeed, one of the reasons that we are working so hard to organize NATO in the proper way, to unify Europe in the proper way is so that our nations will all be prepared to meet the challenges to our security in the new century which cross national lines -- terrorism, international crime, weapons proliferation, and obviously, global environmental degradation.

More and more, we are focusing our attention on these challenges. Again, we are going to deepen our cooperation between our two nations and in the forums in which we're members. I am very pleased with the proposal that the Prime Minister has made to pursue an economic agenda within the Group of 8, and I intend to support that.

Let me say, finally, that we discussed Hong Kong, and I commended the United Kingdom to work to implement the word and the spirit of the 1984 agreement. All of us who care about the future of Hong Kong have a stake in making sure the agreement is fully met. We will keep faith with the people of Hong Kong by monitoring the transition to make sure that civil liberties are retained, that democratic values and free market principles are maintained. Those are the things for which the United Kingdom and the United States stand, and those are the things that the agreement guarantees.

This is a hopeful time for the people of the United Kingdom and for the people of the United States. It is a hopeful time for the world. More people live free and have the chance to live out their dreams than ever before in human history. But we face daunting new challenges and we have to face them together. I say repeatedly to the American people, we may be at the
point of our greatest relative influence in the world after the Cold War, but we can exercise that influence only if we acknowledge our interdependence on like-minded people with similar dreams. I feel that very strongly here today with Prime Minister Blair, and I intend to act upon it.

Thank you very much.

PRIME MINISTER BLAIR: Thank you very much, Mr. President.

Right, gentlemen, questions.

Q Mr. President, as you probably know, during our recent election year there was a good deal written on both sides of the Atlantic about Mr. Blair being the "Clinton clone," or the "British Clinton." I wonder, now you're here, how the American original thinks that the British version is shaping up.

PRESIDENT CLINTON: (Laughter.) Well, I have a couple of reactions to that. First of all, a lot of the columns that were written about that were not altogether flattering to either one of us, and I had half a mind to call Mr. Blair during the election and offer to attack him in the harshest possible terms if he thought it might free him of an unwanted yoke. (Laughter.) And now, I also told you today that there is one big difference, and that's the enormous parliamentary majority that the Prime Minister enjoys. So I should be here learning from new Labor instead of the other way around.

Let me just give you a serious answer. I believe that the peoples, free peoples in the world are interested in democratic governments that work; that have constructive economic policies, that try to reconcile the imperative of growth with the imperatives of family and neighborhood and community; that do not accept that fact that our social problems will always worsen and cannot be made better; that do not promise to do things which responsible citizens must do for themselves, but which don't run away from their own responsibilities. That's what I think people want.

And I think that requires us to move beyond -- I don't think that it's the end of ideology, but I think it's the end of yesterday's ideology. And I think the more people see the issues framed in terms of attacks of parties on each other and yesterday's language that seems disconnected to their own concerns, their own hopes and their own problems, the more faith is lost in politics. The more people see the political process is relevant to their lives and their future, the more energy you have. And what I sense in Great Britain today is an enormous amount of energy.

So if you're asking me to rate the beginning, I'd say that's a great thing. It's a great thing when the people of a democracy believe in its possibilities and are willing to work for them. That is about all you can ask. No one has all the answers, but you want people to believe in the possibilities of a nation and be willing to work for them.
Q Sir, you told us this morning that the Northern Ireland peace process is an article of faith in your life. Given that, is there anything more the U.S. can do to nudge the process along? And what's your take on Iran's new President, a moderate cleric who won in a landslide?

PRESIDENT CLINTON: Well, let me say, first of all, we have a new British government that has taken what I think were wise and judicious steps and made statements that I think are clear, unequivocal and appropriate. There is about to be an election in Ireland. The United States -- I have restated what the pole stars of our position are today -- an unequivocal cease-fire, inclusive talks. But I think before I say or do anything more, as with every peace, this is a peace that has to be made by the parties themselves, and we need to let this unfold a little. But we'll be there, active and involved, along the way.

Now, as to Iran, obviously it's a very interesting development and for those of us who don't feel privy to all the details of daily life in that country, it's at least a reaffirmation of the democratic process there. And it's interesting, and it's hopeful. But, from the point of view of the United States, what we hope for is a reconciliation with a country that does not believe that terrorism is a legitimate extension of political policies, that would not use violence to wreck a peace process in the Middle East, and would not be trying to develop weapons of mass destruction.

I have never been pleased about the estrangements between the people of the United States and the people of Iran. And they are a very great people, and I hope that the estrangements can be bridged. But those are three big hurdles that would have to be cleared, and we'll just have to hope for the best.

Q Mr. President, you've appealed again strongly today for the IRA to call a cease-fire. How soon after the calling of an IRA cease-fire would you want and expect to see Sinn Fein in inclusive talks? How long a verification process would you see as being correct? Would this be matter of months or weeks or days?

PRESIDENT CLINTON: I don't believe I should make a public comment on that at this moment. Tony Blair's government has just come into office. As I said, I think they've taken some very impressive and appropriate steps. There's about to be an Irish election. I think, at this moment, for the American President to start specifying that level of detail would be inappropriate.

Q Mr. President, this may be a time of new politics, but there are some immutable old laws, like the military doctrine of not stretching your forces too thin. Both of you are involved in downsizing your militaries. How do you do that and at the same time credibly make a vast new defense commitment that is involved in NATO expansion?

And the second part of the question for President Clinton. There are reports that NATO
enlargement will cost American taxpayers as much as a $150 billion over the next five years. What is your estimate of the cost?

PRESIDENT CLINTON: Well, first -- and I think the Prime Minister and I both should answer your first question -- so let me answer the second question very briefly. Our last estimate was -- or more than an estimate -- in the last defense report we got, the estimate was more in the range of $150 million to $200 million a year. They are reviewing our defense commitments now.

I should point this out -- the cost will be important because for most European countries, the relative costs will be greater than for the United States because we've already done some of the structural things that European countries have to do -- most of them. So I do not expect that that larger figure is anywhere close to the ballpark.

Secondly, the security umbrella we have is really no longer dependent upon stationing large armies along the Eastern frontier of NATO. What kept any NATO nation from being attacked, in my judgment, was the larger nuclear deterrent that was present during the Cold War. Now, we are also trying to reduce that, but keep in mind, see the NATO expansion in the context of the following things: There's an agreement between NATO and Russia about what our relationship is going to be. President Yeltsin just agreed to detarget the nuclear missiles against all the NATO countries; we will have an agreement on conventional forces in Europe which will further reduce those forces. And after the Russians ratify START II, we will move on to START III which will involve an 80-percent reduction in nuclear forces from their post-Cold War high.

So, in that context, I think the expansion of NATO is quite affordable and really should be seen not only as a cooperative security guarantee, but as a cooperative commitment to try to deal with the other security problems of our times, like Bosnia.

PRIME MINISTER BLAIR: I agree very much with that, and I think what is important is to see NATO enlargement and, indeed, the Joint Council between NATO and Russia, as part of building the security and defense of our countries, and, indeed, making sure that the commitments that we have are fully realizable.

Now, we announced just a couple days ago a strategic review of our defense, which is foreign policy led. It's not about downsizing our armed forces, but it is about making sense of the commitments that we have. But I think that NATO enlargement is a very, very important part of bringing in those emerging countries in Eastern Europe, and ensuring also, through cooperation with Russia, that we're doing it in a way that preserves the security of the world. And I can't think of anything more important than that. So I don't see these as conflicting objectives. On the contrary; I see them properly implemented as entirely complementary.

Q Mr. President -- (inaudible) -- there is a conflict -- (inaudible) -- on the way being pushed by the Prime Minister for more flexible labor markets and a call from Brussels for more
social legislation. Is the Prime Minister right to warn against the dangers of this? And secondly, while you're in London, you said you wanted to go out and about a bit. What is it you're looking forward to see most?

THE PRESIDENT: Well, I've already seen part of what I want to see most, which is the unique and unspeakably beautiful British spring. I was so hoping it would be sunny today.

Let me say on the other question, there is not a simple answer. The great challenge for Europe -- and more for other countries even than for the United Kingdom because your unemployment rate is already lower than some -- but the great challenge you face is how to create enough jobs to be competitive and to promote not only economic growth, but to have a good society. A successful society requires that able-bodied adults be able to work. Successful families, successful communities, low crime rates all require that able-bodied adults be able to spend their energies a certain number of hours a day at work -- quite apart from the economic considerations.

So the question is, how do you do that, how do you become more flexible, how do you have more entrepreneurs, more flexible labor markets, and still preserve the social cohesion that has made community life strong in Europe, justifiably.

In the United States, we've had enormous success --and I'm grateful for this -- in creating jobs and more in the first four years of my term than in any previous four-year term in history, but we're struggling to come back the other way. We're struggling to find a way to give those working families --make sure they can all afford health care for their children, make sure they can have some time off when there is a baby born or a parent sick. You know, we're trying to deal with the arguments from the other way.

But the imperative of reconciling work and family and providing some social safety net so that the conditions of community can be met while having growth, that is the balance-striking that every advanced economy has to do.

And I think what the Prime Minister has said that I thoroughly agree with is, the one option that is unacceptable is denial. That's the only unacceptable -- there is no perfect answer. I would be the last person to tell you that we've drawn the perfect balance. We're better at creating jobs than nearly anybody, but we don't have quite as much family security and support as I'd like to see in the area of child care and family leave and other things.

But one thing there is not an option to do is to deny that this is an issue anymore. The United States wants a higher growth rate in Europe. We don't feel threatened by it; we think it would help us, and we hope you can achieve it.

PRIME MINISTER BLAIR: If I could just add one thing to that -- I mean, I think what is absolutely essential is to realize this is part of the reason for the G-8 initiative that we want to
take. We are all facing, as modern, developed countries the same challenges.

Work is changing; industry is changing; we live in a new type of world economy; there are different pressures putting together work and family life. Now, what we're all trying to do is to make sure that we can be fully competitive as we need to be in this new economy while preserving the essential foundations of a humane and decent society. Now, that is the very goal. That's why education and welfare are important. That's why the type of different agenda that I think that a different generation of politicians is reaching towards is actually what is necessary not just here, not just in the United States, but all over the developed world. And if we can bring together some of those lessons, from the U.S., from Britain and from Europe, then we'll find better ways of going forward in Europe as well as the USA.

PRESIDENT CLINTON: I'll take both of you, but only one at a time.

Q  Mr. President, Prime Minister, as you've said already a lot has been made of the notion that the two of you are similar. My question is, sometimes the press gets a story and keeps going with it. Are you just a little bit sick of this story line? How far can this thing go? (Laughter.)

PRESIDENT CLINTON: Yes, I'm sick of it because he's seven years younger than I am and has no grey hair. (Laughter.) So I resent it. But there doesn't seem to be anything I can do about it.

PRIME MINISTER BLAIR: Look, I think it's a perfectly healthy thing if we realize that these are common developments the world over. I mean, this isn't just something that's to do with the United States or to do with Britain. There is a different generation of political leaders. I mean, I grew up, was born 10 years after the end of the second world war. I grew up with Eastern Europe on our doorstep. I never thought that the politics of my type of political aspiration was the politics I saw in Eastern Europe. But what I took from my own political traditions was a belief in community, in justice, in a hatred of discrimination. But I want to apply those types of values in the different world.

Now, if you take the welfare state, which we're trying to reform now here in Britain, and which President Clinton has done so much to reform in the United States, we believe in the values of that, but 1997 is not 1947 or 1937. So that's why the New Deal has to be updated for today's world; the welfare state has to be updated for today's world. And in Europe, you'll find the same issues being addressed today.

Q  Mr. Prime Minister, are you the student in this relationship?

PRIME MINISTER BLAIR: Well, I think we can both learn from each other and develop together. I think this is good. But I would pay tribute to the way that Bill Clinton blazed the trail in this area.
PRESIDENT CLINTON: Let me say on that point, as all of you know -- all of the American journalists here know -- before I became President I was not a member of our Congress; I was a governor for a dozen years. And the founding fathers of the United States wrote in the Federalist Papers that they expected the states to be the laboratories of democracy, which is an elegant 18th century way of saying that all governors should be students of one another. They should borrow from each other shamelessly. They should learn from each other without arrogance.

And what I think -- if you get a generation of leaders -- and it's not necessarily determined by age. I consider Prime Minister Kok in the Netherlands in this category, a little bit older than we are; the young Prime Minister of Portugal a little younger than we are; a number of others -- who are thinking in the same way and trying to move toward the same place and recognize -- have a common understanding of the kind of changes that are sweeping through the world, then we should fairly be expected to -- in fact, our people ought to demand that we do the best we can to learn from each other and cherish that, celebrate that, and say that nobody has got all the answers, but if we can get our countries headed in the right direction, free people usually do the right thing if they're going in the right direction. Eventually, they figure it out.

Q Prime Minister, what role do you envisage the President playing in furthering the peace process?

And, Mr. President, you were obviously very disappointed when the IRA cease-fire collapsed. Do you think the other parties should now move forward without Sinn Fein if another cease-fire is not forthcoming?

PRIME MINISTER BLAIR: I'll answer the first part of your question, Kenneth. The United States has played, and I've no doubt will continue to play, a helpful role. And we obviously are carrying forward the process. We want to make sure that we can get into all-party talks; we've laid down the conditions for that. And I know that the United States is fully behind that. And I think that that is always helpful.

I remember, too, the visit that President Clinton made some 18 months ago, when the huge optimism and hope that he ignited there in the province was tangible. And we want that back again. We want that sense. Peace in Northern Ireland and ensuring that we get a lasting political settlement that endures is what the vast majority of people in Northern Ireland want. This is the great burning frustration of it -- that we are so keen to make sure that the voice of that majority that wants a lasting settlement, that doesn't want to do it by anything other than democratic means, is heard.

Now, I believe it's possible that we can move this process forward, but it's got to be done with care. And I'm sure, as they've played a helpful role before, the United States will play a helpful role again.
PRESIDENT CLINTON: Obviously, I think that Sinn Fein should participate in the talks. And I think the IRA should meet what I think has to be the precondition. You can't say, we'll talk and shoot; we'll talk when we're happy and shoot when we're not. And every political process in the world is a struggle for principled compromise, which means when it's over, no one is ever 100 percent happy.

So that is the decision that obviously all of them will have to make. But the people there do not want to be led in a destructive path anymore. I'm convinced the Catholics don't. I'm convinced the Protestants don't. And I'm convinced the young are more insistent than the old. And to trap people in the prison of those past patterns -- we talk about changing economic policy -- a far greater tragedy is to move into the wonders of the 21st century with the shackles of what can only be characterized as almost primitive hatred of people because they are of different religions than you are.

I promised you next, I'm sorry. Then we'll go on. Go ahead. I apologize. My memory's is not what it used to be.

Q You're older now.

PRESIDENT CLINTON: That's right. (Laughter.) I've got a cain. (Laughter.)

Q As a follow-up to some of the previous questions and answers, Mr. Prime Minister, your party won election by promising no new taxes and by endorsing many of the privatization policies of your Conservative predecessors. Mr. President, you've just signed off on a budget deal that has tax cuts, but basically precludes any large new spending initiatives over the next several years. Both of these compromises have made people within your own parties -- a lot of them have great misgivings about them. How can you convince these people that what you've described as the radical center is not really just the dead center and this new pragmatism isn't just another named for old-fashioned expediency?

PRIME MINISTER BLAIR: Well, I think you can do it very easily, by sharing how it derives from conviction and principle. What we decided to do when we created new Labor was to be honest with people. There were certain things the 1980s got right -- an emphasis on enterprise, more flexible labor markets. Fine; accept it. They got it right. There should be no mileage in trying to undo things that are basically right.

But there were some very fundamental things that we got wrong -- education, the creation of a large pool of people of underclass cut off from society's mainstream, a negative isolationist view of foreign policy. These things we change over centralized government. These things we change.

And what is different about it -- and I think potentially exciting and radical about it -- is that it does try to get past a lot of the divisions of the past. And you got out there and you talk to people in the street about what concerns them -- I often think the people are a thousand miles
ahead of the politicians. They know that what matters to them is to get their schools right, their hospitals right, tackle crime in their streets. They know that there are certain things that government can't do about jobs and industry, but certain things they can do. They want us to do those things.

Now, I don't think that's a dead center, I think that is a radical center. And it's -- the big changes that we were able to make in the Labor Party we made out of principle. It was electorally necessary, but it was also the right thing to do. If it hadn't been the right thing to do, it would never have taken root in the way that it did.

Now, sure, whenever you make changes, there are people that disagree, and there will be those that say we just want to go backwards. Well, the job of political leadership is to explain to people why that's not sensible -- why you should move forward.

PRESIDENT CLINTON: First of all, let me just remind you of what it was like when I took office. We had high unemployment, low growth, a country with rising crime, rising welfare, and increasing social division. We now have the lowest unemployment rate in 24 years, the biggest decline in income inequality -- something the progressive party should care about -- in over 30 years. We have declining crime rates. For every year I've been President, the crime rate's gone down, and our crime bill is fully funding and is implementing that. We've got the biggest decline in welfare rolls in history. And we have fought against the divisive forces of race, religion and all the other forces that are used to divide people in a complex society like ours.

So I think that what we have done is both progressive and effective. And, yes, we have a smaller government; we have the smallest government since the Kennedy administration. But we're spending more money on education, more money on medical research, more money on technology. I think we're doing the right thing. That's first.

Second, on the budget agreement itself, to my fellow Democrats -- before they criticize me, I would ask them to read what the conservative Republicans have said about the Republicans for signing off on the budget agreement. One conservative periodical accused the moderate Republicans of being Clintonites, which is a fate worse than death for them, and then said that I guess we're all new Democrats now.

Look at what this budget does. You say it has no room for big spending -- it has the biggest increase in education in a generation, a big increase in environmental protection. It has enough -- $17 billion to insure half the kids in America who don't have health insurance.

Now, beyond that, does it allow for big spending new programs? No, it doesn't. If we want to spend any more money, big money, in the next three and a half years, what do we have to do? We either have to grow the economy or we've got to raise the money. That's what a balanced budget is for. I support that. I support that. I want the American people -- if I could --
we would come closer to solving our social problems if we can maintain unemployment at or under five percent for the next four years than nearly anything else I could do.

And I want us to be in a position -- as the progressive party -- where we can't launch a big new program unless we raise the money for it or grow the economy to fund it. That's the way we ought to do it. That is the fiscally responsible way to do it. So I am happy with that criticism, and I plead guilty, and the results are good.

PRIME MINISTER BLAIR: I like that very much, indeed.

Q Mr. Blair, you talked early on about lessons that you can learn from America and you said that they've been better at creating jobs. I just wondered why you thought they had been better at creating jobs, what lessons specifically we could draw from that -- their attitudes to it.

PRIME MINISTER BLAIR: I think there is a very strong commitment to entrepreneurship there, which is very important. They've pursued, of course, a stable economic management policy. That is very important. And Bill said something there just a moment ago that I think is very, very important -- that the progressive parties today are the parties of fiscal responsibility and prudence. You don't do anything for anybody by making a wreckage out of the economy.

Now, I think these are all things that we take to heart. And what is interesting to me is, again, if you look around not just the USA or what we're doing with new Labor here in Britain, but if you look around Europe, there are center, center-left parties there again as the parties of fiscal prudence and responsibility. And what you can do is make changes within the budget.

You see, the questioner a moment ago was saying, well, you know, you're not going for big tax increases and all the rest of it -- the people have had large tax increases. You know, state expenditure has grown to a very large extent. Why has it grown? Well, it's grown here because you've got massive welfare bills that you're paying out, often with people who would like the chance to get back into the labor market if we have the imagination and vision to try and give them the chance to do so, so that they're not any longer reliant on state benefits, but are standing on their own two feet, raising their family in some type of decent set of circumstances.

So I think that these elements of job creation, of economic management, of creating the type of enterprises and industries of the future, they're interlinked. And we see those links very, very clearly, indeed.

PRESIDENT CLINTON: If I could just say one thing. I would like to give credit where credit is due, which is not primarily to me in this. And I think we have been successful in creating jobs for several reasons. One is, we maintained earlier than a lot of other countries a reasonably open economy -- not perfectly open, but reasonably open -- so that we suffered a lot of painful restructuring in the 1980s due to competition. But as a result of that, both our business
managers and our working people have dramatically improved their productivity -- first.

Second, America is a relatively easy place to start a small business, and we get a lot of our new jobs from starting small businesses. Third, we have been blessed by having sort of incubators of the future in computers, in telecommunications, in electronics, increasingly in biotechnology. That is important.

Fourth, we've had a good, stable monetary system --I think the Prime Minister did a good thing by -- and he'll be criticized for it the first time interest rates are raised, but he did a good thing, I think, by trying to take the setting of interest rates out of politics, because it will create the feeling of stability and make Britain more attractive for investment. That's been a big factor for us.

And, finally, we've had good government policies which were reduced the deficit, expand trade, invest in people. So I think all those things, together, will give you a job creation policy.

PRIME MINISTER BLAIR: We'll take one more each, shall we?

PRESIDENT CLINTON: Yes.

Q Mr. President, you have promised to withdraw our troops from Bosnia a year from now. And yet the British Prime Minister's Foreign Secretary says, if you do that the British will withdraw their troops, too, and that could lead to renewed fighting. Is there a dispute between Secretary of State Albright and Defense Secretary Cohen, and are you going to keep your commitment to withdraw?

PRESIDENT CLINTON: Well, when we - first of all, when we adopted the second mission, the SFOR mission, after our first full year in Bosnia -- we cut all the forces in half and stayed -- we said we expected that mission to last about a year and a half. I still accept that.

Here is the problem, the basic issue. I think we would all admit that a lot of the elements of the Bosnia peace process, the Dayton process, are not going as fast as they should. We have just completed a comprehensive review of our policy. We've identified a number of things we want to do better. The Prime Minister and I talked about, for example, the police training and the placement of police there.

If you look at what our military people do today -- since we are not presently today actively involved, for example, in escorting and protecting refugee returnees -- a lot of that could be done by civilian police if we were on schedule. We're not on schedule. We're not on schedule in the economic implementation. We're trying to put -- very hard, all of our allies -- we're trying to put together a team that will get us back up and going.
And so I would agree to this extent with the Prime Minister, which is that I don’t think we ought to be talking about how we’re going to leave; I think we ought to be talking about what we're going to tomorrow and next week and next month. And if we work like crazy in the next 13 months, do I believe we can fulfill our mission and that they can go forward? Yes, I do. But I think we're going to have to make some very tough decisions. We can't play around with this. We can't just sort of hang around and then disappear in a year and expect the Dayton process to go forward. We have a lot of work to do in the next year. And so what I want to do is stop talking about what date we're leaving on and start talking about we're going to do on the only date that matters, which is tomorrow.

PRIME MINISTER BLAIR: I agree with that very strongly indeed. Last question.

Q President Clinton, I know you're reluctant to offer advise to our Prime Minister, but could I tempt you? You became -- I want to be polite -- rather unpopular during your first term after a brief honeymoon. Which mistakes do you think you made that our Prime Minister could avoid?

PRIME MINISTER BLAIR: Well, he did one thing very right, which was to win again, and I hope I repeat that. (Laughter.)

PRESIDENT CLINTON: Well, for one thing, it was a brief honeymoon; it lasted about 35 seconds. (Laughter.) So, again, I don't know that I have an advice to offer. I think that the errors that we made, or at least the political decisions we made that caused us problems, are fairly well-known.

Also, keep in mind, we have a different system than you do. I had to pass my first economic program with only Democrats, but the Democrats basically got credit for being divided in their support of me when the facts are that they have supported me more strongly than they supported the last three Democratic Presidents before me. But our friends on the other side were opposed in even more unified fashion.

So the things that happened to us were so unique, I hope, to the American political system -- I wouldn't wish them on anyone else -- that I don't really think it's very instructive for me to give advice.

PRIME MINISTER BLAIR: If I could I just say one final thing to you. I think when you heard President Clinton speak about the record that he has achieved in government earlier, I think that is the reason why he was reelected. And the important thing is that that record stands as testimony to the leadership that he gave.

We'll have one last question then.

PRESIDENT CLINTON: My only advice on that would be to try to keep people
focused on the policies and the consequences, and that we should all be willing to work on that basis, because real people out there who have to get up every day and wonder how they're going to feed and educate their children, and whether they're safe in their neighborhoods, and what the future is going to be like for their kids, then want to know that we're at the task. And so my only advice would be to maintain the same level of concentration in the administration that was shown by all of Labor in the campaign; that relaxing concentration is fatal in this business, it's an important thing and it's complicated, you got to concentration all the time.

Q  Mr. President, bearing in mind your comments on the budget, I was wondering if you had been listening to your own Minority Leader. He is against you on the budget. He is against you on MFN. He is against you on expansion of NATO on a fast track. And I wondered if you could explain maybe whether you think it's you or he who represents the hearts and minds of the Democratic Party, and whether maybe you think there is -- it's time for a new Minority Leader, or maybe you don't really want that Democratic majority you talked about at the beginning of the news conference.

PRESIDENT CLINTON: No, I think -- for one thing, I think -- you know, I disagree with him about the budget and MFN for China, and we've had some trade differences since I came here -- otherwise, he's supported me on just about everything. I would point out, however, that well over 60 percent of the Democratic Caucus in the House voted for the budget agreement and that 82 percent of the Democratic Caucus in the Senate voted for it. We had a higher percentage of Democrats than Republicans voting for it in the Senate, a higher percentage of Republicans than Democrats voting for it in the House, and a two-to-one majority overall.

So that's something -- the American people ought to feel comfortable -- we had an overwhelming bipartisan agreement. Individual people will have differences on individual issues. They'll see the world in different ways. But I think I did the right thing, and I think we're going to -- I think the country will be immensely benefited by it. And I think everybody that voted for it in retrospect will be happy and those who didn't vote for it will be pleased that what they thought was wrong with it wasn't. That's what I think will happen.

PRIME MINISTER BLAIR: Okay, thank you very much indeed, ladies and gentlemen. And thank you in particular to President Clinton.

PRESIDENT CLINTON: Thank you.
THE WHITE HOUSE
Office of the Press Secretary

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REMARKS BY THE PRESIDENT TO THE ANNUAL MEETING
THE AMERICAN SOCIETY OF NEWSPAPER EDITORS

J.W. Marriott Hotel
Washington, D.C.

12:17 P.M. EDT

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 six inches, I'm hobbled for six 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 three 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 believe 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.

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 four years but for the next half-century.

In the next three 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 four 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 four years also when we have 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 Nonproliferation 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 three 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 battlefields 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 ninety-fold. Over the next decade, it is expected to grow at three 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 three 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 1970s. From semiconductors to biotech, to Hollywood, American firms lead the industries that are remaking the world. Our economy produced 11.5 million jobs in the last four years for the first time ever. Our unemployment today is 5.2 percent; that's 1.5 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 percent 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 G.I. 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.

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 seven 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 agreement 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 must 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 six 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 11.5 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 embrace it. Over the past 50 years, over the past four 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. (Applause.)

Q Mr. President, the Commission on Protection and Reduction of Government Secrecy -- the Moynihan Commission -- said last month that 3 million people have the authority to classify government secrets at a cost of more than $5.5 billion a year. The commission called this a form of government regulation not controlled by statute as is all regulatory power. And it said it should be subject to the same guidelines and oversight as other regulation. To provide a check on unrestrained discretion in creating secrets, the commission recommended a law to codify the principles as to what can be classified and what should not be classified and for how long it should be classified, and to create a national declassification center to provide annual reports on the progress in declassifying government records, and to require the President to set procedures and provide the resources for declassifying information.

Will you support enactment of such a law? If not, why not? If so, how hard will you push for it?

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 of 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.

Q Mr. President, my county of 70,000 people is at risk from 7 percent of the nation's stockpile of aging chemical weapons, the nerve agents it's referred to. We don't have the highways to evacuate -- we need to; we don't have the civil defense infrastructure. The disposal plan is behind the timeline.

Two questions. As a political matter, wouldn't it make sense to bring even more intensive scrutiny to these sites? There are eight sites scattered across the country; our whole nation is at risk from the downside of the old chemical warfare. And as a moral matter, doesn't it make sense for your administration to step up the disposal and make sure that the highway infrastructure is in place for escape routes and civil defense?

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.

Q Mr. President, some opponents of the Chemical Weapons Convention are arguing that, indeed, it would let the fox into the henhouse; that is to say, a country, perhaps Iran, a signatory, would gain access to our development techniques for making chemical weapons, which are relatively simple, but more importantly, to those regarding defenses against chemical weapons in the fields. What is your response to that argument? And are you in any position to negotiate a change of any sort in the document if that were necessary to get the votes for ratification?

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 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.

Q Mr. President, we seem to be following a policy in Asia with communist countries like China and Vietnam of engagement and trade. Even with North Korea now, we seem to be on the verge of a breakthrough there -- possibly some aid because they're suffering famine. And I wonder, though, when we turn to our own hemisphere, we seem to follow a policy of embargo against -- we don't seem to, we are -- following a policy of embargo against Castro's Cuba. And I wonder, why is there an apparent difference in approach, and whether trying to open Cuba up for active trade wouldn't be in line with the kind of opening of market policies that you were suggesting a little while ago?

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.

Q Mr. President, my son, Cody, is here with me today and he's 11 years old, and his 5th grade class will be voting first in the presidential elections of 2004. I wonder if you could share with us a little bit of what you hope your legacy will be for him and his class, since you will be just leaving office then, and also what advice and suggestions you might give Cody's class and the other young people of America on what they can do now to prepare themselves to be productive citizens in the early next century.

THE PRESIDENT: Let me answer the second question first. I think the following things I would recommend to the 5th 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 of 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 on 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.

Q Mr. President, our region has been devastated by job losses, mainly because of downsizing in the military. Could you speak to the people of the Mohawk Valley, and perhaps other communities like ours, on how your trade policies will help revive our stagnant economy and revive our spirits?

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. (Applause.)

END 1:03 P.M. EDT