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CREATION DATE/TIME:23-MAR-1998 19:11:38.00

SUBJECT: Suriname, 03/98

TO: DOSBACK@listserv.uic.edu (DOSBACK@listserv.uic.edu [UNKNOWN])
READ:UNKNOWN

TEXT:

U.S. Department of State

Background Notes: Suriname, March 1998

Released by the Bureau of Inter-American Affairs.

Official Name: Republic of Suriname

PROFILE

Geography

Area: 163,265 sq. km. (63,037 sq. mi.); slightly larger than Georgia.

Cities: Capital--Paramaribo (pop. 180,000). Other cities--Nieuw Nickerie, Moengo.

Terrain: Varies from coastal swamps to savanna to hills.

Climate: Tropical.

People

Nationality: Noun--Surinamer(s). Adjective--Surinamese.

Population (1996 est): 405,000.

Annual growth rate (1996): .2%.

Ethnic groups: Hindustani (East Indian) 37%, Creole 31%, Javanese 15%, Bush Negro 10%, Amerindians 3%, Chinese 1.7% (percentages date from 1972 census, the last in which ethnicity data was collected).

Religions: Hindu, Muslim, Roman Catholic, Dutch Reformed, Moravian and several other Christian groups, Jewish, Baha'i.

Languages: Dutch (official), English, Sranan Tongo (Creole language), Hindustani, Javanese.

Education: Compulsory--ages 6-12. Literacy--95%.

Health: Infant mortality rate (1995--30/1,000. Life expectancy (1995--69 years.

Work force (100,000): Government--49%. Private sector--35%. Parastatal companies--16%.

Government

Type: Constitutional democracy.

Constitution: September 30, 1987.

Independence: November 25, 1975.

Branches: Executive--president, vice president, Council of Ministers.

Legislative--elected 51-member National Assembly made up of representatives of political parties. Judicial--Court of Justice. Administrative subdivisions: 10 districts. Political parties: Governing Coalition--National Democratic Party (NDP), Grassroots Party (BVD), Indonesian Peasant's Party (KTPI), Pendawalima (faction of), Independent Progressive Democratic Alternative (OPDA). Other parties in the National Assembly--National Party of Suriname (NPS), Progressive Reform Party (VHP), Party for Brotherhood and Unity in Politics (HPP), Political Wing of the Federation of Agriculture (PVF), Pendawalima, Democratic Alternative '91 (DA 91), Democratic Party (DP), Progressive Political Party (PPP). Suffrage: Universal at 18.

Economy

GDP (1996): \$522.5 million.
Annual growth rate (1996): 4.0%.
Per capita GDP (1996): \$1,306.
Natural resources: Bauxite, gold, iron ore, other minerals; forests; hydroelectric potential; fish and shrimp.
Agriculture: Products--rice, palm oil, bananas, timber, and citrus fruits.
Industry: Types--aluminum, alumina, processed food, lumber, bricks, tiles, cigarettes, and glass.
Trade (1996): Exports--\$457.7 million: bauxite, alumina, aluminum, wood and wood products, rice, bananas, and shrimp. Major markets--U.S. (approx. 25%), Netherlands, European Union (EU), and other European countries. Imports (1996)--\$415.5 million: capital equipment, petroleum, iron and steel products, agricultural products, and consumer goods. Major suppliers--U.S. (approx. 50%), Netherlands, EU, Brazil, and Caribbean (CARICOM) countries.
Exchange rate: 400 guilders=U.S.\$1.

PEOPLE

Most Surinamers live in the narrow, northern coastal plain. The population is one of the most ethnically varied in the world. Each ethnic group preserves its own culture, and many institutions, including political parties, tend to follow ethnic lines. Informal relationships vary: The upper classes of all ethnic backgrounds mix freely; outside of the elite, social relations tend to remain within ethnic groupings. All groups may be found in the schools and workplace.

HISTORY

Arawak and Carib tribes lived in the region before Columbus sighted the coast in 1498. Spain officially claimed the area in 1593, but Portuguese and Spanish explorers of the time gave the area little attention. Dutch settlement began in 1616 at the mouths of several rivers between present-day Georgetown, Guyana, and Cayenne, French Guiana.

Suriname became a Dutch colony in 1667. The new colony--Dutch Guiana--did not thrive. Historians cite several reasons for this, including Holland's preoccupation with its more extensive (and profitable) East

Indian territories, violent conflict between whites and native tribes, and frequent uprisings by the imported slave population, which was often treated with extraordinary cruelty. Barely, if at all, assimilated into European society, many of the slaves fled to the interior, where they maintained a West African culture and established the five major Bush Negro tribes in existence today: the Djuka, Saramaccaner, Matuwari, Paramaccaner, and Quinti.

Plantations steadily declined in importance as labor costs rose. Rice, bananas, and citrus fruits replaced the traditional crops of sugar, coffee, and cocoa. Exports of gold rose beginning in 1900. The Dutch Government gave little financial support to the colony.

Suriname's economy was transformed in the years following World War I when an American firm (ALCOA) began exploiting bauxite deposits in East Suriname. Bauxite processing and then alumina production began in 1941. During World War II more than 75% of U.S. bauxite imports came from Suriname.

In 1951, Suriname began to acquire a growing measure of autonomy from the Netherlands. Suriname became an autonomous part of the Kingdom of the Netherlands on December 15, 1954, and gained independence on November 25, 1975.

Most of Suriname's political parties took shape during the autonomy period and were overwhelmingly based on ethnicity. For example, the National Party of Suriname found its support among the Creoles, the Progressive Reform Party members came from the Hindustani population, and the Indonesian Peasant's Party was Javanese. Other smaller parties found support by appealing to voters on an ideological or pro-independence platform; the Partij Nationalistische Republiek (PNR) was among the most important. Its members pressed most strongly for independence and for the introduction of leftist political and economic measures. Many former PNR members would go on to play a key role following the coup of February 1980.

Independence, Revolution, And Democracy

Suriname was a working parliamentary democracy in the years immediately following independence. Henk Arron became the first Prime Minister and was re-elected in 1977. On February 25, 1980, the elected government was overthrown by 16 noncommissioned officers. The military-dominated government then suspended the constitution, dissolved the legislature, and formed a regime which ruled by decree. Although a civilian filled the post of president, a military man, Desi Bouterse, actually ruled the country.

Throughout 1982, pressure grew for a return to civilian rule. In response, the military ordered drastic action. Early in December 1982, military authorities arrested and killed 15 prominent opposition leaders, including journalists, lawyers, and trade union leaders.

Following the murders, the United States and the Netherlands suspended economic and military cooperation with the Bouterse regime, which

increasingly began to follow an erratic but generally leftist-oriented political course. Economic decline rapidly set in after the suspension of economic aid from the Netherlands. The regime also restricted the press and limited the rights of its citizens.

Continuing economic decline brought pressure for change. During the 1984-87 period, the Bouterse regime tried to end the crisis by appointing a succession of nominally civilian-led cabinets. Many figures in the government came from the traditional political parties which had been shoved aside during the coup. The military eventually agreed to free elections in 1987, a new constitution, and a civilian government.

Another pressure for change had erupted in July 1986, when the Maroon or Bush Negro insurgency, led by former soldier Ronnie Brunswijk, began attacking economic targets in the country's interior. In response, the army ravaged villages and killed suspected Brunswijk supporters. Thousands of Bush Negroes fled to nearby French Guiana. In an effort to end the bloodshed, the Surinamese Government negotiated a peace treaty, called the Kourou Accord, with Brunswijk in 1989. Bouterse and other military leaders blocked the accord's implementation.

On December 24, 1990, military officers forced the resignations of the civilian President and Vice President elected in 1987. Military-selected replacements were hastily approved by the National Assembly on December 29. Faced with mounting pressure from the U.S., other nations, the Organization of American States (OAS), and other international organizations, the government held new elections on May 25, 1991. The New Front Coalition, comprised of the Creole National Party of Suriname (NPS), the Hindustani Progressive Reform Party (VHP), the Javanese Indonesian Peasant's Party (KTPI), and the Surinamese Labor Party (SPA) were able to win a majority in the National Assembly. On September 6, 1991, NPS candidate Ronald Venetiaan was elected President, and the VHP's Jules Ajodhia became Vice President of the New Front Coalition government.

The Venetiaan government was able to effect a settlement to Suriname's domestic insurgency through the August 1992 Peace Accord with Bush Negro and Amerindian insurgents. In April 1993, Desi Bouterse left his position as commander of the armed forces and was replaced by Arthy Gorre, a military officer committed to bringing the armed forces under civilian government control. Economic reforms instituted by the Venetiaan government eventually helped curb inflation, unify the official and unofficial exchange rates, and improve the government's economic situation by re-establishing relations with the Dutch, thereby opening the way for a major influx of Dutch financial assistance. Despite these successes, the governing coalition lost support and failed to retain control of the government in the subsequent round of national elections. The rival National Democratic Party (NDP), founded in the early 1990s by Desi Bouterse, benefited from the New Front government's loss of popularity. The NDP won more National Assembly seats (16 of 51) than any other party in the May 1996 national elections and, in September 1996, joined with the KTPI, dissenters from the VHP, and several smaller parties to elect NDP vice-chairman Jules Wijdenbosch president of a NDP-led coalition government. Divisions and subsequent

reshufflings of coalition members in the fall of 1997 and early 1998 weakened the coalition's mandate and slowed legislative action.

GOVERNMENT

The Republic of Suriname is a constitutional democracy based on the 1987 constitution. The legislative branch of government consists of a 51-member unicameral National Assembly, simultaneously and popularly elected for a five-year term. The last election was held in May 1996.

The executive branch is headed by the president, who is elected by a two-thirds majority of the National Assembly or, failing that, by a majority of the People's Assembly, for a five-year term. If at least two-thirds of the National Assembly cannot agree to vote for one presidential candidate, a People's Assembly is formed from all National Assembly delegates and regional and municipal representatives who were elected by popular vote in the most recent national election. A vice president, normally elected at the same time as the president, needs a simple majority in the National Assembly or People's Assembly to be elected for a five-year term. As head of government, the president appoints a 16-minister cabinet. There is no constitutional provision for removal or replacement of the president unless he resigns.

A 14-member State Advisory Council advises the president in the conduct of policy. Eleven of the 14 council seats are allotted by proportional representation of all political parties represented in the National Assembly. The vice president chairs the council, and three representatives of workers and employers organizations hold the rest of the seats.

The judiciary is headed by the Court of Justice (Supreme Court). This court supervises the magistrate courts. Members are appointed for life by the president in consultation with the National Assembly, the State Advisory Council, and the National Order of Private Attorneys.

The country is divided into 10 administrative districts, each headed by a district commissioner appointed by the president. The commissioner is similar to the governor of a U.S. state but serves at the president's pleasure.

National Security Surinamese armed forces consist of the national army under the control of the Minister of Defense and a smaller civil police force, which is responsible to the Minister of Justice and Police. The national armed forces comprise some 2,500 personnel, the majority of whom are deployed as light infantry security forces. A small air force and navy/coast guard also exist. The Netherlands has provided limited military assistance to the Surinamese armed forces since the election of a democratic government in 1991. In recent years, the U.S. has provided training to military officers and policy-makers to promote better understanding of the role of the military in a civilian government.

Principal Government Officials

President--Jules Wijdenbosch

Vice President--Pretaapnarian Radhakishun
Foreign Minister--Errol Snijders
Ambassador to U.S.--Arnold Halfhide
Ambassador to UN--Subhas Mungra
Ambassador to OAS--Albert Ramdin

Suriname maintains an embassy in the United States at 4301 Connecticut Ave, NW, Suite 460, Washington, DC 20008 (tel. 202-244-7488; fax 202-244-5878). There also is a Suriname Consulate General at 7235 NW 19th St., Suite A, Miami, FL 33136 (tel. 305-593-2163).

ECONOMY

The backbone of Suriname's economy is the export of alumina and small amounts of aluminum produced from bauxite mined in the country. Alumina and aluminum exports accounted for 77% of Suriname's estimated \$453.3 million export earnings in 1996. Suriname's bauxite deposits have been among the world's richest. The preeminence of bauxite and ALCOA's continued presence in Suriname is a key element in the U.S.-Suriname economic relationship.

Mining sites at Moengo and Paranam are estimated to have 10 to 15 years of bauxite reserves remaining. Other bauxite reserves have been located but are currently unexploited. All bauxite mined in Suriname is brought via navigable rivers and the Atlantic to the Suriname Aluminum Company (SURALCO) alumina refinery and aluminum smelter in Paranam. In 1984, SURALCO, a subsidiary of the Aluminum Company of America (ALCOA), formed a joint venture with the Royal Dutch Shell-owned Billiton Company, which did not process the bauxite it mined in Suriname. Under this agreement, both companies share risks and profits.

Inexpensive power costs are Suriname's big advantage in the energy-intensive alumina and aluminum business. In the 1960s, ALCOA built a \$150-million dam for the production of hydroelectric energy at Afobaka (south of Brokopondo), which created a 1,550-square kilometer (600 sq. mi.) lake, one of the largest artificial lakes in the world.

Suriname also exports rice, shrimp, timber, bananas, fruits, and vegetables. It formerly exported palm oil. All of these exports declined in 1989, due to lack of competitiveness of Suriname's products and insurgencies in the interior which effectively closed access to timber and most palm oil plantations. Deteriorating infrastructure and lack of spare parts also have constrained economic and export growth. Suriname's manufacturers of processed foods and consumer goods have experienced increased competition from Caribbean imports since Suriname joined CARICOM in early 1996.

At independence, Suriname signed an agreement with Netherlands, providing for about \$1.5 billion in development assistance grants and loans over a 10- to 15-year period. Dutch assistance allocated to Suriname thus amounted to about \$100 million per year but was discontinued during periods of military rule. After the return to democratically elected government in 1991, Dutch aid resumed. The Dutch relationship continues to be an important factor in the economy, with

the Dutch insisting that Suriname undertake economic reforms and produce specific plans acceptable to the Dutch for projects on which aid funds could be spent. Suriname's present government is attempting to broaden its economic base, establish better contacts with other nations and international financial institutions, and reduce its dependence on Dutch assistance.

Suriname has embarked on development projects in the areas of petroleum production expansion and a mini-refinery project for Staatsolie, the state-owned oil company. In addition, Suriname has attracted investments by international companies in gold exploration and exploitation as well as interest in extensive development of a tropical hardwoods industry and possible diamond mining. Proposals for exploitation of the country's tropical forests and undeveloped regions of the interior traditionally inhabited by indigenous and Maroon communities have raised the concerns of environmentalists and human rights activists both in Suriname and abroad, however.

In the 1980s, as Suriname's economic situation deteriorated due to the cutoff of Dutch development aid, the government instituted a regime of stringent economic controls over prices, the exchange rate, imports, and exports. The policy resulted in a reduction of activity in the officially controlled market. Meanwhile, the tolerated black market grew, at one point accounting for an estimated 85% of all imports. Economic reforms made major strides in 1993-95 to reduce such controls and wean Surinamese business from reliance on the black market.

Vestiges of the economic policies of the 1980s remain in the form of price controls, subsidies, and the existence of numerous parastatal companies throughout the economy. About half of the work force is still directly or indirectly on the government payroll.

FOREIGN RELATIONS

Since gaining independence, Suriname has become a member of the United Nations, the OAS, and the Non-Aligned Movement. Suriname is a member of the Caribbean Community and Common Market and the Association of Caribbean States; it is associated with the European Union through the Lome Convention. Suriname participates in the Amazonian Pact, a grouping of the countries of the Amazon Basin which focuses on protection of the Amazon region's natural resources from environmental degradation. Reflecting its status as a major bauxite producer, Suriname is also a member of the International Bauxite Association. The country also belongs to the Economic Commission for Latin America, the Inter-American Development Bank, the International Finance Corporation, the World Bank, and the International Monetary Fund.

Bilateral agreements with several countries of the region, covering diverse areas of cooperation, have underscored the government's interest in strengthening regional ties. The return to Suriname from French Guiana of about 8,000 refugees of the 1986-91 civil war between the military and domestic insurgents has improved relations with French authorities. Long-standing border disputes with Guyana and French Guiana remain unresolved but have not negatively affected relations with either

country. An earlier dispute with Brazil ended amicably after formal demarcation of the border.

In May 1997, President Wijdenbosch joined President Clinton and 14 other Caribbean leaders during the first-ever U.S.-regional summit in Bridgetown, Barbados. The summit strengthened the basis for regional cooperation on justice and counternarcotics issues, finance and development, and trade.

U.S.-SURINAMESE RELATIONS

Since the re-establishment of a democratic, elected government in 1991, the United States has maintained positive and mutually beneficial relations with Suriname based on the principles of democracy, respect for human rights, rule of law, and civilian authority over the military. To strengthen civil society and bolster democratic institutions, the U.S. has provided training regarding appropriate roles for the military in civil society to some of Suriname's military officers and decisionmakers.

Narcotics trafficking organizations appear to be channeling increasing quantities of cocaine through Suriname for repackaging and transport to Europe and the United States. To assist Suriname in the fight against drugs and associated criminal activity, the U.S. has helped train Surinamese anti-drug squad personnel. The U.S. Peace Corps in Suriname works with the Ministry of Regional Development and rural communities to encourage community development in Suriname's interior.

Suriname is densely forested and has thus far suffered little from deforestation, but increased interest in large-scale commercial logging and mining in Suriname's interior have raised environmental concerns. The U.S. Forest Service, the Smithsonian, and numerous non-governmental environmental organizations have promoted technical cooperation with Suriname's government to prevent destruction of the country's tropical rain forest, one of the most diverse ecosystems in the world. U.S. experts have worked closely with local natural resource officials to encourage sustainable development of the interior and alternatives such as ecotourism. Suriname's tourism sector remains a minor part of the economy, and tourist infrastructure is limited; some 20,000 foreign tourists visit Suriname annually.

Suriname's efforts in recent years to liberalize economic policy created new possibilities for U.S. exports and investments. The U.S. remains one of Suriname's principal trading partners, largely due to ALCOA's long-standing investment in Suriname's bauxite mining and processing industry. Of an estimated \$100-\$145 million Surinamese exports to the U.S. in 1996, over one-half were bauxite-related. More than one-half of world exports to Suriname originate in the United States. Several U.S. corporations are active in Suriname, largely in the mining, consumer goods, and service sectors. Principal U.S. exports to Suriname include chemicals, aircraft, vehicles, machine parts, meat, and wheat. The United States has supplied P.L. 480 agricultural commodity purchase support for U.S. wheat and oil imports to assist Suriname through hardships caused by economic reform. U.S. consumer products are

increasingly available through Suriname's many trading companies. Opportunities for U.S. exporters, service companies, and engineering firms will probably expand over the next decade. Suriname is looking to U.S. and other foreign investors to assist in the commercial development of its vast natural resources and to help finance infrastructure improvements. Enactment of a new investment code and intellectual property rights protection legislation, which would strengthen Suriname's attractiveness to investors, has been discussed, but no noticeable progress has been made in recent years.

Principal U.S. Embassy Officials

Ambassador--Dennis K. Hays
Deputy Chief of Mission--Kathleen Cayer
Defense Attache--Lt. Col. Ronald Ward
U.S. Army Political/Economic Officer--Michael Oreste
Consular Officer--Valerie Lynn
Peace Corps Country Director--Gary Thompson

The U.S. embassy in Paramaribo is located at Dr. Sophie Redmondstraat 129, P.O. Box 1821, Paramaribo, Suriname (tel. 472900, 476459; FAX 597-410025).

OTHER CONTACT INFORMATION

U.S. Department of Commerce
International Trade Administration
Office of Latin America and the Caribbean
14th and Constitution, NW
Washington, D.C. 20230
Tel: 202-482-1658 202-USA-TRADE
Fax: 202-482-0464

Caribbean/Latin American Action
1818 N Street, NW, Suite 310
Washington, DC 20036
Tel: 202-466-7464 Fax: 202-822-0075

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. Travel Warnings are issued when the State Department recommends that Americans avoid travel to a certain country. Consular Information Sheets exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the addresses of the U.S. posts in the country.

Public Announcements are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-

on-demand system: 202-647-3000. Travel Warnings and Consular Information Sheets also are available on the Consular Affairs Internet home page: and the Consular Affairs Bulletin Board (CABB). To access CABB, dial the modem number: (301-946-4400 (it will accommodate up to 33,600 bps), set terminal communications program to N-8-1 (no parity, 8 bits, 1 stop bit); and terminal emulation to VT100. The login is travel and the password is info (Note: Lower case is required). The CABB also carries international security information from the Overseas Security Advisory Council and Department's Bureau of Diplomatic Security. Consular Affairs Trips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad, can be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954; telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

Passport Services information can be obtained by calling the 24-hour, 7-day a week automated system (\$.35 per minute) or live operators 8 a.m. to 8 p.m. (EST) Monday-Friday (\$1.05 per minute). The number is 1-900-225-5674 (TDD: 1-900-225-7778). Major credit card users (for a flat rate of \$4.95) may call 1-888-362-8668 (TDD: 1-888-498-3648).

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at (404) 332-4559 gives the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled Health Information for International Travel (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas are encouraged to register at the U.S. embassy upon arrival in a country (see "Principal U.S. Embassy Officials" listing in this publication). Registering with the embassy may help you to replace lost identity documents or help family members contact you in case of an emergency.

Further Electronic Information:

Department of State Foreign Affairs Network. Available on the Internet, DOSFAN provides timely, global access to official U.S. foreign policy information. Updated daily, DOSFAN includes Background Notes; Dispatch, the official magazine of U.S. foreign policy; daily press briefings; Country Commercial Guides; directories of key officers of foreign

service posts; etc. DOSFAN's World Wide Web site is at .

U.S. Foreign Affairs on CD-ROM (USFAC). Published on an annual basis by the U.S. Department of State, USFAC archives information on the Department of State Foreign Affairs Network, and includes an array of official foreign policy information from 1990 to the present. Contact the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. To order, call (202) 512-1800 or fax (202) 512-2250.

National Trade Data Bank (NTDB). Operated by the U.S. Department of Commerce, the NTDB contains a wealth of trade-related information, including Country Commercial Guides. It is available on the Internet () and on CD-ROM. Call the NTDB Help-Line at (202) 482-1986 for more information.

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ARMS Email SystemRECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: zavaleta@sirefi.bo (zavaleta@sirefi.bo [UNKNOWN])

CREATION DATE/TIME:15-JUN-1998 12:04:09.00

SUBJECT: Re: PHD: Public Financial Management and the Expenditure Ma

TO: international@financenet.gov (international@financenet.gov [UNKNOWN])

READ:UNKNOWN

TO: James Hamilton <JHAMILTON2@IMF.ORG> (James Hamilton <JHAMILTON2@IMF.ORG> [UNKNOWN])

READ:UNKNOWN

TEXT:

Jim:

As an idea only, I think that perhaps it would turn out to be more cost effective to have the issue translated in Latin America. The results can be sent through the net. I believe it can be cheaper and just as fast as having someone in Washington in person.

On the other hand, I am including an article I wrote regarding the Y2K problem. If you want it, you can have it printed in the magazine. The only thing that I would ask is that you send me a copy in case you decide to include it. It has been done in Word 97 format.

Regards,

PZR

Pablo Zavaleta

SIREFI

Telefono: 591 2 391975 - Fax: 591 2 391976

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ARMS Email SystemRECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: The White House <Publications-Admin@Pub.Pub.WhiteHouse.Gov> (The White House <Publications-Admin@Pub.Pub.WhiteHouse.Gov> [UNKNOWN])

CREATION DATE/TIME:17-JUL-1998 13:59:21.00

SUBJECT: 1998-07-17 Remarks by the President at Girls Nation Event

TO: Public-Distribution@[198.137.240.100] (Public-Distribution@[198.137.240.100] [UNKNOWN])

READ:UNKNOWN

TEXT:

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 17, 1998

REMARKS BY THE PRESIDENT
AT GIRLS NATION EVENT

Room 450,
Old Executive Office Building

9:30 A.M. EDT

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

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

Let me say to all of you, the people I met then, many of whom have been my friends over all these 35 years, made me believe that anything was possible. President Kennedy spoke to us and made

me believe that, together, we could change the world. I think that is certainly no less true for you and your generation because you will live in the time of greatest possibility in all human history.

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

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

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

Women are earning more college degrees than men, they outnumber men in graduate school. Women-owned businesses are growing faster than the national economy. Forty-one percent of our administration's appointees, including the Secretary of State, the Secretary of Health and Human Services, the Attorney General, the Director of the Environmental Protection Agency, the Secretary of Labor, our Trade Ambassador and many others are women -- by far the highest percentage of women in high positions in any administration in the history of the United States.

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

In the meantime, we need to be working together to strengthen our country for this new century, because it is a time of dramatic change. Five and half years ago, I came here to move America in a new direction based on our old values of opportunity for all, responsibility from all, in an American community of all citizens. We took a new direction in economic policy and education policy and environmental policy, in welfare policy, in health care policy, in crime policy and foreign policy. We also articulated a new role for government. We tried to break through the debate that had then dominated Washington for nearly 20 years, some people saying

government could solve all our problems and others saying government was the source of all of our problems. I had been a governor for a dozen years and I thought the argument was frankly ridiculous. I thought that neither extreme was true.

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

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

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

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

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

Now, I think one of the great decisions facing the American people now is what to do about this. I like the fact that there is a good sense of well-being in America. I like the fact that, after over 20 years of downhill movement, public confidence in government and the role of government in our lives is going back up again. I like that very much. But I feel very strongly, and I predict that if you just read the paper, I think you can see, I think, support from my point of view that is a grave mistake to say, "Okay, things are going well in America and we don't need to do much, we should relax now." Why? For two reasons. One is, you will see, the older you get, no condition lasts forever. The good times don't

last for ever but neither do the bad ones -- and that's the good news. (Laughter.)

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

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

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

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

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

Number two. We should recognize that while we have the best system of higher education in the world, no one believes our

schools are yet the best in the world. And we should take advantage of this moment to make sure all American young people have access to world-class education with higher standards, with technology that hooks up every American classroom to the Internet and all the riches that it holds by the year 2000, with smaller classes and with more access to more constructive choices through things like the charter school movement, which is very prominent in many of your states.

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

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

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

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

If any of you have ever been on a Native American reservation that doesn't have a lot of money from gaming enterprises, you know that there are still an awful lot of the first Americans who

have received no tangible benefit from this economic growth. Now that the economy is strong, we should be working to implement strategies that will bring this growth to them to make sure that all Americans feel that they're a part of our future.

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

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

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

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

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

Another big problem we have -- it's probably the most prominent health problem your generation faces is the problem of -- epidemic of teen smoking, with 3,000 young people starting to smoke every day -- 1,000 will have their lives shortened as a result of it.

More people die from smoking than accidents and murders and AIDS, and other unrelated maladies put together in this country. So it is a very, very serious problem.

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

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

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

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

There are tens of millions of pages of these documents. While some of them are already on the Internet, most are stored in depositories all across our nation and as far away as England. They

aren't easy to find. So I've decided to use this moment with you to show you one thing that the President can do with executive authority that has nothing to do with legislative action in Congress. I am directing the Secretary of Health and Human Services to report back to me in 90 days with a plan to make these documents more accessible to all Americans, so anybody that can get on the Internet can get them all and can understand them all.

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

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

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

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

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

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

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

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

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

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

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

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

Okay, you've got the floor.

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

THE PRESIDENT: That's wonderful. Thank you.

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

Mr. President.

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

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

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

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

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

Q But you have an opinion, surely.

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

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

declared war on the Independent Counsel --

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

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

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

MR. MCCURRY: Last question.

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

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

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

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

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

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

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

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

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

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

better for America's future.

Thank you very much. (Applause.)

END

10:10 A.M. EDT

ARMS Email SystemRECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Greg Stanko <gstanko@access.digex.net> (Greg Stanko <gstanko@access.digex.net> [UNKNOWN])

CREATION DATE/TIME:13-SEP-1998 11:48:42.00

SUBJECT: REPOST: NOT AN ESI....

TO: econstrat@econstrat.org (econstrat@econstrat.org [UNKNOWN])

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TEXT:

Oops. I gotta stop posting at 11PM on Saturday evenings....

Greg

Occasionally we like to make you aware of interesting programs that have been put together by other organizations. This program, sponsored by the Economic Policy Institute, is certainly one.

RSVP information is below.

Greg Stanko
Vice President for Public Relations
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Economic Policy Institute

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The devastating economic crises plaguing Russia, Asia and Latin America should serve as an urgent wake-up call that deregulated capital markets and current International Monetary Fund lending practices are dangerously outdated and must be reconsidered. On the eve of the 52nd annual World Bank/IMF meetings, the Economic Policy Institute invites you to attend a policy seminar and on-the-record media briefing on the unregulated flow of capital and its role in fostering current global financial instability featuring two of the world's leading authorities on international capital markets.

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John Eatwell, Ph.D., is the president of Queens College at Cambridge and a member of the House of Lords. He served as economics advisor to former British Labor Party head Neil Kinnock. He is co-founder and chairman of the Institute for Public Policy Research, a leading British policy think tank.

Lance Taylor, Ph.D. is Arnhold Professor of International Cooperation and Development, as well as Director of the Center for Economic Policy Analysis at the New School for Social Research in New York.

Continental breakfast served.

Please RSVP to
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CREATION DATE/TIME:15-SEP-1998 13:44:00.00

SUBJECT: 1998-9-15 remarks to National Farmers Union

TO: SUNTUM_M (SUNTUM_M@A1@CD) (WHO)
READ:15-SEP-1998 13:45:24.60

TO: Glynn, Mary Ellen (meglynn@usia.gov@INET@EOPMRX)
READ:NOT READ

TO: tingen-terrie@dol.gov@INET@EOPMRX
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TO: backup@wilson.ai.mit.edu@INET
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TO: wh-outbox-distr@pub.pub.whitehouse.gov@INET
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TO: Lori E. Abrams@eop@lngtwy@eopmr
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

September 15, 1998

REMARKS BY THE PRESIDENT
TO NATIONAL FARMERS UNION

Room 450
Old Executive Office Building

1:00 P.M. EDT

THE PRESIDENT: Thank you very much. Ladies and gentlemen, good afternoon; welcome to the White House. Lee, thank you for the award. Thank you for your comments. Thank you for your strength. Thank you for your leadership for our farmers. I've known him for years -- I don't think I've ever focused on what a good speaker he was before. (Laughter.) He could have been a politician or a preacher in addition to a farmer. It was great.

I want to thank Secretary Glickman for his truly outstanding work, along with Rich Rominger, Carl Whillock and the others here from the Department of Agriculture, who really try to be your advocates every day. whillock

We have at least NFU members who work at USDA -- Mike Dunn, Larry Mitchell, and John Stencil. And I thank them in particular. I want to thank Senator Dorgan and Congressman Pomeroy for coming and for being your vociferous advocates. I talked to Senator Harkin right before I came over here today and he has also been your great friend, along with Senator Conrad and Senator Daschle

and Congressman Boswell from Iowa, who couldn't come this morning, but all these people have been up here working hard for you. And I wanted you to know that.

I also would like to say that the National Farmers Union has done a lot of good for this administration and for our efforts here in Washington, from helping to keep our food supply safe to working to expand health care to giving us the first balanced budget in 29 years in just a couple of weeks now. You have been with me every step of the way, and I am very grateful for that.

When I was a boy growing up in Arkansas I knew a lot about agriculture, but I didn't know much about the intersection of agriculture and politics. When I became a governor and served for a dozen years, many of them very, very hard years in the 1980s on the farm in my state, I came to appreciate what it was like when the national government had good policy, what it was like when it had bad policy, and what it was like when it had no policy.

I remember there were a couple of years when I was doing everything I could to be creative, and I think when you were head of the South Dakota Farmers Union, the state of South Dakota actually came to me and the governor then and asked me for a copy of the banking laws that I had changed in Arkansas -- because I changed our state banking laws to try to help the bankers keep more farmers on the farm. And when we had that terrible situation, when the price of land collapsed, all the collateral on the loans was no good, there was no way for people to finance their farms and they were losing them, and we were able to give some help to our farmers then. But through the whole thing I always felt so helpless that there wasn't an appropriate national response.

Now I feel especially bad for the farmers because it's been such a good time for the rest of the country. We've got nearly 17 million new jobs now and the lowest unemployment rate in 28 years, and the lowest inflation in 32 years, the highest home ownership in history, the lowest crime rate in 25 years, the smallest percentage of our people on welfare in 29 years. To somebody living in a city, to tell them that we have a farm crisis more extensive than we've had in decades, it's very hard for them to believe and understand.

You may note that in the local people today I was criticized for supporting a farm relief initiative in Congress. And Secretary Glickman said, don't be upset, this is good news because they have noticed that the farmers are out there. (Laughter and applause.)

Yesterday I had a chance to go to New York and speak with some of the leaders in the United States in international finance, from our nation's point of view, to talk to them about what I think we need to do to try to keep the global economy from further destabilizing, to try to help some of these countries help themselves that are in terrible trouble, to try to keep the global financial

crisis from spreading to other countries, and to try to build an adequate trade and financial system for the 21st century that will benefit all Americans.

One, but -- not the only -- but one element of the farm crisis is that the farmers have felt first the crisis going on in the rest of the world. Because with roughly a quarter of the world's people in recession with declining economic growth, representing roughly a third of the world's economy, our agricultural, which depends so much on exports, have felt that quicker than the rest of the economy. But it's an important thing for Americans to be aware of what's going on on the farm today, and to be aware that since the farmers, in effect, are the foot soldiers in the front lines of America's march into the global economy of the 21st century, if we don't do something to help our farmers, eventually all other Americans will feel it as well. (Applause.)

And so I am delighted that you're here, and I thank you for coming. Let me also, once again, say I thank you for making available the opportunity for all of these young people to be here. I want them to see their country in action. I want them to learn -- much earlier than I ever did -- the relationship between the work that's done every day on the farm and the work that's done up here. I think it's very important. It will make them more effective citizens and more effective in farming in the years ahead.

Now, what's really going on here? I wanted to give this speech today -- I realize to some extent I'm preaching to the saved today. (Laughter.) But what I hope will happen by your coming here and by this event unfolding is that, maybe, finally, we will break through the national consciousness and the consciousness of the Congress -- and our friends in the press corps -- not to panic, not to think that America's not doing well, but to say that at a time when our country is doing well, surely at a time when the rest of us are doing well, we can be more attentive to the genuine needs and the conditions on the farm in America. (Applause.)

Events in the past year have strained many family farms to the breaking point. You know what they are: flood, drought, crop disease have wiped out entire harvests. Plummeting prices at home, collapsing markets in Asia -- where our exports are down 30 percent in one year because of the economic crisis in Asia -- these have threatened the livelihood of entire communities.

Many farmers this year will see their net incomes drop by more than 40 percent below what they've earned on average for the last five years. And, of course, in some places like North Dakota,

the drop is much, much steeper. If we don't do something and do it now -- I want America to hear this, this is not a false alarm -- if we don't do something, and do it now, we could literally lose thousands and thousands of family farmers this year. (Applause.)

I want to come back to this and why it's not just about

who's competitive in the market. The results are plain to see and painful to watch. Foreclosures and farm auctions are the order of the day already in many communities. I met a farmer named Deb Lungren not long ago who told me that in 1957 her grandfather made \$11,000 on their family farm. And in 1997, she made \$10,000 on the same land. The banks are ready to foreclose on the Lungren home. They don't see how they can possibly make it another year. I'll bet everybody here could tell me somewhere between one and a dozen stories just like that.

Now, again I say, I think every American has got a stake in rural America. Our farms feed the world and us at very low real costs, at very high quality. They also feed our sense of ourselves. They reinforce our values of hard work and faith and family and devotion to community and the land.

When I signed that Farm Bill, as Secretary Glickman said, in 1996, at a time when crop prices were strong -- and I would remind you the alternative was far worse; we would have been in even worse shape if I had vetoed it and we'd gone back to that decades-old law -- I tried to make it clear that sooner or later we would have to do more to provide a safety net for hard times; that all the good things in that Farm Bill could not possibly wipe away the fact that if we have a family farm structure in America with widely varying prices because of market developments around the world, and the inevitable march of nature and disease, that sooner or later there would come a time when we see that if you really wanted a strong market, you had to do more for the family farmers. Well, that time has arrived.

I want to thank Secretary Glickman for all that he's done. And in July, we announced that 80 million bushels of wheat, worth a quarter of billion dollars, would be purchased to help hungry people around the world and to help our farmers here at home. I strongly supported Senator Dorgan and Senator Conrad's proposal to provide farmers with emergency assistance. Last month I signed into law new legislation to speed up farm program payments to help farmers who need the money now. And Secretary Glickman is doing everything else he possibly can to help.

I know him well enough to know that from his years in Congress representing Kansas, and his years as Secretary of Agriculture, if there is one, single thing buried in the laws and regulations of the Department of Agriculture that he can do that he has not yet done to try to help farm income, he will find it and do it. But with crop and livestock prices still in danger of dropping, with foreign markets still in danger of collapse, and with thousands of farms in jeopardy, we simply have to do more.

The first and most important thing to do is to help the farmers in greatest need -- those who have suffered significant losses of crop and livestock. I'll continue to press Congress to enact emergency assistance to do that; critical assistance to help thousands of farmers in keeping with the traditional budget rules

that recognize the necessity of providing citizens help in times of crisis. We pass emergency bills for floods, for earthquakes, and we ought to do it for farm failure. (Applause.)

The next thing I think we ought to do -- indeed we have to do -- is to do what we talked about back in 1996. We've got to reinforce the safety net for farmers and ranchers. That's why last Thursday I announced my support for Senator Harkin and Daschle's proposal to lift the cap on marketing loan rates for a year. (Applause.)

Yesterday our proposal was defeated in the United States Senate. Today it apparently is going to be voted on in its discrete elements. Whatever happens, we must find some way to provide emergency assistance to farmers facing dire circumstances so they have the resources now to plan for next year's crops.

And finally, let me say, we have to revive the rural economy through exports. The speech that I gave in New York yesterday outlining steps we need to take to try to limit and then resolve the global financial crisis, and then plan a better financial and trade system for the 21st century over the long-term, will have more immediate impact on farmers if we can implement all these steps than any other group in America.

Farm products from one of every three acres is sold abroad. We must continue to open new markets. We must continue to enforce our existing trade agreements. And we must give the International Monetary Fund the resources it needs to strengthen and reform the economies of our customers in Asia, and to try to protect the contagion from spreading to our friends in Latin America, so that others can continue to buy all of our goods and services, and especially our farm products.

For nine months now, since I called on Congress to do this in the State of the Union, there has been no action. The Senate has passed the funding for the International Monetary Fund, but with just a few weeks left the House has still not acted. Our farmers and ranchers have a bigger stake in the short-run in the passage of this than any other group in America. So I ask you to support that as well, and tell the Congress we have to do it and do it now.

Now, these are the steps that I think we have to take. I'd just like to take one step back before I close and say that there has been a debate in America for decades that underlies the skepticism of those who don't support what I propose; who say, well, farmers ought to be subject to the market like everybody else -- a guy running a dry cleaner, nobody brings the clothes into be cleaned, he goes out of business. The people who basically believe that -- in the face of all the evidence that we have the most productive agriculture in the world -- don't understand the intersection between global impacts on farm prices, the financing challenges that family farmers, as opposed to big corporate farmers, face, and what can

happen to you just by getting up in the morning if it happens to be a bad day. (Applause.)

I know a lot of you feel like Job -- you know? Test my faith, Lord; I didn't mean it that seriously. (Laughter.) But we have an opportunity here -- we have an opportunity to break through a kind of euphoria that's out there about the condition of our economy and let people know what's going on on the farm. We have an opportunity to tie the global financial crisis to what's going on on the farm. We have an opportunity to convince congressmen who come from suburban and urban areas that the welfare, the health, the strength of their citizens' -- their citizens' -- economy rests in lifting the whole American economy and doing the right thing beyond our borders. And they can see it in your stories, in your lives, in your experience -- nothing more fully embodying the best of America than you do.

So let me say -- I don't know how else to say this: There is suffering on the farm. There is agony on the farm. This is a horrible affront to everything we have worked so hard to achieve to lift the economy for all Americans. And we cannot afford to walk away from this session of Congress -- I don't care if there is an election; I don't care what else is happening -- we can't afford to walk away until we do something to stave off the failure of thousands of productive family farms in America. We cannot do it. (Applause.)

Now, let me leave you with one beautiful quote. Franklin Roosevelt once said that American farmers -- and I quote -- "are the source from which the reservoirs of our nation's strength are constantly renewed." For six years I have worked to renew America. We're a lot better off in virtually every way than we were six years ago. But we cannot walk across that bridge into the 21st century -- we cannot truly renew our country if we leave our family farmers behind.

So let's go up to the Hill and tell everybody that we all want to saddle up and go together. Thank you and God bless you. (Applause.)

END

1:20 P.M. EDT

ARMS Email SystemRECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME:22-SEP-1998 17:15:43.59

SUBJECT: RESEND: Speech to farmers word "Whillock" twice in error

TO: SUNTUM_M (SUNTUM_M@A1@CD) (WHO)
READ:NOT READ

TO: Glynn, Mary Ellen (meglynn@usia.gov@INET@EOPMRX)
READ:NOT READ

TO: Remote Addressee (backup@wilson.ai.mit.edu@INET)
READ:NOT READ

TO: Remote Addressee (wh-outbox-distr@pub.pub.whitehouse.gov@INET)
READ:NOT READ

TO: lori E. Abrams (ABRAMS_L) Autoforward to: Remote Addressee (Lori E.
Abrams@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Jeannetta P. Allen (ALLEN_JP) Autoforward to: Remote Addressee (Jeannetta P.
Allen@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Lori L. Anderson (ANDERSON_L) Autoforward to: Remote Addressee (Lori L.
Anderson@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Brenda M. Anders (ANDERS_B) Autoforward to: Remote Addressee (Brenda M.
Anders@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Eli G. Attie (ATTIE_E) Autoforward to: Remote Addressee (Eli G.
Attie@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Patrick Aylward (AYLWARD_P) Autoforward to: Remote Addressee (Patrick
Aylward@eop@lngtwy@eopmr) (PIR)
READ:NOT READ

TO: Robin J. Bachman (BACHMAN_R) Autoforward to: Remote Addressee (Robin J.
Bachman@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Kyle M. Baker (BAKER_K) Autoforward to: Remote Addressee (Kyle M.
Baker@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Karen L. Barbuschak (BARBUSCHAK_K) Autoforward to: Remote Addressee (Karen L.

Barbuschak@EOP@LNGTWY@EOPMRX) (OA)
READ:NOT READ

TO: Beverly J. Barnes (BARNES_BJ) Autoforward to: Remote Addressee (Beverly J.
Barnes@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian A. Barreto (BARRETO_B) Autoforward to: Remote Addressee (Brian A.
Barreto@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Mark H. Bartholomew (BARTHOLOME_M) Autoforward to: Remote Addressee (Mark
H. Bartholomew@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Todd A. Bartholow (BARTHLOW_T) (OA)
READ:NOT READ

TO: David S. Beaubaire (BEAUBAIRE_D) Autoforward to: Remote Addressee (David S.
Beaubaire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Paul E. Begala (BEGALA_P) Autoforward to: Remote Addressee (Paul E.
Begala@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Mark J. Bernstein (BERNSTEIN_MJ) Autoforward to: Remote Addressee (Mark J.
Bernstein@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Marsha E. Berry (BERRY_ME) Autoforward to: Remote Addressee (Marsha E.
Berry@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Antony J. Blinken (BLINKEN_A) Autoforward to: Remote Addressee (antony j.
blinken@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Alexander L. Boyle (BOYLE_A) Autoforward to: Remote Addressee (Alexander L.
Boyle@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Lanny A. Breuer (BREUER_L) Autoforward to: Remote Addressee (Lanny A.
Breuer@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Patrick E. Briggs (BRIGGS_P) Autoforward to: Remote Addressee (Patrick E.
Briggs@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Erin L. Brinkman (BRINKMAN_E) Autoforward to: Remote Addressee (Erin L.
Brinkman@eop@lngtwy@eopmrx)
READ:NOT READ

TO: Susan Brophy (BROPHY_S) (WHO)
READ:NOT READ

TO: Nyda Budig (BUDIG_N) (NSC)
READ:NOT READ

TO: Katharine M. Button (BUTTON_K) Autoforward to: Remote Addressee (Katharine
Button@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Robin Bachman (Bachman_R) Autoforward to: Remote Addressee (Robin J.
Bachman@eop@lngtwy@eopmrX) (WHO)
READ:NOT READ

TO: Barbara D. Woolley (Barbara D. Woolley@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Bradley M. Campbell (Bradley M. Campbell@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Alejandro G. Cabrera (CABRERA_A) Autoforward to: Remote Addressee (Alejandro G.
Cabrera@ovp@eop@lngtwy@eop (VPO)
READ:NOT READ

TO: Dominique L. Cano (CANO_D) Autoforward to: Remote Addressee (Dominique L.
Cano@eop@lngtwy@eopmrX) (WHO)
READ:NOT READ

TO: Laura Capps (CAPPS_L) Autoforward to: Remote Addressee (Laura
Capps@eop@lngtwy@eopmrX)
READ:NOT READ

TO: Joseph W. Cerrell (CERREL_J) Autoforward to: Remote Addressee (Joseph W.
Cerrell@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: David K. Chai (CHAI_D) Autoforward to: Remote Addressee (David K.
Chai@eop@lngtwy@eopmrX) (PIR)
READ:NOT READ

TO: Andrei H. Cherny (CHERNY_A) Autoforward to: Remote Addressee (Andrei H.
Cherny@ovp@eop@lngtwy@eopmrX (VPO)
READ:NOT READ

TO: Nanda Chitre (CHITRE_N) Autoforward to: Remote Addressee (Nanda
Chitre@eop@lngtwy@eopmrX) (WHO)
READ:NOT READ

TO: Delia A. Cohen (COHEN_DA) Autoforward to: Remote Addressee (Delia A.
Cohen@eop@lngtwy@eopmrX) (WHO)
READ:NOT READ

TO: Julianne B. Corbett (CORBETT_J) Autoforward to: Remote Addressee (Julianne B.
Corbett@eop@lngtwy@eopmrX) (WHO)

READ:NOT READ

TO: Gregory B. Craig (CRAIG_G) Autoforward to: Remote Addressee (Gregory B.
Craig@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Michelle Crisci (CRISCI_M) (WHO)
READ:NOT READ

TO: Philip J. Crowley (CROWLEY_P) (NSC)
READ:NOT READ

TO: Lynn G. Cutler (CUTLER_L) (WHO)
READ:NOT READ

TO: Lisa R. Dass (DASS_L) Autoforward to: Remote Addressee (Lisa R.
Dass@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lana Dickey (DICKY_L) (WHO)
READ:NOT READ

TO: Elliot J. Diringer (DIRINGER_E) Autoforward to: Remote Addressee (Elliot J.
Diringer@eop@lngtwy@eopmrx) (CEQ)
READ:NOT READ

TO: Jackson T. Dunn (DUNN_J) Autoforward to: Remote Addressee (Jackson T.
Dunn@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Daniel W. Burkhardt (Daniel W. Burkhardt@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Diane Ikemiyashiro (Diane Ikemiyashiro@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dorian V. Weaver (Dorian V. Weaver@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dorinda A. Salcido (Dorinda A. Salcido@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Douglas Matties (Douglas Matties@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Anne M. Edwards (EDWARDS_A) Autoforward to: Remote Addressee (Anne M.
Edwards@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rahm Emanuel (EMANUEL_R) Autoforward to: Remote Addressee (Rahm
Emanuel@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Patricia M. Ewing (EWING_P) Autoforward to: Remote Addressee (Patricia M.

Ewing@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Joseph C. Fanaroff (FANAROFF_J) Autoforward to: Remote Addressee (Joseph C.
Fanaroff@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Jennifer Ferguson (FERGUSON_J) Autoforward to: Remote Addressee (Jennifer
Ferguson@eop@lngtwy@eopmr) (OMB)
READ:NOT READ

TO: Julie A. Fernandes (FERNANDES_J) Autoforward to: Remote Addressee (Julie A.
Fernandes@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Martha Foley (FOLEY_M) Autoforward to: Remote Addressee (Martha
Foley@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Rachel E. Forde (FORDE_R) ()
READ:NOT READ

TO: Carmen B. Fowler (FOWLER_C) Autoforward to: Remote Addressee (Carmen B.
Fowler@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Grace A. Garcia (GARCIA_GA) Autoforward to: Remote Addressee (Grace A.
Garcia@eop@lngtwy@eopmr) (PIR)
READ:NOT READ

TO: Kara Gerhardt (GERHARDT_K) Autoforward to: Remote Addressee (KARA
GERHARDT@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jessica L. Gibson (GIBSON_JL) Autoforward to: Remote Addressee (Jessica L.
Gibson@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Adam W. Goldberg (GOLDBERG_A) Autoforward to: Remote Addressee (Adam W.
Goldberg@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Dario J. Gomez (GOMEZ_D) Autoforward to: Remote Addressee (Dario J.
Gomez@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: David R. Goodfriend (GOODFRIEND_D) Autoforward to: Remote Addressee (David R.
Goodfriend@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Wendy E. Gray (GRAY_W) (NSC)
READ:NOT READ

TO: John Gribben (GRIBBEN_J) Autoforward to: Remote Addressee (John A.

Gribben@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Donald Goldberg (Goldberg_D) Autoforward to: Remote Addressee (Donald
Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lawrence J. Haas (HAAS_L) Autoforward to: Remote Addressee (Lawrence J.
Haas@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: William C. Haymes (HAYMES_W) Autoforward to: Remote Addressee (William C.
Haymes@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Maureen A. Hudson (HUDSON_M) Autoforward to: Remote Addressee (Maureen A.
Hudson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Sheyda Jahanbani (JAHANBANI_S) Autoforward to: Remote Addressee (Sheyda
Jahanbani@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Thomas D. Janenda (JANENDA_T) Autoforward to: Remote Addressee (Thomas D.
Janenda@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: David T. Johnson (JOHNSON_DT) Autoforward to: Remote Addressee (david t.
johnson@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Wayne C. Johnson (JOHNSON_WC) Autoforward to: Remote Addressee (Wayne C.
Johnson@EOP@LNGTWY@EOPMRX) (OA)
READ:NOT READ

TO: Michele Jolin (JOLIN_M) Autoforward to: Remote Addressee (Michele
Jolin@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: James M. Teague (James M. Teague@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jon P. Jennings (Jon P. Jennings@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Julie E. Mason (Julie E. Mason@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: David E. Kalbaugh (KALBAUGH_D) Autoforward to: Remote Addressee (David E.
Kalbaugh@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jonathan A. Kaplan (KAPLAN_JA) Autoforward to: Remote Addressee (Jonathan A.
Kaplan@EOP@LNGTWY@EOPMRX) (WHO)

READ:NOT READ

TO: Mark A. Kitchens (KITCHENS_M) Autoforward to: Remote Addressee (Mark A.
Kitchens@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Catherine T. Kitchen (KITCHEN_C) Autoforward to: Remote Addressee (Catherine T.
Kitchen@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Sarah S. Knight (KNIGHT_S) Autoforward to: Remote Addressee (Sarah S.
Freeman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: James Kohlenberger (KOHLEN_J) Autoforward to: Remote Addressee (Jim
Kohlenberger@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Remote Addressee (KTORPEY@AOL.COM@INET)
READ:NOT READ

TO: Kris M. Balderston (Kris M Balderston@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Sara Latham (LATHAM_S) Autoforward to: Remote Addressee (Sara M.
Latham@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Christopher J. Lavery (LAVERY_C) Autoforward to: Remote Addressee (Christopher J.
Lavery@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Christopher S. Lehane (LEHANE_C) Autoforward to: Remote Addressee (Christopher S.
Lehane@OVP@EOP@LNGTWY@EO (VPO)
READ:NOT READ

TO: Joseph P. Lockhart (LOCKHART_J) Autoforward to: Remote Addressee (Joseph P.
Lockhart@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Laura D. Schwartz (Laura D. Schwartz@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Laura Capps (Laura K. Capps@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Lisa J. Levin (Lisa J. Levin@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Christine N. Macy (MACY_C) Autoforward to: Remote Addressee (Christine N.
Macy@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Michael D. Malone (MALONE_M) Autoforward to: Remote Addressee (michael d.

malone@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Laura S. Marcus (MARCUS_LS) Autoforward to: Remote Addressee (Laura S.
Marcus@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Tanya E. Martin (MARTIN_T) Autoforward to: Remote Addressee (Tanya E.
Martin@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Doris O. Matsui (MATSUI_D) Autoforward to: Remote Addressee (Doris O.
Matsui@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Douglas R. Matties (MATTIES_D) Autoforward to: Remote Addressee (Douglas R.
Matties@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Emory L. Mayfield (MAYFIELD_E) Autoforward to: Remote Addressee (Emory L.
Mayfield@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Andrew Mayock (MAYOCK_A) Autoforward to: Remote Addressee (Andrew J.
Mayock@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne E. McGuire (MCGUIRE_A) Autoforward to: Remote Addressee (Anne E.
McGuire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Estela Mendoza (MENDOZA_E) Autoforward to: Remote Addressee (Estela
Mendoza@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Noa A. Meyer (MEYER_N) Autoforward to: Remote Addressee (Noa A.
Meyer@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: R. Scott Michaud (MICHAUD_R) Autoforward to: Remote Addressee (R. Scott
Michaud@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Elisa Millsap (MILLSAP_E) Autoforward to: Remote Addressee (Elisa
Millsap@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cheryl D. Mills (MILLS_C) Autoforward to: Remote Addressee (Cheryl D.
Mills@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rajiv Y. Mody (MODY_R) Autoforward to: Remote Addressee (Rajiv Y.
Mody@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julia Moffett (MOFFETT_J) (WHO)
READ:NOT READ

TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (megan
moloney@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Kevin Moran (MORAN_K1) Autoforward to: Remote Addressee (Kevin
Moran@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Melissa M. Murray (MURRAY_MM) Autoforward to: Remote Addressee (Melissa M.
Murray@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Reuben L. Musgrave Jr. (MUSGRAVE_R) Autoforward to: Remote Addressee (Reuben L.
Musgrave Jr.@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Mindy E. Myers (MYERS_ME) Autoforward to: Remote Addressee (Mindy E.
Myers@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Sean Maloney (Maloney_S) Autoforward to: Remote Addressee (Sean P.
Maloney@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Michael Terrell (Michael V. Terrell@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Steven J. Naplan (NAPLAN_S) Autoforward to: Remote Addressee (Steven J.
Naplan@eop@lngtwy@eopmr) (NSC)
READ:NOT READ

TO: Mark D. Neschis (NESCHIS_M) Autoforward to: Remote Addressee (Mark D.
Neschis@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Elizabeth R. Newman (NEWMAN_E) Autoforward to: Remote Addressee (Elizabeth R.
Newman@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Nathan B. Naylor (Nathan B. Naylor@ovp@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Neera Tanden (Neera Tanden@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Ellen E. Olcott (OLCOTT_E) (WHO)
READ:23-SEP-1998 08:25:46.67

TO: Jonathan Orszag (ORSZAG_J) Autoforward to: Remote Addressee (Jonathan
Orszag@eop@lngtwy@eopmr) (OPD)

READ:NOT READ

TO: Eleanor S. Parker (PARKER_ES) Autoforward to: Remote Addressee (Eleanor S.
Parker@eop@lngtwy@eopmrx)
READ:NOT READ

TO: Carol Parmelee (PARMELEE_C) Autoforward to: Remote Addressee (Carole A.
Parmelee@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Sally P. Paxton (PAXTON_S) Autoforward to: Remote Addressee (Sally P.
Paxton@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julia Payne (PAYNE_J) Autoforward to: Remote Addressee (Julia M.
Payne@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Misty L. Phillips (PHILLIPS_M) Autoforward to: Remote Addressee (Misty L.
Phillips@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Matthew W. Pitcher (PITCHER_M) Autoforward to: Remote Addressee (Matthew W.
Pitcher@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Timothy Dixon (PR_U=TDIXON@PR_L=AVUOEOb@MRP@OPUS)
READ:NOT READ

TO: Phillip Caplan (Phillip Caplan@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Nicole R. Rabner (RABNER_N) Autoforward to: Remote Addressee (Nicole R.
Rabner@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian A. Reich (REICH_B) Autoforward to: Remote Addressee (Brian A.
Reich@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Linda Ricci (RICCI_L) Autoforward to: Remote Addressee (Linda
Ricci@eop@lngtwy@eopmrx) (OMB)
READ:NOT READ

TO: Steve Richetti (RICHETTI_S) (WHO)
READ:NOT READ

TO: Renee C. Riley (RILEY_R) Autoforward to: Remote Addressee (Renee C.
Riley@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Robin M. Roland (ROLAND_R) Autoforward to: Remote Addressee (Robin M.
Roland@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cecilia E. Rouse (ROUSE_C) Autoforward to: Remote Addressee (Cecilia E.
Rouse@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Eric S. Rubin (RUBIN_E) (NSC)
READ:NOT READ

TO: Charles Ruff (RUFF_C) Autoforward to: Remote Addressee (Charles F.
Ruff@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Peter Rundlet (RUNDLET_P) Autoforward to: Remote Addressee (Peter
Rundlet@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Virginia N. Rustique (RUSTIQUE_V) Autoforward to: Remote Addressee (Virginia N.
Rustique@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Evan Ryan (RYAN_E) Autoforward to: Remote Addressee (Evan
Ryan@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jodi R. Sakol (SAKOL_J) Autoforward to: Remote Addressee (Jodi R.
Sakol@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Sarah Salton (SALTON_S) Autoforward to: Remote Addressee (Saray
Salton@eop@lngtwy@eopmrx) (WHO)
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TO: G. Timothy Saunders (SAUNDERS_GT) Autoforward to: Remote Addressee (G. Timothy
Saunders@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Jason H. Schechter (SCHECHTER_J) Autoforward to: Remote Addressee (Jason H.
Schechter@eop@lngtwy@eopmrx) (WHO)
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TO: Jill A. Schuker (SCHUKER_J) Autoforward to: Steven J. Naplan (NAPLAN_S) (NSC)
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TO: Judithanne V. Scourfield (SCOURFIELD_J) Autoforward to: Remote Addressee (Judithanne
V. Scourfield@eop@lngtwy@eop (WHO)
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TO: Brooks E. Scoville (SCOVILLE_B) Autoforward to: Remote Addressee (BROOKS
SCOVILLE@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Maya Seiden (SEIDEN_M) Autoforward to: Remote Addressee (Maya
Seiden@eop@lngtwy@eopmrx) (WHO)
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Semedo@eop@lngtwy@eopmr) (PIR)
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TO: Ruby Shamir (SHAMIR_R) Autoforward to: Remote Addressee (Ruby
Shamir@eop@lngtwy@eopmr) (WHO)
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TO: Jeffrey A. Shesol (SHESOL_J) Autoforward to: Remote Addressee (Jeffrey A.
Shesol@eop@lngtwy@eopmr) (WHO)
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TO: June Shih (SHIH_J) Autoforward to: Remote Addressee (June
Shih@eop@lngtwy@eopmr) (WHO)
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TO: Robert M. Shireman (SHIREMAN_R) Autoforward to: Remote Addressee (Robert M.
Shireman@eop@lngtwy@eopmr) (OPD)
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TO: Jake Siewert (SIEWERT_J) Autoforward to: Remote Addressee (Jake
Siewert@eop@lngtwy@eopmr) (OPD)
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TO: Dawn L. Smalls (SMALLS_D) Autoforward to: Remote Addressee (Dawn L.
Smalls@eop@lngtwy@eopmr) (WHO)
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TO: Brian D. Smith (SMITH_B2) Autoforward to: Remote Addressee (Brian D.
Smith@eop@lngtwy@eopmr) (WHO)
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TO: Brian D. Smith (SMITH_BD) (OMB)
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TO: Craig T. Smith (SMITH_CT) Autoforward to: Remote Addressee (Craig T.
Smith@eop@lngtwy@eopmr) (WHO)
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TO: Jonathan E. Smith (SMITH_J) Autoforward to: Remote Addressee (jonathan e.
smith@eop@lngtwy@eopmr) (WHO)
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TO: Mary L. Smith (SMITH_ML) Autoforward to: Remote Addressee (Mary L.
Smith@eop@lngtwy@eopmr) (OPD)
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TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard
Socarides@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Douglas B. Sosnik (SOSNIK_D) Autoforward to: Remote Addressee (Douglas B.
Sosnik@eop@lngtwy@eopmr) (WHO)

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TO: Maria E. Soto (SOTO_M) Autoforward to: Remote Addressee (Maria E.
Soto@eop@lngtwy@eopmrk) (WHO)
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TO: Chandler G. Spaulding (SPAULDING_C) Autoforward to: Remote Addressee (Chandler G.
Spaulding@eop@lngtwy@eopmrk) (WHO)
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TO: Elisabeth Steele (STEELE_E) Autoforward to: Remote Addressee (Elisabeth
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TO: Aviva Steinberg (STEINBERG_A) Autoforward to: Remote Addressee (Aviva
Steinberg@eop@lngtwy@eopmrk) (WHO)
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TO: Todd Stern (STERN_T) Autoforward to: Remote Addressee (Todd
Stern@eop@lngtwy@eopmrk) (WHO)
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TO: Dana C. Strand (STRAND_D) Autoforward to: Remote Addressee (Dana C.
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TO: Diane A. Stumpf (STUMPF_D) Autoforward to: Remote Addressee (Diane A.
Stumpf@eop@lngtwy@eopmrk) (DON)
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TO: Mike Sullivan (SULLIVAN_M) Autoforward to: Remote Addressee (Michael J.
Sullivan@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Jonathan Schnur (Schnur_J) Autoforward to: Remote Addressee (Jonathan H.
Schnur@eop@lngtwy@eopmrk) (OPD)
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TO: Sylvia M. Mathews (Sylvia M. Mathews@eop@LNGTWY@EOPMRX)
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Tamagni@eop@lngtwy@eopmrk) (WHO)
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TO: Sandra L. Tijerina (TIJERINA_S) Autoforward to: Remote Addressee (Sandra L.
Tijerina@eop@lngtwy@eopmrk) (WHO)

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TO: Amy W. Tobe (TOBE_A) Autoforward to: Remote Addressee (Amy W.
Tobe@eop@lngtwy@eopmrx)
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Toiv@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Serena C. Torrey (TORREY_S) Autoforward to: Remote Addressee (Serena C.
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TO: Karen Tramontano (TRAMONTANO_K) Autoforward to: Remote Addressee (Karen
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TO: June G. Turner (TURNER_J) Autoforward to: Remote Addressee (June G.
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TO: Dag Vega (VEGA_D) (WHO)
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TO: Michael Waldman (WALDMAN_M) Autoforward to: Remote Addressee (Michael
Waldman@eop@lngtwy@eopmrx) (WHO)
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TO: Angelina Walker (WALKER_L) Autoforward to: Remote Addressee (Angelina
Walker@ovp@eop@lngtwy@eopmrx) (VPO)
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TO: Essence P. Washington (WASHINGTON_E) Autoforward to: Remote Addressee (Essence
P. Washington@eop@lngtwy@eopmrx (OPD)
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TO: Glen M. Weiner (WEINER_G) Autoforward to: Remote Addressee (Glen M.
Weiner@eop@lngtwy@eopmrx) (WHO)
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TO: Peter A. Weissman (WEISSMAN_P) Autoforward to: Remote Addressee (Peter A.
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TO: Lowell Weiss (WEISS_L) Autoforward to: Remote Addressee (Lowell A.
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TO: Woyneab M. Wondwossen (WONDWOSSEN_W) Autoforward to: Remote Addressee (
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TO: Debra S. Wood (WOOD_D) Autoforward to: Remote Addressee (Debra S.
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UNION@3=@5=ATT.COM@*ELN\62955104@MRX@EOPMRX)
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TO: Remote Addressee (62955104@eln.attmail.com@INET)
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TO: Manager Infomgt (INFOMGT) (SYS)
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TO: Remote Addressee (newsdesk@usnewswire.com@INET)

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TO: Remote Addressee (Pub_Arch@oa.eop.gov@INET@EOPMRX)
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TO: Remote Addressee (Releases@pub.pub.whitehouse.gov@INET@EOPMRX)
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
September 15, 1998

REMARKS BY THE PRESIDENT
TO NATIONAL FARMERS UNION

Room 450
Old Executive Office Building

1:00 P.M. EDT

THE PRESIDENT: Thank you very much. Ladies and gentlemen, good afternoon; welcome to the White House. Lee, thank you for the award. Thank you for your comments. Thank you for your strength. Thank you for your leadership for our farmers. I've known him for years -- I don't think I've ever focused on what a good speaker he was before. (Laughter.) He could have been a politician or a preacher in addition to a farmer. It was great.

I want to thank Secretary Glickman for his truly outstanding work, along with Rich Rominger, Carl Whillock and the others here from the Department of Agriculture, who really try to be your advocates every day.

We have at least NFU members who work at USDA -- Mike Dunn, Larry Mitchell, and John Stencil. And I thank them in particular. I want to thank Senator Dorgan and Congressman Pomeroy for coming and for being your vociferous advocates. I talked to Senator Harkin right before I came over here today and he has also

been your great friend, along with Senator Conrad and Senator Daschle and Congressman Boswell from Iowa, who couldn't come this morning, but all these people have been up here working hard for you. And I wanted you to know that.

I also would like to say that the National Farmers Union has done a lot of good for this administration and for our efforts here in Washington, from helping to keep our food supply safe to working to expand health care to giving us the first balanced budget in 29 years in just a couple of weeks now. You have been with me every step of the way, and I am very grateful for that.

When I was a boy growing up in Arkansas I knew a lot about agriculture, but I didn't know much about the intersection of agriculture and politics. When I became a governor and served for a dozen years, many of them very, very hard years in the 1980s on the farm in my state, I came to appreciate what it was like when the national government had good policy, what it was like when it had bad policy, and what it was like when it had no policy.

I remember there were a couple of years when I was doing everything I could to be creative, and I think when you were head of the South Dakota Farmers Union, the state of South Dakota actually came to me and the governor then and asked me for a copy of the banking laws that I had changed in Arkansas -- because I changed our state banking laws to try to help the bankers keep more farmers on the farm. And when we had that terrible situation, when the price of

land collapsed, all the collateral on the loans was no good, there was no way for people to finance their farms and they were losing them, and we were able to give some help to our farmers then. But through the whole thing I always felt so helpless that there wasn't an appropriate national response.

BOTTOM EVEN MORE

Now I feel especially bad for the farmers because it's been such a good time for the rest of the country. We've got nearly 17 million new jobs now and the lowest unemployment rate in 28 years, and the lowest inflation in 32 years, the highest home ownership in history, the lowest crime rate in 25 years, the smallest percentage of our people on welfare in 29 years. To somebody living in a city, to tell them that we have a farm crisis more extensive than we've had in decades, it's very hard for them to believe and understand.

You may note that in the local people today I was criticized for supporting a farm relief initiative in Congress. And Secretary Glickman said, don't be upset, this is good news because they have noticed that the farmers are out there. (Laughter and applause.)

Yesterday I had a chance to go to New York and speak with some of the leaders in the United States in international finance, from our nation's point of view, to talk to them about what I think we need to do to try to keep the global economy from further

destabilizing, to try to help some of these countries help themselves that are in terrible trouble, to try to keep the global financial crisis from spreading to other countries, and to try to build an adequate trade and financial system for the 21st century that will benefit all Americans.

One, but -- not the only -- but one element of the farm crisis is that the farmers have felt first the crisis going on in the rest of the world. Because with roughly a quarter of the world's people in recession with declining economic growth, representing roughly a third of the world's economy, our agricultural, which depends so much on exports, have felt that quicker than the rest of the economy. But it's an important thing for Americans to be aware of what's going on on the farm today, and to be aware that since the farmers, in effect, are the foot soldiers in the front lines of America's march into the global economy of the 21st century, if we don't do something to help our farmers, eventually all other Americans will feel it as well. (Applause.)

And so I am delighted that you're here, and I thank you for coming. Let me also, once again, say I thank you for making available the opportunity for all of these young people to be here. I want them to see their country in action. I want them to learn -- much earlier than I ever did -- the relationship between the work that's done every day on the farm and the work that's done up here. I think it's very important. It will make them more effective citizens and more effective in farming in the years ahead.

Now, what's really going on here? I wanted to give this speech today -- I realize to some extent I'm preaching to the saved today. (Laughter.) But what I hope will happen by your coming here and by this event unfolding is that, maybe, finally, we will break through the national consciousness and the consciousness of the Congress -- and our friends in the press corps -- not to panic, not to think that America's not doing well, but to say that at a time when our country is doing well, surely at a time when the rest of us are doing well, we can be more attentive to the genuine needs and the conditions on the farm in America. (Applause.)

Events in the past year have strained many family farms to the breaking point. You know what they are: flood, drought, crop disease have wiped out entire harvests. Plummeting prices at home, collapsing markets in Asia -- where our exports are down 30 percent in one year because of the economic crisis in Asia -- these have threatened the livelihood of entire communities.

Many farmers this year will see their net incomes drop by more than 40 percent below what they've earned on average for the last five years. And, of course, in some places like North Dakota,

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the drop is much, much steeper. If we don't do something and do it

now -- I want America to hear this, this is not a false alarm -- if we don't do something, and do it now, we could literally lose thousands and thousands of family farmers this year. (Applause.)

I want to come back to this and why it's not just about who's competitive in the market. The results are plain to see and painful to watch. Foreclosures and farm auctions are the order of the day already in many communities. I met a farmer named Deb Lungren not long ago who told me that in 1957 her grandfather made \$11,000 on their family farm. And in 1997, she made \$10,000 on the same land. The banks are ready to foreclose on the Lungren home. They don't see how they can possibly make it another year. I'll bet everybody here could tell me somewhere between one and a dozen stories just like that.

Now, again I say, I think every American has got a stake in rural America. Our farms feed the world and us at very low real costs, at very high quality. They also feed our sense of ourselves. They reinforce our values of hard work and faith and family and devotion to community and the land.

When I signed that Farm Bill, as Secretary Glickman said, in 1996, at a time when crop prices were strong -- and I would remind you the alternative was far worse; we would have been in even worse shape if I had vetoed it and we'd gone back to that decades

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law -- I tried to make it clear that sooner or later we would have to do more to provide a safety net for hard times; that all the good things in that Farm Bill could not possibly wipe away the fact that if we have a family farm structure in America with widely varying prices because of market developments around the world, and the inevitable march of nature and disease, that sooner or later there would come a time when we see that if you really wanted a strong market, you had to do more for the family farmers. Well, that time has arrived.

I want to thank Secretary Glickman for all that he's done. And in July, we announced that 80 million bushels of wheat, worth a quarter of billion dollars, would be purchased to help hungry people around the world and to help our farmers here at home. I strongly supported Senator Dorgan and Senator Conrad's proposal to provide farmers with emergency assistance. Last month I signed into law new legislation to speed up farm program payments to help farmers who need the money now. And Secretary Glickman is doing everything else he possibly can to help.

I know him well enough to know that from his years in Congress representing Kansas, and his years as Secretary of Agriculture, if there is one, single thing buried in the laws and regulations of the Department of Agriculture that he can do that he has not yet done to try to help farm income, he will find it and do it. But with crop and livestock prices still in danger of dropping, with foreign markets still in danger of collapse, and with thousands of farms in jeopardy, we simply have to do more.

The first and most important thing to do is to help the farmers in greatest need -- those who have suffered significant

losses of crop and livestock. I'll continue to press Congress to enact emergency assistance to do that; critical assistance to help thousands of farmers in keeping with the traditional budget rules that recognize the necessity of providing citizens help in times of crisis. We pass emergency bills for floods, for earthquakes, and we ought to do it for farm failure. (Applause.)

The next thing I think we ought to do -- indeed we have to do -- is to do what we talked about back in 1996. We've got to reinforce the safety net for farmers and ranchers. That's why last Thursday I announced my support for Senator Harkin and Daschle's proposal to lift the cap on marketing loan rates for a year. (Applause.)

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Yesterday our proposal was defeated in the United States Senate. Today it apparently is going to be voted on in its discrete elements. Whatever happens, we must find some way to provide emergency assistance to farmers facing dire circumstances so they have the resources now to plan for next year's crops.

And finally, let me say, we have to revive the rural economy through exports. The speech that I gave in New York yesterday outlining steps we need to take to try to limit and then resolve the global financial crisis, and then plan a better financial and trade system for the 21st century over the long

-term, will have more immediate impact on farmers if we can implement all these steps than any other group in America.

Farm products from one of every three acres is sold abroad. We must continue to open new markets. We must continue to enforce our existing trade agreements. And we must give the International Monetary Fund the resources it needs to strengthen and reform the economies of our customers in Asia, and to try to protect the contagion from spreading to our friends in Latin America, so that others can continue to buy all of our goods and services, and especially our farm products.

For nine months now, since I called on Congress to do this in the State of the Union, there has been no action. The Senate has passed the funding for the International Monetary Fund, but with just a few weeks left the House has still not acted. Our farmers and ranchers have a bigger stake in the short

-run in the passage of this than any other group in America. So I ask you to support that as well, and tell the Congress we have to do it and do it now.

Now, these are the steps that I think we have to take. I'd just like to take one step back before I close and say that there has been a debate in America for decades that underlies the skepticism of those who don't support what I propose; who say, well,

farmers ought to be subject to the market like everybody else -- a guy running a dry cleaner, nobody brings the clothes into be cleaned, he goes out of business. The people who basically believe that -- in the face of all the evidence that we have the most productive agriculture in the world -- don't understand the intersection between global impacts on farm prices, the financing challenges that family farmers, as opposed to big corporate farmers, face, and what can happen to you just by getting up in the morning if it happens to be a bad day. (Applause.)

I know a lot of you feel like Job -- you know? Test my faith, Lord; I didn't mean it that seriously. (Laughter.) But we have an opportunity here -- we have an opportunity to break through a kind of euphoria that's out there about the condition of our economy and let people know what's going on on the farm. We have an opportunity to tie the global financial crisis to what's going on on the farm. We have an opportunity to convince congressmen who come from suburban and urban areas that the welfare, the health, the strength of their citizens' -- their citizens' -- economy rests in lifting the whole American economy and doing the right thing beyond our borders. And they can see it in your stories, in your lives, in your experience -- nothing more fully embodying the best of America than you do.

So let me say -- I don't know how else to say this: There is suffering on the farm. There is agony on the farm. This is a horrible affront to everything we have worked so hard to achieve to lift the economy for all Americans. And we cannot afford to walk away from this session of Congress -- I don't care if there is an election; I don't care what else is happening -- we can't afford to walk away until we do something to stave off the failure of thousands of productive family farms in America. We cannot do it. (Applause.)

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BOTTOM ALL

Now, let me leave you with one beautiful quote. Franklin Roosevelt once said that American farmers -- and I quote -- "are the source from which the reservoirs of our nation's strength are constantly renewed." For six years I have worked to renew America. We're a lot better off in virtually every way than we were six years ago. But we cannot walk across that bridge into the 21st century -- we cannot truly renew our country if we leave our family farmers behind.

So let's go up to the Hill and tell everybody that we all want to saddle up and go together. Thank you and God bless you. (Applause.)

END

1:20 P.M. EDT

ARMS Email SystemRECORD TYPE: FEDERAL (EXTERNAL MAIL)

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SUBJECT: 1998-09/22 press briefing by barshefsky, summers, etc

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TO: Elliot J. Diringer@eop@lngtwy@eopmrx
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TO: Jackson T. Dunn@eop@lngtwy@eopmrx
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TEXT:

THE WHITE HOUSE

Office of the Press Secretary
(New York, New York)

September 22, 1998

PRESS BRIEFING BY
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY
NATIONAL ECONOMIC ADVISOR GENE SPERLING,
DEPUTY NATIONAL SECURITY ADVISOR JIM STEINBERG, AND
DEPUTY TREASURY SECRETARY LARRY SUMMERS

3:05 P.M. EDT

MR. LEAVY: Good afternoon. As you know, the President's meeting with Prime Minister Obuchi has concluded. The President is on his way back to Washington. Here to give a readout of the meeting are Deputy National Security Advisor Jim Steinberg, National Economic Council Chair Gene Sperling, Deputy Treasury Secretary Larry Summers, and U.S. Trade Representative Charlene Barshefsky. They will each make a short opening statement and then take your questions.

Jim.

MR. STEINBERG: Thank you, David. As you all know, President Clinton and Prime Minister Obuchi just finished more than three hours of meetings this morning and afternoon -- a wide-ranging conversation on the full range of subjects of interest to the two. The meetings fell into three parts. There was a one-on-one meeting to begin with that lasted for about 45 minutes, followed by two sessions of slightly more than an hour each, one largely focusing on economics and the second largely on security and foreign policy issues.

As I say, it was a very comprehensive set of discussions. The conversation was excellent between the two, a good chance to build a personal relationship, and a very open and broad-ranging exchange. One of the things that I think was most important, as you heard at the beginning, was that the President has invited Prime Minister Obuchi for an official visit to Washington early next year.

Both the President and the Prime Minister stressed how important this relationship was to the two of them, the President pointing to the fact that the two Ambassadors that he's appointed to Japan, former Vice President Mondale and now Ambassador Foley, really represent the best that America has to offer and a real reflection of the quality of the relationship.

As I said, they had an opportunity to build a personal relationship and agreed at the end of the meeting that they would call each other Keizo and Bill.

Before I talk a little bit about the specifics, just to give you a flavor of the kind of relationship that they are building, at the beginning of the first, larger session, Prime Minister Obuchi wryly referred to an incident that took place a few months ago when he was referred to in the

press as resembling cold pizza. And he thanked Secretary Albright for her comments, that she said she liked cold pizza, and the President observed as how he had had cold pizza last night. So it really gives you a

sense of the kind of interaction between them.

On the security front, which was the focus of the lunch sessions, they began by reaffirming the importance of this security relationship, which both described as strong as ever. And they reaffirmed their commitment to that security

relationship. They had an extensive discussion of the situation on the Korean Peninsula, and particularly the recent missile tests from North Korea. They both indicated that they took this to be a matter of serious concern; at the same time, they both stressed the importance of continuing with the agreed framework and with KEDO. The Japanese Prime Minister reiterated and reaffirmed their intention to honor their commitment and the President made clear that he intends to push forward with our concerns -- our joint concerns about North Korea's missile program.

They discussed the implementation of the defense guidelines and the SACO agreement. In particular, the Prime Minister indicated that while he regretted that we had not been able to fully implement the SACO agreement, that he was committed to moving forward on that. They discussed moving forward on theater missile defense and the statement that the two foreign ministers and defense ministers reached this past weekend on working together on that.

They had a broad-ranging discussion on foreign policy topics, including China, Russia, Indonesia, and Malaysia. The two discussed climate change and the upcoming meeting in Buenos Aires of the parties to the Kyoto Agreement, and the recent agreements that they announced today on global GPS and Y2K.

Gene.

MR. SPERLING: I'll be brief and then let Larry Summers and then Charlene give you a little more detail on the components of the economic side. As Jim said, they had a candid -- quite candid, open discussion. When we arrived there, there was supposed to have been a 15-minute, one-on-one tea session with them. That went on for 45 or 50 minutes. In asking the President, the conversation, he felt it was important to keep the contents of it private, but he stated that over two-thirds of that discussion had been on the banking and financial restructuring issues concerning Japan.

We then went into the extended bilateral meeting. They spoke again to the larger group about some of the banking and financial restructuring issues. The Prime Minister

referenced a meeting that he had had in December with Secretary Rubin, where he went over some of the things they talked about and discussed how some of the things they're doing related to that conversation. I'll have Larry go into more of the details. He also talked about the stimulus demand issues.

And then their final topic was on trade, where the President talked about the importance of showing progress on market-opening measures in the region and the importance of APEC; of the importance of enforcing the existing agreement in our sectoral issues; and then the deregulation issues, as well. Charlene will go into more detail there.

They also talked about the global crisis more generally. The Prime Minister stated that he had carefully -- at the lunch in fact, stated that he had carefully read the President's speech at the Council of Foreign Relations and had agreed with the main points there and stressed the importance of them working together through multilateral institutions on restoring growth and the social safety sector issues.

Let me let Larry speak for a moment and then Charlene, and then we'll be happy to take your questions.

DEPUTY SECRETARY SUMMERS: Thanks, Gene. The context for the economic and financial discussions between the President and Prime Minister Obuchi was the G-7 statement that was issued last week and the President's speech, both of which

highlighted the fact that the balance of risks in the world economy had shifted, making growth more important and emphasizing in particular the close cooperation among major economies at this period.

The President, in his comments, stressed the urgency of swift and effective action to stimulate domestic demand-led growth and strengthen the financial system in Japan. Prime Minister Obuchi made it clear that it was his intention to take appropriate measures to secure an early turnaround in the Japanese economy. They agreed on the importance of what happened in Japan for the global economy.

Recalling the historical experience in many countries, including our own, the President emphasized the need for the Japanese financial authorities to infuse public money swiftly and in sufficient amounts into Japanese banks to ensure they were able to continue lending on a strong and sustainable basis.

The President and the Prime Minister also agreed on the importance of Japan's accelerating the disposal of problem assets, improving financial disclosure, strengthening the supervisory system, and restructuring the financial system with protection for depositors, and had quite a thorough discussion on

some of these questions.

Finally, the President and the Prime Minister agreed to work together to respond to the President's call for increased efforts to respond to humanitarian needs in crisis countries in Asia, and to work together to accelerate efforts to promote comprehensive programs for corporate and bank restructuring in the critical countries, working alongside the multilateral development banks.

AMBASSADOR BARSHEFSKY: The President and Prime Minister, as Gene said, discussed a number of trade issues. First off, the President raised the critical importance of continued and accelerated deregulation of the Japanese economy. In that regard, we will be providing Japan at the end of this month with a second set of substantial deregulatory measures we would like to see Japan take in a variety of sectors, including telecom, pharmaceuticals, energy, housing, construction, and so on.

In October we'll be presenting to the government of Japan a list of deregulatory measures we would like to see them take in the automotive sector, where deregulation has essentially stopped. And the President made clear that he would like to see a very full package of deregulatory measures reached by the time of the G-8 this spring. You'll recall our last set of substantial deregulatory measures was achieved at the Birmingham G-8 meeting.

Second, the President underscored the critical importance of enforcing existing agreements and, in particular, government procurement, insurance, glass, autos and auto parts, paper, and others. With respect to government procurement, public works spending by Japan will occur in traditional areas, such as construction, as well as in areas of 21st century technology, such as computers, supercomputers, medical technology, and telecommunications. These five areas are covered by five separate bilateral procurement agreements that we have with Japan to help ensure that American companies and foreign companies get a fair shake in the procurement process -- procedural protections, due process, and so on. So that was underscored.

Third, the President stressed the critical importance of Japan being constructive in the APEC process so that the nine sectors discussed for further market opening can

come to fruition and ultimately be taken to the WTO for further work after the APEC leaders meeting. And I think I've already mentioned that enforcement of existing agreements was discussed, the President feeling that implementation by Japan of its commitments was absolutely critical, despite and because of difficult financial times.

Q A couple of different questions. First, if I heard what you were saying correctly, the President and Prime Minister agreed on the need for certain measures, but on one particularly crucial one, I think the beginning of your sentence was just the President urged the Prime Minister to use public funds. Did you get any further clarification about whether Japan is or is not going to use public funds? And let me ask a second question on an unrelated matter.

There have been some wire stories out of London about possibly the creation of a new fund or a new mechanism or a new tool to bail out Latin American economies, particularly Brazil. Can you tell us what developments have taken place on that front?

DEPUTY SECRETARY SUMMERS: On your first question, Jake, the Prime Minister made it clear to the President that there were a set of very complex discussions, political discussions that were under way in Japan with respect to the banking legislation, that it was something he was very much focused on and very much saw the importance of.

He referenced some of the banking problems that we had had in this country, the historical experience generally, and made it clear that he saw this as something that Japan had to address in an effective way. And certainly the President made clear that that was how we saw it and made clear that he was prepared to be helpful in any way that we could.

The Prime Minister talked about how much he valued advice in this difficult situation, and I think they both recognized in their comments that what was important was not words at this point, but what steps Japan was able to take over time to address these questions.

On the Brazil and Latin America question, I don't have anything new to give you. Certainly, it's been, I think, clear from the comments that the President has made and that the Secretary has made that we are watching the situation in Latin America and around the world, in particular in Brazil. There's certainly been conversations with the Brazilian authorities, with the IMF, with the G-7, as we're always in touch on significant financial situations, but I wouldn't want to put too much behind the particular kinds of reports that you're referring to. It's a situation we're watching and it's very much going to relate to the choices Brazil makes going forward.

I would say that Brazil is a country that has made enormous progress in recent years in both stabilization and in opening up its economy, taking important steps towards privatization and structural reform, although there are obviously many steps that are still important going forward. And clearly Brazil, like a number of other countries in Latin America, has been hit by market judgments that have a great deal to do with

contagion as well as any judgment of their own economic situation. And that's certainly something that I think we in the international community need to be mindful of going forward.

Q Just to follow, are you explicitly denying that there is discussion of a creation of a new fund then?

DEPUTY SECRETARY SUMMERS: You know, there are always discussions of a variety of things, but there is certainly no specific proposal that's about to come out.

Q Mr. Summers, the President said last week that the global economy is facing its worst challenge since World War II. Can you tell us how he expressed his concerns about Japan's responsibility right now, specifically, to Prime Minister Obuchi.

DEPUTY SECRETARY SUMMERS: I think he made it clear that the judgment of not just American officials, but economists and financial experts around the world and of officials in many other parts of the world, was that what happened in Japan was going to be -- was very, very important. But it wasn't a point that was stressed very much because Prime Minister Obuchi, very much toward the beginning of his comments, said that he understood that what happened in Japan was very important for Japan, but also very, very important for the economies of Asia and indeed for the global economy, and that's why he felt a particular responsibility to focus on it. And he noted some respects in which it was easier to focus on it right now than it had been at some earlier points when he had had discussions of these questions.

MR. SPERLING: The President also reiterated, I think, the point he had made in his Council of Foreign Relations speech, that he went back to 1993 and talked about at that time there being a clear consensus of the need for the United States, Europe, and Japan each to do what they needed to do to restore growth, and that there was maybe a different recipe for each country, but that there needed to be that same common sense right now.

Q Larry, I'm not sure I fully understand the Prime Minister's response on this issue of the need for swift public money into the banks. The Chairman of the LDP said overnight that there would be no public money put into the long-term credit bank of Japan, which seemed to be a return to the agreement that they struck at the end of the week.

There's something of a disconnect between the impression we're being left here that there is an agreement between the leaders on the need for public funds, and what we're hearing back in Tokyo from Mr. Obuchi's own aides.

DEPUTY SECRETARY SUMMERS: David, I think what I

said was that the President believes, and certainly we all believe, that the infusion of public money is essential to an effective solution of these problems.

I think the Prime Minister made it clear that they were working very hard on this legislation, that there were a lot of moving pieces in how this legislation would go, and he did not make a commitment to us as to what its specific content would be, although I think it was clear from his comments that he recognized the importance of Japan grappling in an effective way with these banking problems that are so consequential for its economy and for the global economy.

Q Did he ever specifically address his own view of whether or not public funds should be injected?

DEPUTY SECRETARY SUMMERS: He addressed -- I don't think I've got much to add to what I've already said. I think it's better to let the Prime Minister or his people characterize any precise beliefs that he has. What I think he did make clear was that this was very much something they were very focused on in working through a solution to the banking system and his commitment to having it be effective.

Q Larry, do you come away from this meeting confident that Japan is going to take the steps necessary?

DEPUTY SECRETARY SUMMERS: I don't think it's for us to predict. I think one of the things that was very healthy in the discussion between the Prime Minister and the President was that they both recognized that what was going to be important was the steps that were taken and the actions that were taken by all countries going forward, and that that was what was crucial rather than words and statements.

Q We've had a history of meetings where U.S. officials come out and say we've encouraged Japan to do more, and then in the aftermath of that U.S. officials being dissatisfied with what Japan does. Is this any different, or is this just going to follow that pattern?

DEPUTY SECRETARY SUMMERS: We will have to see what kind of legislation emerges in the banking area. As important as the legislation question is what kinds of concrete regulatory steps the Japanese are able to take, what kinds of movements there are and decisions there are with respect to the budget as we move towards the 1999 budget, what kinds of actions are taken with respect to tax policy. And of course, what's most important is not what we think, it's what markets think and how markets respond to the situation.

I think it's only then that we'll be -- it's only with benefit of hindsight that we'll be able to judge the policy

steps that are taken during this period.

Q Is the President trying to set any deadlines for when these steps will take place?

DEPUTY SECRETARY SUMMERS: No, it's not -- the President stressed in his comments the basic underlying strength of the Japanese economy, its tremendous capacity and sophistication, and his recognition that Japan had to make its own economic decisions and chart its course, although the course it set would have important implications for the world.

And the Prime Minister made it clear that advice, particularly from countries like the United States that had had problems in the financial system at various points, was something that he very much welcomed.

Q When McCurry came out and briefed us before, he was going awfully heavy on this Japan and U.S. as friends and that they talked as friends. It sounded as if there were a lot of soft-peddling going on compared with some of the previous meetings between the two sides, whether at the summit level or other levels. And I wonder if the reason for that is you have concluded that perhaps the tone of some of these previous meetings has generated counterproductive results with Japan; or that because the Japanese situation at this point is so desperately fragile that we don't want to make it worse.

DEPUTY SECRETARY SUMMERS: I don't think either of those things, Paul. We have always spoken to the Japanese as friends and have always recognized that this is perhaps the world's most important bilateral relationship, that we all have an enormous stake in what happens each other's countries, and that as friends we're able to speak candidly with each other and able to think about how we can mutually support each other.

I think I've by now had the opportunity to be present in meetings between the President and six Japanese Prime Ministers, and I would say that in each of those meetings the friendship, the commitment to mutual support, and the enormous importance that we attach to the relationship with Japan has been stressed. The President began the meeting with -- began the first of the expanded sessions by noting that Tom Foley and Walter Mondale were two of America's most distinguished figures in public life. And the fact that they have been chosen by his administration as ambassadors to Japan was a reflection of the enormous importance that we attach to our friendship with Japan.

Q Mr. Secretary, does the President believe that Japan should infuse public money even over the objection of the opposition parties and many people in Japan?

DEPUTY SECRETARY SUMMERS: I think the President

believes and his economic and financial advisors believe that in the context of a set of banking problems like those that have emerged in Japan, the lesson of history -- in our country, in the Scandinavian countries, in a number of other cases -- is that to work through those problems and preserve financial stability while at the same time providing for growth and avoiding a credit crunch, that the infusion of public funds into the banking system in a very carefully conditioned way -- not as bail-outs to shareholders -- can play a very important and critical role.

Q Dr. Summers, can you tell us what the priority is -- on one hand, get the economy moving, get the banking system cleaned up; on the other hand, take a hit in some key sectors in terms of import. I know you don't see it as an either/or situation, but what's the priority here?

DEPUTY SECRETARY SUMMERS: You said it exactly right: it is not either/or. These are mutually reinforcing agendas. A stronger Japanese economy will obviously be a Japanese economy that is able to import more; it is an economy that will be able to dismantle import barriers with less disruption.

Conversely, a Japanese economy that is more open will be a Japanese economy that is more flexible and adaptable and will therefore be able to attract and generate investment opportunities that will be stimulus to growth to a greater degree. So these are very much mutually reinforcing agenda.

AMBASSADOR BARSHEFSKY: If I can add to that, as Larry said, we have always said quite consistently over the last year that in addition to banking sector reform and substantial fiscal stimulus, market opening and deregulation are critical if Japan is to achieve sustained long-term economic growth.

This is one reason that the President raised the variety of trade issues that he did, particularly deregulation, as well as agreements implementation, government procurement, and then of course market opening in the context of APEC. Each of these steps is important not only to the global economy, but also to the functioning of Japan's own economy, which remains terribly over-regulated and underproductive.

Q How much time did they spend on trade and deregulation issues? We heard before that two-thirds of the first opening meeting was on financial and economic issues.

MR. SPERLING: You know, first of all -- and it relates to a lot of the questions on the banking side -- they were in for quite some time alone, and there were no note-takers. The President -- believe me, Jim and I tried to get our best briefing, and he felt their first meeting it was very important that he be able to have that kind of confidential conversation with him. So we asked for a nature of how much was spent on the

banking and financial issues, and the President felt about two-thirds of the discussion had been.

Their discussion, I can't tell you -- they had a couple of exchanges. The President first raised the enforcing and assisting agreements in sector issues. He spoke about APEC. He talked about the opportunity to show that even in the current environment that there could be further progress made on market opening, how important that was. And then the Prime Minister replied and discussed this for a while. And then the President

came back a second time and talked about deregulation initiative, and then as Charlene has already mentioned, talked about how much he would like to have another package that they could announce at the G-7/G-8 meeting.

Q Secretary Summers, can I just reaffirm, did you say there was no specific international proposal for Latin America? Is that what you were referring to before?

DEPUTY SECRETARY SUMMERS: I think what I said was that there was enormous recognition of what had happened, profound changes that had taken place in the Latin American economies, of the extent to which they had been influenced by contagion and market reactions to other developments, that we were in close touch with the situation. The G-7 countries were certainly watching the situation in a very careful way. But I think what I said was that I could not foresee any imminent announcement of some package, but it was a situation, certainly, that we were watching very closely and certainly wanted to be in a position -- we in the international community, international financial institutions, want to be in a position to be responsive to problems that might arise.

Q Moving to North Korea. Did the Prime Minister promise any commitment, resumption of the Japanese commitment to KEDO. A second question is how much do you expect -- North Korea for the missile talks which will resume next week?

MR. STEINBERG: The Prime Minister in broad terms reaffirmed Japan's commitment to the agreed framework and the President thanked him for that, because he indicated that while we continue to have serious problems with North Korea on the missile programs, that we have a common interest in seeing that the agreed framework go forward. And so the two agreed on that. There was not a discussion of specifics in terms of the timing of next steps, but there was, as I say, a reaffirmation -- I believe the Prime Minister's words were something to the effect that Japan intended to continue to honor its commitment with respect to the agreed framework. So I think that was -- the President thought, a very good discussion.

With respect to the missile talks, we obviously have a lot that we intend to raise with North Korea. I think one of

the important aspects of the agreement that we reached with the North Koreans two weeks ago was not only were they to resume some of their requirements under the agreed framework, but the moving forward with these missile talks, I think this is an opportunity for us to discuss in detail with the North why we are concerned not only with the indigenous missile program, the testing that's just taken place, but also problems with their exports.

And the President promised the Prime Minister that he would press very hard on that. And I think it is an opportunity for us to express on behalf of not only the United States but South Korea and Japan and all the countries of the region our concern about the program.

Q I stepped out for a minute. Did anybody ask you about Iran and how you read Khatami's speech and the fact that the foreign minister didn't show up at the Six Plus Two meeting?

MR. STEINBERG: I have not, myself, seen the text, so I don't have a reaction to Khatami's speech.

Q On Kosovo, could you just tell us what specific steps you've discussed in the last two days with other world leaders around the United Nations, and what the United States is planning on doing in the next few weeks to try to prepare for the humanitarian crisis you say is pending, and what actions you're trying to -- how you're trying to influence Milosevic?

MR. STEINBERG: The timing of the meetings here has been very good because, as you know, the British about a week and a half ago put forward a draft resolution concerning the humanitarian situation in Kosovo. And that issue has been worked very intensively over the last couple days. I expect that

Secretary Albright, who's going to be meeting with allies I believe this afternoon, will be discussing that. We made some, I think, real progress.

She had a chance to discuss that with the Russian Foreign Minister yesterday, and so I think there's a lot of focus now on trying to get a statement from the U.N. to make clear that we think that the humanitarian situation is intolerable, that it is important that Milosevic end the military actions in Kosovo, that he create the conditions that allow for the safe and orderly return of the displaced persons, and that the international community is expressing grave concern about that.

At the same time, we continue discussions in NATO; we've done a considerable amount of planning. There are a number of options there, and I think we are making clear, both collectively and individually, that we consider the situation to be very serious there.

END

3:40 P.M. EDT

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TO: Estela Mendoza (MENDOZA_E) Autoforward to: Remote Addressee (Estela
Mendoza@eop@lngtwy@eopmrx) (WHO)
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TO: Noa A. Meyer (MEYER_N) Autoforward to: Remote Addressee (Noa A.
Meyer@eop@lngtwy@eopmrx) (WHO)
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TO: R. Scott Michaud (MICHAUD_R) Autoforward to: Remote Addressee (R. Scott
Michaud@eop@lngtwy@eopmrx) (WHO)
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TO: Elisa Millsap (MILLSAP_E) Autoforward to: Remote Addressee (Elisa
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TO: Cheryl D. Mills (MILLS_C) Autoforward to: Remote Addressee (Cheryl D.
Mills@eop@lngtwy@eopmrx) (WHO)
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Mody@eop@lngtwy@eopmrx) (WHO)
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TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (megan
moloney@eop@lngtwy@eopmrx) (WHO)
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TO: Kevin Moran (MORAN_K1) Autoforward to: Remote Addressee (Kevin
Moran@eop@lngtwy@eopmrk) (WHO)
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TO: Melissa M. Murray (MURRAY_MM) Autoforward to: Remote Addressee (Melissa M.
Murray@eop@lngtwy@eopmrk) (WHO)
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TO: Reuben L. Musgrave Jr. (MUSGRAVE_R) Autoforward to: Remote Addressee (Reuben L.
Musgrave Jr.@eop@lngtwy@eopmrk) (WHO)
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TO: Mindy E. Myers (MYERS_ME) Autoforward to: Remote Addressee (Mindy E.
Myers@eop@lngtwy@eopmrk) (OPD)
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TO: Sean Maloney (Maloney_S) Autoforward to: Remote Addressee (Sean P.
Maloney@eop@lngtwy@eopmrk) (WHO)
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TO: Michael Terrell (Michael V. Terrell@eop@LNGTWY@EOPMRX)
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TO: Steven J. Naplan (NAPLAN_S) Autoforward to: Remote Addressee (Steven J.
Naplan@eop@lngtwy@eopmrk) (NSC)
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TO: Mark D. Neschis (NESCHIS_M) Autoforward to: Remote Addressee (Mark D.
Neschis@eop@lngtwy@eopmrk) (WHO)
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TO: Elizabeth R. Newman (NEWMAN_E) Autoforward to: Remote Addressee (Elizabeth R.
Newman@eop@lngtwy@eopmrk) (WHO)
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TO: Nathan B. Naylor (Nathan B. Naylor@ovp@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Neera Tanden (Neera Tanden@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jonathan Orszag (ORSZAG_J) Autoforward to: Remote Addressee (Jonathan
Orszag@eop@lngtwy@eopmrk) (OPD)
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TO: Eleanor S. Parker (PARKER_ES) Autoforward to: Remote Addressee (Eleanor S.
Parker@eop@lngtwy@eopmrk)
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TO: Carol Parmelee (PARMELEE_C) Autoforward to: Remote Addressee (Carole A.
Parmelee@eop@lngtwy@eopmrk) (WHO)
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Paxton@eop@lngtwy@eopmrx) (WHO)
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TO: Julia Payne (PAYNE_J) Autoforward to: Remote Addressee (Julia M.
Payne@eop@lngtwy@eopmrx) (WHO)
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TO: Misty L. Phillips (PHILLIPS_M) Autoforward to: Remote Addressee (Misty L.
Phillips@eop@lngtwy@eopmrx) (WHO)
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TO: Matthew W. Pitcher (PITCHER_M) Autoforward to: Remote Addressee (Matthew W.
Pitcher@eop@lngtwy@eopmrx) (WHO)
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TO: Timothy Dixon (PR_U=TDIXON@PR_L=AVUOEOb@MRP@OPUS)
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TO: Phillip Caplan (Phillip Caplan@eop@LNGTWY@EOPMRX)
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TO: Remote Addressee (Pub_Arch@oa.eop.gov@INET@EOPMRX)
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TO: Nicole R. Rabner (RABNER_N) Autoforward to: Remote Addressee (Nicole R.
Rabner@eop@lngtwy@eopmrx) (WHO)
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TO: Brian A. Reich (REICH_B) Autoforward to: Remote Addressee (Brian A.
Reich@OVP@EOP@LNGTWY@EOPMRX) (VPO)
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TO: Linda Ricci (RICCI_L) Autoforward to: Remote Addressee (Linda
Ricci@eop@lngtwy@eopmrx) (OMB)
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TO: Renee C. Riley (RILEY_R) Autoforward to: Remote Addressee (Renee C.
Riley@eop@lngtwy@eopmrx) (OA)
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TO: Robin M. Roland (ROLAND_R) Autoforward to: Remote Addressee (Robin M.
Roland@eop@lngtwy@eopmrx) (WHO)
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TO: Cecilia E. Rouse (ROUSE_C) Autoforward to: Remote Addressee (Cecilia E.
Rouse@eop@lngtwy@eopmrx) (OPD)
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Ruff@eop@lngtwy@eopmrx) (WHO)
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TO: Peter Rundlet (RUNDLET_P) Autoforward to: Remote Addressee (Peter
Rundlet@eop@lngtwy@eopmrx) (WHO)

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TO: Virginia N. Rustique (RUSTIQUE_V) Autoforward to: Remote Addressee (Virginia N.
Rustique@eop@lngtwy@eopmrx) (WHO)
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TO: Evan Ryan (RYAN_E) Autoforward to: Remote Addressee (Evan
Ryan@eop@lngtwy@eopmrx) (WHO)
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TO: Remote Addressee (Releases@pub.pub.whitehouse.gov@INET@EOPMRX)
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TO: Remote Addressee (Releases@www3.whitehouse.gov@INET@EOPMRX)
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TO: Jodi R. Sakol (SAKOL_J) Autoforward to: Remote Addressee (Jodi R.
Sakol@OVP@EOP@LNGTWY@EOPMRX) (VPO)
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TO: Roger V. Salazar (SALAZAR_R) Autoforward to: Remote Addressee (Roger V.
Salazar@EOP@LNGTWY@EOPMRX) (WHO)
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TO: G. Timothy Saunders (SAUNDERS_GT) Autoforward to: Remote Addressee (G. Timothy
Saunders@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Jason H. Schechter (SCHECHTER_J) Autoforward to: Remote Addressee (Jason H.
Schechter@eop@lngtwy@eopmrx) (WHO)
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TO: Jill A. Schuker (SCHUKER_J) Autoforward to: Steven J. Naplan (NAPLAN_S) (NSC)
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TO: Judithanne V. Scourfield (SCOURFIELD_J) Autoforward to: Remote Addressee (Judithanne
V. Scourfield@eop@lngtwy@eop (WHO)
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TO: Brooks E. Scoville (SCOVILLE_B) Autoforward to: Remote Addressee (BROOKS
SCOVILLE@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Maya Seiden (SEIDEN_M) Autoforward to: Remote Addressee (Maya
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TO: Barbara Semedo (SEMEDO_B) Autoforward to: Remote Addressee (Barbara
Semedo@eop@lngtwy@eopmrx) (PIR)
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TO: Ruby Shamir (SHAMIR_R) Autoforward to: Remote Addressee (Ruby
Shamir@eop@lngtwy@eopmrx) (WHO)
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TO: Jeffrey A. Shesol (SHESOL_J) Autoforward to: Remote Addressee (Jeffrey A.
Shesol@eop@lngtwy@eopmrx) (WHO)
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TO: June Shih (SHIH_J) Autoforward to: Remote Addressee (June
Shih@eop@lngtwy@eopmrx) (WHO)
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Shireman@eop@lngtwy@eopmrx) (OPD)
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TO: Jake Siewert (SIEWERT_J) Autoforward to: Remote Addressee (Jake
Siewert@eop@lngtwy@eopmrx) (OPD)
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TO: Dawn L. Smalls (SMALLS_D) Autoforward to: Remote Addressee (Dawn L.
Smalls@eop@lngtwy@eopmrx) (WHO)
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TO: Craig T. Smith (SMITH_CT) Autoforward to: Remote Addressee (Craig T.
Smith@eop@lngtwy@eopmrx) (WHO)
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TO: Jonathan E. Smith (SMITH_J) Autoforward to: Remote Addressee (jonathan e.
smith@eop@lngtwy@eopmrx) (WHO)
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TO: Mary L. Smith (SMITH_ML) Autoforward to: Remote Addressee (Mary L.
Smith@eop@lngtwy@eopmrx) (OPD)
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TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard
Socarides@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Douglas B. Sosnik (SOSNIK_D) Autoforward to: Remote Addressee (Douglas B.
Sosnik@eop@lngtwy@eopmrx) (WHO)
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TO: Maria E. Soto (SOTO_M) Autoforward to: Remote Addressee (Maria E.
Soto@eop@lngtwy@eopmrx) (WHO)
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TO: Chandler G. Spaulding (SPAULDING_C) Autoforward to: Remote Addressee (Chandler G.
Spaulding@eop@lngtwy@eopmrx) (WHO)
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TO: Elisabeth Steele (STEELE_E) Autoforward to: Remote Addressee (Elisabeth
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Steinberg@eop@lngtwy@eopmrx) (WHO)
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TO: Todd Stern (STERN_T) Autoforward to: Remote Addressee (Todd
Stern@eop@lngtwy@eopmrx) (WHO)
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TO: Dana C. Strand (STRAND_D) Autoforward to: Remote Addressee (Dana C.
Strand@eop@lngtwy@eopmrx) (WHO)
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TO: Diane A. Stumpf (STUMPF_D) Autoforward to: Remote Addressee (Diane A.
Stumpf@eop@lngtwy@eopmrx) (DON)
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TO: Mike Sullivan (SULLIVAN_M) Autoforward to: Remote Addressee (Michael J.
Sullivan@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Margaret M. Suntum (SUNTUM_M) (WHO)
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TO: SUNTUM_M (SUNTUM_M@A1@CD) (WHO)
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Schnur@eop@lngtwy@eopmrx) (OPD)
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Sisser@eop@lngtwy@eopmrx) (WHO)
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TO: Sylvia M. Mathews (Sylvia M. Mathews@eop@LNGTWY@EOPMRX)
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TO: Lisa Jordan Tamagni (TAMAGNI_L) Autoforward to: Remote Addressee (Jordan
Tamagni@eop@lngtwy@eopmrx) (WHO)
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Tijerina@eop@lngtwy@eopmrx) (WHO)
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Tobe@eop@lngtwy@eopmrx)
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TO: Barry J. Toiv (TOIV_B) Autoforward to: Barry Toiv (Barry J.
Toiv@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Serena C. Torrey (TORREY_S) Autoforward to: Remote Addressee (Serena C.
Torrey@eop@lngtwy@eopmrx) (WHO)
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Tramontano@eop@lngtwy@eopmrx) (WHO)
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TO: June G. Turner (TURNER_J) Autoforward to: Remote Addressee (June G.
Turner@eop@lngtwy@eopmrx) (WHO)
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TO: Thurgood Marshall (Thurgood Marshall Jr@eop@LNGTWY@EOPMRX)
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TO: Dag Vega (VEGA_D) (WHO)
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TO: Virginia Apuzzo (Virginia Apuzzo@eop@LNGTWY@EOPMRX)
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TO: Essence P. Washington (WASHINGTON_E) Autoforward to: Remote Addressee (Essence
P. Washington@eop@lngtwy@eopmrx) (OPD)
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TO: Glen M. Weiner (WEINER_G) Autoforward to: Remote Addressee (Glen M.
Weiner@eop@lngtwy@eopmrx) (WHO)
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TO: Robert S. Weiner (WEINER_R) Autoforward to: Remote Addressee (Robert S.
Weiner@eop@lngtwy@eopmrx) (DON)
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TO: Peter A. Weissman (WEISSMAN_P) Autoforward to: Remote Addressee (Peter A.
Weissman@eop@lngtwy@eopmrx) (OPD)
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TO: Lowell Weiss (WEISS_L) Autoforward to: Remote Addressee (Lowell A.
Weiss@eop@lngtwy@eopmrx) (WHO)
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TO: Woyneab M. Wondwossen (WONDWOSSEN_W) Autoforward to: Remote Addressee (
Woyneab M. Wondwossen@eop@lngtwy@eopmrx) (WHO)
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TO: Debra S. Wood (WOOD_D) Autoforward to: Remote Addressee (Debra S.
Wood@eop@lngtwy@eopmrx) (WHO)
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TO: Natalie S. Wozniak (WOZNIAK_N) (NSC)
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TO: Remote Addressee (cmbeach@msn.com@INET)
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TO: Remote Addressee (julie_green@ed.gov@INET)
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TO: Remote Addressee (klasky_helaine@ustr.gov@INET)
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TO: Glynn, Mary Ellen (meglynn@usia.gov@INET@EOPMRX)
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TO: Remote Addressee (newsdesk@usnewswire.com@INET)
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TO: Remote Addressee (wh-outbox-distr@pub.pub.whitehouse.gov@INET)
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TEXT:
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PRINTER FONT 12_POINT_COURIER
THE WHITE HOUSE

For Immediate Release

September 22, 1998

PRESS BRIEFING BY
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY
NATIONAL ECONOMIC ADVISOR GENE SPERLING,
DEPUTY NATIONAL SECURITY ADVISOR JIM STEINBERG, AND
DEPUTY TREASURY SECRETARY LARRY SUMMERS

3:05 P.M. EDT

MR. LEAVY: Good afternoon. As you know, the President's meeting with Prime Minister Obuchi has concluded. The President is on his way back to Washington. Here to give a readout of the meeting are Deputy National Security Advisor Jim Steinberg, National Economic Council Chair Gene Sperling, Deputy Treasury Secretary Larry Summers, and U.S. Trade Representative Charlene Barshefsky. They will each make a short opening statement and then take your questions.

Jim.

MR. STEINBERG: Thank you, David. As you all know, President Clinton and Prime Minister Obuchi just finished more than three hours of meetings this morning and afternoon -- a wide

-ranging conversation on the full range of subjects of interest to the two. The meetings fell into three parts. There was a one

-on

-one meeting to begin with that lasted for about 45 minutes, followed by two sessions of slightly more than an hour each, one largely focusing on economics and the second largely on security and foreign policy issues.

As I say, it was a very comprehensive set of discussions. The conversation was excellent between the two, a good chance to build a personal relationship, and a very open and broad

-ranging exchange. One of the things that I think was most important, as you heard at the beginning, was that the President has invited Prime Minister Obuchi for an official visit to Washington early next year.

Both the President and the Prime Minister stressed how important this relationship was to the two of them, the President pointing to the fact that the two Ambassadors that he's appointed to Japan, former Vice President Mondale and now Ambassador Foley, really represent the best that America has to offer and a real reflection of the quality of the relationship.

As I said, they had an opportunity to build a personal relationship and agreed at the end of the meeting that they would call each other Keizo and Bill.

Before I talk a little bit about the specifics, just to give you a flavor of the kind of relationship that they are building, at the beginning of the first, larger session, Prime Minister Obuchi wryly referred

to an incident that took place a few months ago when he was referred to in the press as resembling cold pizza. And he thanked Secretary Albright for her comments, that she said she liked cold pizza, and the President observed as how he had had cold pizza last night. So it really gives you a

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sense of the kind of interaction between them.

On the security front, which was the focus of the lunch sessions, they began by reaffirming the importance of this security relationship, which both described as strong as ever. And they reaffirmed their commitment to that security

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relationship. They had an extensive discussion of the situation on the Korean Peninsula, and particularly the recent missile tests from North Korea. They both indicated that they took this to be a matter of serious concern; at the same time, they both stressed the importance of continuing with the agreed framework and with KEDO. The Japanese Prime Minister reiterated and reaffirmed their intention to honor their commitment and the President made clear that he intends to push forward with our concerns -- our joint concerns about North Korea's missile program.

They discussed the implementation of the defense guidelines and the SACO agreement. In particular, the Prime Minister indicated that while he regretted that we had not been able to fully implement the SACO agreement, that he was committed to moving forward on that. They discussed moving forward on theater missile defense and the statement that the two foreign ministers and defense ministers reached this past weekend on working together on that.

They had a broad

-ranging discussion on foreign policy topics, including China, Russia, Indonesia, and Malaysia. The two discussed climate change and the upcoming meeting in Buenos Aires of the parties to the Kyoto Agreement, and the recent agreements that they announced today on global GPS and Y2K.

Gene.

MR. SPERLING: I'll be brief and then let Larry Summers and then Charlene give you a little more detail on the components of the economic side. As Jim said, they had a candid -- quite candid, open discussion. When we arrived there, there was supposed to have been a 15

-minute, one

-on

-one tea session

with them. That went on for 45 or 50 minutes. In asking the President, the conversation, he felt it was important to keep the contents of it private, but he stated that over two

-thirds of

that discussion had been on the banking and financial restructuring issues concerning Japan.

We then went into the extended bilateral meeting. They spoke again to the larger group about some of the banking and financial restructuring issues. The Prime Minister referenced a meeting that he had had in December with Secretary Rubin, where he went over some of the things they talked about and discussed how some of the things they're doing related to that conversation. I'll have Larry go into more of the details. He also talked about the stimulus demand issues.

And then their final topic was on trade, where the President talked about the importance of showing progress on market

-opening measures in the region and the importance of APEC; of the importance of enforcing the existing agreement in our sectoral issues; and then the deregulation issues, as well. Charlene will go into more detail there.

They also talked about the global crisis more generally. The Prime Minister stated that he had carefully -- at the lunch in fact, stated that he had carefully read the President's speech at the Council of Foreign Relations and had agreed with the main points there and stressed the importance of them working together through multilateral institutions on restoring growth and the social safety sector issues.

Let me let Larry speak for a moment and then Charlene, and then we'll be happy to take your questions.

DEPUTY SECRETARY SUMMERS: Thanks, Gene. The context for the economic and financial discussions between the President and Prime Minister Obuchi was the G

-7 statement that

was issued last week and the President's speech, both of which

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highlighted the fact that the balance of risks in the world economy had shifted, making growth more important and emphasizing in particular the close cooperation among major economies at this period.

The President, in his comments, stressed the urgency

of swift and effective action to simulate domestic demand

-led

growth and strengthen the financial system in Japan. Prime Minister Obuchi made it clear that it was his intention to take appropriate measures to secure an early turnaround in the Japanese economy. They agreed on the importance of what happened in Japan for the global economy.

Recalling the historical experience in many countries, including our own, the President emphasized the need for the Japanese financial authorities to infuse public money swiftly and in sufficient amounts into Japanese banks to ensure they were able to continue lending on a strong and sustainable basis.

The President and the Prime Minister also agreed on the importance of Japan's accelerating the disposal of problem assets, improving financial disclosure, strengthening the supervisory system, and restructuring the financial system with protection for depositors, and had quite a thorough discussion on some of these questions.

Finally, the President and the Prime Minister agreed to work together to respond to the President's call for increased efforts to respond to humanitarian needs in crisis countries in Asia, and to work together to accelerate efforts to promote comprehensive programs for corporate and bank restructuring in the critical countries, working alongside the multilateral development banks.

AMBASSADOR BARSHEFSKY: The President and Prime Minister, as Gene said, discussed a number of trade issues. First off, the President raised the critical importance of continued and accelerated deregulation of the Japanese economy. In that regard, we will be providing Japan at the end of this month with a second set of substantial deregulatory measures we would like to see Japan take in a variety of sectors, including telecom, pharmaceuticals, energy, housing, construction, and so on.

In October we'll be presenting to the government of Japan a list of deregulatory measures we would like to see them take in the automotive sector, where deregulation has essentially stopped. And the President made clear that he would like to see a very full package of deregulatory measures reached by the time of the G

-8 this spring. You'll recall our last set of substantial deregulatory measures was achieved at the Birmingham G

-8 meeting.

Second, the President underscored the critical

importance of enforcing existing agreements and, in particular, government procurement, insurance, glass, autos and auto parts, paper, and others. With respect to government procurement, public works spending by Japan will occur in traditional areas, such as construction, as well as in areas of 21st century technology, such as computers, supercomputers, medical technology, and telecommunications. These five areas are covered by five separate bilateral procurement agreements that we have with Japan to help ensure that American companies and foreign companies get a fair shake in the procurement process -- procedural protections, due process, and so on. So that was underscored.

Third, the President stressed the critical importance of Japan being constructive in the APEC process so that the nine sectors discussed for further market opening can

come to fruition and ultimately be taken to the WTO for further work after the APEC leaders meeting. And I think I've already mentioned that enforcement of existing agreements was discussed, the President feeling that implementation by Japan of its commitments was absolutely critical, despite and because of difficult financial times.

Q A couple of different questions. First, if I heard what you were saying correctly, the President and Prime Minister agreed on the need for certain measures, but on one particularly crucial one, I think the beginning of your sentence was just the President urged the Prime Minister to use public funds. Did you get any further clarification about whether Japan is or is not going to use public funds? And let me ask a second question on an unrelated matter.

There have been some wire stories out of London about possibly the creation of a new fund or a new mechanism or a new tool to bail out Latin American economies, particularly Brazil. Can you tell us what developments have taken place on that front?

DEPUTY SECRETARY SUMMERS: On your first question, Jake, the Prime Minister made it clear to the President that there were a set of very complex discussions, political discussions that were under way in Japan with respect to the banking legislation, that it was something he was very much focused on and very much saw the importance of.

He referenced some of the banking problems that we had had in this country, the historical experience generally, and made it clear that he saw this as something that Japan had to address in an effective way. And certainly the President made clear that that was how we saw it and made clear that he was prepared to be helpful in any way that we could.

The Prime Minister talked about how much he valued advice in this difficult situation, and I think they both recognized in their comments that what was important was not words at this point, but what steps Japan was able to take over time to address these questions.

On the Brazil and Latin America question, I don't have anything new to give you. Certainly, it's been, I think,

clear from the comments that the President has made and that the Secretary has made that we are watching the situation in Latin America and around the world, in particular in Brazil. There's certainly been conversations with the Brazilian authorities, with the IMF, with the G

-7, as we're always in touch on significant financial situations, but I wouldn't want to put too much behind the particular kinds of reports that you're referring to. It's a situation we're watching and it's very much going to relate to the choices Brazil makes going forward.

I would say that Brazil is a country that has made enormous progress in recent years in both stabilization and in opening up its economy, taking important steps towards privatization and structural reform, although there are obviously many steps that are still important going forward. And clearly Brazil, like a number of other countries in Latin America, has been hit by market judgments that have a great deal to do with contagion as well as any judgment of their own economic situation. And that's certainly something that I think we in the international community need to be mindful of going forward.

Q Just to follow, are you explicitly denying that there is discussion of a creation of a new fund then?

DEPUTY SECRETARY SUMMERS: You know, there are always discussions of a variety of things, but there is certainly no specific proposal that's about to come out.

Q Mr. Summers, the President said last week that the global economy is facing its worst challenge since World War II. Can you tell us how he expressed his concerns about Japan's responsibility right now, specifically, to Prime Minister Obuchi.

DEPUTY SECRETARY SUMMERS: I think he made it clear that the judgment of not just American officials, but economists and financial experts around the world and of officials in many other parts of the world, was that what happened in Japan was going to be -- was very, very important. But it wasn't a point that was stressed very much because Prime Minister Obuchi, very much toward the beginning of his comments, said that he understood that what happened in Japan was very important for Japan, but also very, very important for the economies of Asia and indeed for the global economy, and that's why he felt a particular responsibility to focus on it. And he noted some respects in which it was easier to focus on it right now than it had been at some earlier points when he had had discussions of these questions.

MR. SPERLING: The President also reiterated, I think, the point he had made in his Council of Foreign Relations speech, that he went back to 1993 and talked about at that time there being a clear consensus of the need for the United States, Europe, and Japan each to do what they needed to do to restore

growth, and that there was maybe a different recipe for each country, but that there needed to be that same common sense right now.

Q Larry, I'm not sure I fully understand the Prime Minister's response on this issue of the need for swift public money into the banks. The Chairman of the LDP said overnight that there would be no public money put into the long

-term credit bank of Japan, which seemed to be a return to the agreement that they struck at the end of the week.

There's something of a disconnect between the impression we're being left here that there is an agreement between the leaders on the need for public funds, and what we're hearing back in Tokyo from Mr. Obuchi's own aides.

DEPUTY SECRETARY SUMMERS: David, I think what I said was that the President believes, and certainly we all believe, that the infusion of public money is essential to an effective solution of these problems.

I think the Prime Minister made it clear that they were working very hard on this legislation, that there were a lot of moving pieces in how this legislation would go, and he did not make a commitment to us as to what its specific content would be, although I think it was clear from his comments that he recognized the importance of Japan grappling in an effective way with these banking problems that are so consequential for its economy and for the global economy.

Q Did he ever specifically address his own view of whether or not public funds should be injected?

DEPUTY SECRETARY SUMMERS: He addressed -- I don't think I've got much to add to what I've already said. I think it's better to let the Prime Minister or his people characterize any precise beliefs that he has. What I think he did make clear was that this was very much something they were very focused on in working through a solution to the banking system and his commitment to having it be effective.

Q Larry, do you come away from this meeting confident that Japan is going to take the steps necessary?

DEPUTY SECRETARY SUMMERS: I don't think it's for us to predict. I think one of the things that was very healthy in the discussion between the Prime Minister and the President was that they both recognized that what was going to be important was the steps that were taken and the actions that were taken by all countries going forward, and that that was what was crucial rather than words and statements.

Q We've had a history of meetings where U.S. officials come out and say we've encouraged Japan to do more, and then in the aftermath of that U.S. officials being dissatisfied with what Japan does. Is this any different, or is this just going to follow that pattern?

DEPUTY SECRETARY SUMMERS: We will have to see what kind of legislation emerges in the banking area. As important as the legislation question is what kinds of concrete regulatory

steps the Japanese are able to take, what kinds of movements there are and decisions there are with respect to the budget as we move towards the 1999 budget, what kinds of actions are taken with respect to tax policy. And of course, what's most important is not what we think, it's what markets think and how markets respond to the situation.

I think it's only then that we'll be -- it's only with benefit of hindsight that we'll be able to judge the policy steps that are taken during this period.

Q Is the President trying to set any deadlines for when these steps will take place?

DEPUTY SECRETARY SUMMERS: No, it's not -- the President stressed in his comments the basic underlying strength of the Japanese economy, its tremendous capacity and sophistication, and his recognition that Japan had to make its own economic decisions and chart its course, although the course it set would have important implications for the world.

And the Prime Minister made it clear that advice, particularly from countries like the United States that had had problems in the financial system at various points, was something that he very much welcomed.

Q When McCurry came out and briefed us before, he was going awfully heavy on this Japan and U.S. as friends and that they talked as friends. It sounded as if there were a lot of soft

-peddling going on compared with some of the previous meetings between the two sides, whether at the summit level or other levels. And I wonder if the reason for that is you have concluded that perhaps the tone of some of these previous meetings has generated counterproductive results with Japan; or that because the Japanese situation at this point is so desperately fragile that we don't want to make it worse.

DEPUTY SECRETARY SUMMERS: I don't think either of those things, Paul. We have always spoken to the Japanese as friends and have always recognized that this is perhaps the world's most important bilateral relationship, that we all have an enormous stake in what happens each other's countries, and that as friends we're able to speak candidly with each other and able to think about how we can mutually support each other.

I think I've by now had the opportunity to be present in meetings between the President and six Japanese Prime Ministers, and I would say that in each of those meetings the friendship, the commitment to mutual support, and the enormous importance that we attach to the relationship with Japan has been stressed. The President began the meeting with -- began the first of the expanded sessions by noting that Tom Foley and Walter Mondale were two of America's most distinguished figures

in public life. And the fact that they have been chosen by his administration as ambassadors to Japan was a reflection of the

enormous importance that we attach to our friendship with Japan.

Q Mr. Secretary, does the President believe that Japan should infuse public money even over the objection of the opposition parties and many people in Japan?

DEPUTY SECRETARY SUMMERS: I think the President believes and his economic and financial advisors believe that in the context of a set of banking problems like those that have emerged in Japan, the lesson of history -- in our country, in the Scandinavian countries, in a number of other cases -- is that to work through those problems and preserve financial stability while at the same time providing for growth and avoiding a credit crunch, that the infusion of public funds into the banking system in a very carefully conditioned way -- not as bail

-outs to shareholders -- can play a very important and critical role.

Q Dr. Summers, can you tell us what the priority is -- on one hand, get the economy moving, get the banking system cleaned up; on the other hand, take a hit in some key sectors in terms of import. I know you don't see it as an either/or situation, but what's the priority here?

DEPUTY SECRETARY SUMMERS: You said it exactly right: it is not either/or. These are mutually reinforcing agendas. A stronger Japanese economy will obviously be a Japanese economy that is able to import more; it is an economy that will be able to dismantle import barriers with less disruption.

Conversely, a Japanese economy that is more open will be a Japanese economy that is more flexible and adaptable and will therefore be able to attract and generate investment opportunities that will be stimulus to growth to a greater degree. So these are very much mutually reinforcing agenda.

AMBASSADOR BARSHEFSKY: If I can add to that, as Larry said, we have always said quite consistently over the last year that in addition to banking sector reform and substantial fiscal stimulus, market opening and deregulation are critical if Japan is to achieve sustained long

-term economic growth.

This is one reason that the President raised the variety of trade issues that he did, particularly deregulation, as well as agreements implementation, government procurement, and then of course market opening in the context of APEC. Each of these steps is important not only to the global economy, but also to the functioning of Japan's own economy, which remains terribly over

-regulated and underproductive.

Q How much time did they spend on trade and deregulation issues? We heard before that two

-thirds of the

first opening meeting was on financial and economic issues.

MR. SPERLING: You know, first of all -- and it relates to a lot of the questions on the banking side -- they were in for quite some time alone, and there were no note

-takers.

The President -- believe me, Jim and I tried to get our best briefing, and he felt their first meeting it was very important that he be able to have that kind of confidential conversation with him. So we asked for a nature of how much was spent on the banking and financial issues, and the President felt about two

-thirds of the discussion had been.

Their discussion, I can't tell you -- they had a couple of exchanges. The President first raised the enforcing and assisting agreements in sector issues. He spoke about APEC. He talked about the opportunity to show that even in the current environment that there could be further progress made on market opening, how important that was. And then the Prime Minister replied and discussed this for a while. And then the President

came back a second time and talked about deregulation initiative, and then as Charlene has already mentioned, talked about how much he would like to have another package that they could announce at the G

-7/G

-8 meeting.

Q Secretary Summers, can I just reaffirm, did you say there was no specific international proposal for Latin America? Is that what you were referring to before?

DEPUTY SECRETARY SUMMERS: I think what I said was that there was enormous recognition of what had happened, profound changes that had taken place in the Latin American economies, of the extent to which they had been influenced by contagion and market reactions to other developments, that we were in close touch with the situation. The G

-7 countries were

certainly watching the situation in a very careful way. But I think what I said was that I could not foresee any imminent announcement of some package, but it was a situation, certainly, that we were watching very closely and certainly wanted to be in a position -- we in the international community, international financial institutions, want to be in a position to be responsive to problems that might arise.

Q Moving to North Korea. Did the Prime Minister

promise any commitment, resumption of the Japanese commitment to KEDO. A second question is how much do you expect -- North Korea for the missile talks which will resume next week?

MR. STEINBERG: The Prime Minister in broad terms reaffirmed Japan's commitment to the agreed framework and the President thanked him for that, because he indicated that while we continue to have serious problems with North Korea on the missile programs, that we have a common interest in seeing that the agreed framework go forward. And so the two agreed on that. There was not a discussion of specifics in terms of the timing of next steps, but there was, as I say, a reaffirmation -- I believe the Prime Minister's words were something to the effect that Japan intended to continue to honor its commitment with respect to the agreed framework. So I think that was -- the President thought, a very good discussion.

With respect to the missile talks, we obviously have a lot that we intend to raise with North Korea. I think one of the important aspects of the agreement that we reached with the North Koreans two weeks ago was not only were they to resume some of their requirements under the agreed framework, but the moving forward with these missile talks, I think this is an opportunity for us to discuss in detail with the North why we are concerned not only with the indigenous missile program, the testing that's just taken place, but also problems with their exports.

And the President promised the Prime Minister that he would press very hard on that. And I think it is an opportunity for us to express on behalf of not only the United States but South Korea and Japan and all the countries of the region our concern about the program.

Q I stepped out for a minute. Did anybody ask you about Iran and how you read Khatami's speech and the fact that the foreign minister didn't show up at the Six Plus Two meeting?

MR. STEINBERG: I have not, myself, seen the text, so I don't have a reaction to Khatami's speech.

Q On Kosovo, could you just tell us what specific steps you've discussed in the last two days with other world leaders around the United Nations, and what the United States is planning on doing in the next few weeks to try to prepare for the humanitarian crisis you say is pending, and what actions you're trying to -- how you're trying to influence Milosevic?

MR. STEINBERG: The timing of the meetings here has been very good because, as you know, the British about a week and a half ago put forward a draft resolution concerning the humanitarian situation in Kosovo. And that issue has been worked very intensively over the last couple days. I expect that

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Secretary Albright, who's going to be meeting with allies I believe this afternoon, will be discussing that. We made some, I think, real progress.

She had a chance to discuss that with the Russian Foreign Minister yesterday, and so I think there's a lot of focus now on trying to get a statement from the U.N. to make clear that we think that the humanitarian situation is intolerable, that it is important that Milosevic end the military actions in Kosovo, that he create the conditions that allow for the safe and orderly return of the displaced persons, and that the international community is expressing grave concern about that.

At the same time, we continue discussions in NATO; we've done a considerable amount of planning. There are a number of options there, and I think we are making clear, both collectively and individually, that we consider the situation to be very serious there.

END 3:40 P.M. EDT

ARMS Email SystemRECORD TYPE: FEDERAL (EXTERNAL MAIL)

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TEXT:

THE WHITE HOUSE

Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release
2, 1998

October

REMARKS BY THE PRESIDENT
AT LUNCHEON FOR MARY BOYLE FOR SENATE

Private Residence

Cleveland, Ohio

2:35 P.M. EDT

THE PRESIDENT: Well, let me begin by thanking you for the wonderful welcome, thanking you for being here for Mary. Tony and Kristine, I have now been in your home and Slam Jam's. (Laughter.) And I like them both very much. Thank you so much for opening your home to a few of your friends today. It is a wonderful act of generosity.

I'd like to thank all the candidates who are here. They've all been introduced, but I thank them for coming. I thank Mayor Coyne and David Leland and Mayor Starr and -- Mayor Coyne, thank you for being here. I would like to say also a special word of appreciation to David Leland and the work that he has done with the Ohio Democratic Party. I think it's one of the best state Democratic Parties in the entire United States, and I thank you. And I thank all of these legislators and others who are here who were a part of that. (Applause.)

I'd like to thank Tony and Kristine for having their family here, and I'd like to thank Mary for having her mother, her husband, her kids -- her whole family here. This has turned out to be a family affair.

I'd also like to say a special word of thanks -- I always try to do this when I come to Ohio. You know, the press said that I would be the nominee of the Democratic Party when I won the Ohio primary in 1992. And then at the Democratic Convention in New York, Ohio's votes put me over the top officially. (Applause.) And then on Election Night in 1992, all the experts didn't predict that I was a winner until Ohio flashed on the screen for the Clinton-Gore ticket. And I thank you for that. (Applause.) And then in 1996, our margin of victory here was more than tripled over 1992. And I thank you for that. It took a lot of heartache away from me on Election Day, so I thank you for all that. (Applause.)

As Tony has already said, I would like to say a special word of appreciation to the family of Tom Corey for continuing to sponsor and support this event, for the love they had for him. And I would like to say a special word of appreciation for the feeling he had for the First Lady. We talked about that a little tonight. She is down in Uruguay, having the second of her Vital Voices conferences. That's a group that she's organized all over the world -- starting, I might, add for the Irish here, in Northern Ireland. (Applause.) To organize women committed to peace and to economic development

and to good family-supportive policies. So I wish she could be here.

But I would like to thank Robert, Thomas, Tracy, Terry, and Robert for being here and for what the Coreys have meant in their support of me. And thank you for supporting Mary today. Yes, give them a hand again. (Applause.)

I want you to know why I came here today. I'm here to support Mary Boyle for the Senate. I'm here to support her because she's got an outstanding record in public service, because she has good values and good positions on the issues -- you just heard them. I came here because I like her, I have confidence in her, and because if enough of you help her, she can win this election in November and make a big difference to the future of the United States. (Applause.)

Ohio in so many ways is so representative of America. And it's important that you understand that a senator from Ohio, in a very profound sense, can represent America and the best in America, and can have a profound impact on the future of this country, simply by doing what's best for you.

John Glenn called me the night before last, just to tell me to hang in there and express his support and friendship. We've had a wonderful relationship. But he called me also one more time to thank me for letting him go up in that spaceship --(laughter) -- because he was going down to Florida to complete his last training. First of all, he told me he was too old to be in the Senate, and then he asked me if he could go into space. (Laughter.) When he said that, I didn't think we could get anybody to run for the Senate. I thought everybody would be mortally terrified. (Laughter.)

But when I think about that -- you should think about what kind of person you want to replace John Glenn, because he not only represented you, America looked to him. And not just because he went up in space early, but because of what he represented after he came down. And I think you need to think about that.

You know, when I ran for President in 1992, except for President's Carter's term, we hadn't had much success at electing presidents since 1968. And I said to the American

people and to the people of Ohio, look, I'd like to take a different approach to the country's problems. I'd like to put an end to a lot of this partisan bickering in Washington and the shouting back and forth. And I believe that a lot of what we're hearing about national government is just flat wrong. I don't believe that you can help business by hurting labor. I think a good economic policy is pro-business and pro-labor. (Applause.) I don't believe you can grow the economy by destroying the environment. Over the long-run, that's a loser. I think we have

to prove that we can improve the environment as we grow the economy.

I don't believe that you can just jail your way out of the crime problem. Sure, people should be punished, but the best policy is to keep kids out of trouble in the first place with a sensible prevention policy. (Applause.) I don't believe people on welfare who can work should be on welfare. I think they ought to have to work. But I don't think when they go to work their children ought to be punished by losing their nutrition and their health care benefits. (Applause.)

If you took a totally non-political poll of families, and you ask them what they were really worried about -- working people with children -- most people would tell you, even in upper-income levels, that what they really worry about is how to properly balance their job at work and their job at home, which is still the most important job in America, raising your kids. Most everybody would tell you that. (Applause.)

So I say, if you vote for me, I'll try to reform the welfare system to make people work who ought to work, but I'm not going to make them sacrifice their responsibilities to their kids. There's got to be a way to balance these two things. And that's what we've done.

I said there was a way to bring the deficit down and continue to invest in education, in health care, in research, in making this country strong. I felt that America could be more active than we had been in promoting peace and freedom and prosperity around the world. And the American people gave me and Al Gore and Hillary and our whole team a chance to see whether we were right or not.

And when we celebrated a couple of days ago the first balanced budget in 29 years, the biggest surplus in the history of the country, the biggest surplus as a percentage of our economy since the 1950s, it came at a time when we also had the lowest unemployment rate in 28 years, the lowest crime rate in 25 years, the smallest percentage of people on welfare in 29 years, the lowest inflation rate in 32 years, with the smallest federal government in 35 years, and the highest home ownership in the history of the country. I am proud that we were able to work together to achieve those results for the United States. (Applause.)

Now, let me tell you why this election is important.

It's important for two reasons. First of all, we've got to decide what to do with this moment. That's the big issue. And let me say, I can't thank you enough, a lot of you who came by and said hello to me earlier, for the very kind personal things you said to me and, through me, to my wife. But I want you to understand something very clearly. If I had to do it all over

again, every day, I would do it in a heartbeat, to see America where it is today as compared to six years ago. (Applause.)

I want you to understand, too, that we all have to live with the consequences of our mistakes in life. Most of us don't have to live with it in quite such a public way. (Laughter.) But nobody gets out of this life for free. Nobody does. And so that's not the real point.

The other thing I want you to understand is that in this election all this adversity is not our enemy. The adversity is our friend. The Mayor and Mary and I were just walking on the street not very long ago. We talked to a lot of people that couldn't afford to be here today. But they might vote now because they understand that there are big issues at stake. Adversity is not our friend -- adversity is our friend; complacency is our enemy.

If you listen to people talk on the other side about why they're going to do well in these congressional elections, they'll tell you -- I mean privately. They tell me, oh, we're going to do very well, Mr. President, in these midterms because we have so much more money than you do, than you Democrats, and because they're midterm elections and the people that came out and voted for you for President in 1996, a lot of them won't show up in 1998 because it's not a presidential election.

The people that were good enough to serve you here at this event today, they've got a lot of hassles in their life. A lot of them have to worry about child care. A lot of them have to worry about transportation. They've got a lot of things on their mind. And the other guys say, just bluntly, you know, those people -- working people on modest incomes, younger people with kids to deal with, along with their jobs, minorities who may live in inner cities that are too far away from the polling place to walk, and not have transportation -- don't worry, they won't show up. Adversity is our friend because it will focus us on what is at issue here.

And what is at issue here is what are we going to do with this moment of prosperity? That's why this Senate seat is so important to Ohio and to the country. And I want you to think about it just a minute. Yes, we're doing well. I said all that, I just told you. We're doing very well. I'm grateful for that. I had some role in it and so did you. When Mary Boyle said, we produced the surplus, she was not wrong. You paid the money into the IRS. And you got up and went to work every day. And a lot of you created a lot of those new jobs. I didn't do that; we did that. My goal in Washington was to have the policies that would establish the conditions and give you the tools so that you could

do the job. That's the way America works.

Now, I'm also gratified -- if you just look around

this crowd today, we have here at least Arab Americans, Irish Americans, African Americans and Lord knows what else -- (laughter) -- Ukrainians, Slovenians -- (laughter.) What?

AUDIENCE MEMBER: And one Ukrainian.

PRESIDENT CLINTON: And one Ukrainian. (Laughter.) Probably some Jewish Americans, probably some others. This is America. And this is what I try to do not just for our party, but for our country. Just say, look, you know -- you look around the world and people are so troubled because of their racial, their ethnic, their religious, their political differences. They're killing each other. If we want to be a good influence in the rest of the world, we have to be good at home. We have to prove that what we have in common is more important than our differences. That's the only way we can celebrate our differences in a civil way.

And I'm proud of that -- of the work we've done for peace in Bosnia and Northern Ireland and Haiti and the Middle East. A lot of you talked to me about the Middle East today -- we had Mr. Arafat and Mr. Netanyahu here a few days ago. They talked alone for the first time in a year. We spent an hour and a half together, and they're coming back in a few days -- little over a week. And we're going to work and work and work and try to take the next big step in the peace process. These things are important. (Applause.) But what you need to understand is, in large measure, it all rests on you.

Now, I have said that when things -- we have two things going on. Number one, America is doing very well. Right? Number one. (Applause.) Number two, America is doing very well in a very fast changing world, where events are changing every day. You see it. You see the financial crisis around the world. You see the troubles in Kosovo. When I was riding through the neighborhood there was young woman that had a sign that said, "Please help Kosovo."

Now, what are we going to do with this moment? I think we have to use it to deal with the big long-term challenges of the country. In this election, it means at a minimum don't spend the surplus until we fix Social Security for the baby boom generation so that they can retire in dignity without hurting --so we, I'm one of them -- (laughter) -- so that we can retire in dignity without hurting our children and our grandchildren's standard of living. That is a huge issue. (Applause.)

Now, members of the other party are going to fan out all across America and say, we're trying to give you an election year tax cut -- I mean, it's just a few weeks before the election, we're trying to give it to you. And that mean old President and his party won't come across. But it's not very much money, and we waited 29 years and we worked hard for six

years to see the red ink turn to black and I'd kind of like to watch it dry for a day or two before we squander it. (Applause.)

People like Mary's mother, their Social Security is secure. You're 60 years old, now, your Social Security will be fine. But if we don't make some modest changes in the system, by the time all of us baby boomers retire and there are only two people working for every one person drawing, we will only have one of two bad alternatives. If you're between 34 and 52, you're in the baby boom generation. When you get into Social Security, if we don't make some changes, we'll have one of two alternatives. We'll either have to put a whopping tax increase on our kids so that we can continue to sustain the present system, undermining our children's ability to raise our grandchildren; or they'll have to put a whopping cut in Social Security benefits on us, undermining the security of our retirement. Not everybody is going to have as good a pension as I do, you know. (Laughter.) And it's a serious thing. It's a serious thing.

Half the senior citizens in this country today would be in poverty were it not for the Social Security system. Now, people say, well, how can you do this with the election four and a half weeks away and the tax cut something you get right away and we're looking to the future? America is around here after 220 years because when we needed to do it we always looked to the future. And I trust the American people to say, we prefer to put Social Security first and to save it. I think that's the right decision. (Applause.)

The second issue that's really big to me -- that you can see if you see all this financial turmoil around the world -- 30 percent of our growth comes from selling things to other countries, our products and our services. And when we can't because they don't have any money, we suffer.

There are a bunch of farmers in North Dakota today, if you went up and told them these were America's best times, they would think that you needed a serious mental health examination. (Laughter.) Why? Because they sell wheat and we sell half our wheat overseas and 40 percent of it to Asia, and they don't have any money to buy their wheat. And farm income has dropped to nothing. We're going to lose this year, unless the Congress passes the emergency agricultural legislation I sent, we could lose 10,000 American farmers this year -- family farmers.

So I say, we've got to take the lead in trying to do the following things. Number one, we've got to try to limit this financial crisis in Asia and Russia before it spreads to Latin America where our biggest markets are, our fastest growing ones. Number two, we've got to try to help them, our friends in Latin America and Russia, if they will do the right things, get back on their feet so they can grow again and participate with us. And

number three, we've got to make some changes in the world financial and trade system so that it works for ordinary people.

Freedom and free enterprise will not be embraced forever around the world unless it works for ordinary people. The reason we've still got this system here is that most people, every time an election comes around, believes that freedom and free markets and free enterprise are good systems. And if they didn't, the voters would have changed them here a long time ago. Now, we've got to do that.

So I never thought in my life -- if anybody ever told me when I came to Washington that funding for the International Monetary Fund would be an issue in an election, I never would have believed it. Most people, if you talk about the IMF, most people don't know what it means. But what the IMF means today is continued economic opportunity for the people of the United States of America. Now, I have been waiting eight months for the Congress to fund what we owe to the IMF. The United States has got to lead the world out of this financial mess and we've got to do it before it bites us and our friends in Europe, and even sooner, our friends in Latin America.

If you want -- a lot of people here are concerned about the Middle East peace -- one of the reasons we need to hurry up is the abject poverty in which too many people, not only Palestinians, but others -- Jordanians -- others in the Middle East are living in. We can't help them unless there is a general climate of growth and investment in the world. This is a big deal. But it's become a partisan political issue in Washington, so after eight months we still don't have it.

So if you want to send a message that you expect your country to protect your jobs and your businesses and your future, then you've got to support our program to keep America leading the way in the world economy. It's very important and very simple. (Applause.)

I'll just mention one other issue. I know I'm preaching to the saved here today, but when I leave you're going to be here and you've got to go talk to other people. The third issue is education. Now, I'm really proud of the fact that in the bipartisan balanced budget bill we opened the doors of college wider than ever before because our party's initiative, my administration's initiative, was embraced -- tax credits for all four years of college, for graduate school; deductibility of interest on student loans; more scholarships through the Pell Grant program; more work-study programs.

That's great. Everybody knows now we've done that. But what we have not done is made our elementary and secondary schools the best in the world, no matter where children live, what their race is, what their income is, what their

circumstances are. You know that.

Now, I gave the Congress eight months ago an education program, fully paid for. Here's what it does. It would provide 100,000 teachers to take class size in the early

grades down to an average of 18. All the research shows that's the most important thing you can do to give kids a good start in life and the benefits are permanent. That's the first thing it does.

The second thing it does is provide a tax incentive program to help rebuild and repair or build 5,000 schools. Why is that important? I visited a little school district -- a little school district in Florida the other day where one school had 12 trailers in the back for classrooms. It's the biggest group of kids ever in school -- the first group bigger than the baby boomers. In Philadelphia, where I'm going when I leave you, the average school building is 65 years old. I visited a school where the whole floor is shut down.

We tell our kids they're the most important thing in the world; what do we say to them if they walk up the steps of the school and the windows are broken and the floors are closed and they can't even look out the window in a lot of these places? And they're not safe.

This program also would provide funds to school districts who would do like Chicago did and say, we're not going to have any more social promotion -- you've got to prove that you know what you're supposed to know to go to the next grade. But we will not tell you, children, that you are failures just because the system failed. So if you don't make the grade, we'll send you to after-school programs, we'll send you to summer school programs, we'll give you tutors. The Chicago school system's summer school is now the sixth biggest school district in the United States of America.

And I want to do that everywhere. I think every child deserves not to be defrauded in education. You're not doing them a favor if you promote them if they don't know anything; but you're sure not doing them a favor if you brand them a failure because the system failed them. So give them the after-school program and give them the summer school program. (Applause.)

Now, this program expands our efforts for safe schools -- a big issue now. It would hook up all the classrooms

in the country, no matter how poor or rural they are, to the Internet by the year 2000. That's what it does -- eight months, no action.

Now, what is the record of the other party? What

have they done with their year in the majority? And keep in mind, I have done my best to work in a bipartisan way. We got a few Republicans -- after no Republicans on our budget bill, we got a few for the Brady Bill, we got a few for the crime bill to put 100,000 police on the street. We had a genuine bipartisan effort -- big majorities in both parties finally for the welfare bill, after I vetoed the first two because it took the health and nutrition benefits away from the families. And now it's going in the other direction, in the wrong direction.

What have they done? They killed the minimum wage increase for 12 million Americans. They killed campaign finance reform. They killed the tobacco reform legislation that would have put in billions of dollars to protect our children from the danger of tobacco, still the number one public health problem in America today. They killed the patients' bill of rights that says that you have a right to go to the nearest emergency room if you're in an accident, to see a specialist if you need one, to keep your doctor even if your health provider changes while you're pregnant or in chemotherapy or some other reason. They've actually gone backwards in protecting the environment -- there are all kinds of assaults on the environment in their budget. They have gone backwards at protecting Social Security first with this House tax bill. And there has been no action on the International Monetary Fund and the education.

And this shows a larger set of different attitudes. I believe with all my heart that we're up there not to fight with each other about where we are on the totem pole, but to fight for you to make sure you and your children have a better, safer, freer future. That's what I think we're there for. (Applause.)

If you want to send a message to Washington that you want your interests put first, that you want progress over partisanship, that you want people over politics, that you believe in Social Security first, education is our top investment priority, and keeping the economy going -- if you want to send that message, the best way in the world you could ever send that message is to send Mary Boyle to the United States Senate.

Thank you and God bless you. (Applause.)

END

3:04 P.M. EDT

ARMS Email SystemRECORD TYPE: FEDERAL (ALL-IN-1 MAIL)

CREATOR: Ellen E. Olcott (OLCOTT_E) (WHO)

CREATION DATE/TIME: 6-OCT-1998 11:55:23.93

SUBJECT: 1998-10/05 POTUS remarks to 1998 World Bank/IMF

TO: Remote Addressee (1=US@2=WESTERN
UNION@3=@5=ATT.COM@*ELN\62955104@MRX@EOPMRX)
READ:NOT READ

TO: Remote Addressee (62955104@eln.attmail.com@INET)
READ:NOT READ

TO: lori E. Abrams (ABRAMS_L) Autoforward to: Remote Addressee (Lori E.
Abrams@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jeannetta P. Allen (ALLEN_JP) Autoforward to: Remote Addressee (Jeannetta P.
Allen@eop@lngtwy@eopmrx) (WHO)
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TO: Lori L. Anderson (ANDERSON_L) Autoforward to: Remote Addressee (Lori L.
Anderson@eop@lngtwy@eopmrx) (WHO)
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TO: Brenda M. Anders (ANDERS_B) Autoforward to: Remote Addressee (Brenda M.
Anders@eop@lngtwy@eopmrx) (WHO)
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TO: Eli G. Attie (ATTIE_E) Autoforward to: Remote Addressee (Eli G.
Attie@OVP@EOP@LNGTWY@EOPMRX) (VPO)
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TO: Patrick Aylward (AYLWARD_P) Autoforward to: Remote Addressee (Patrick
Aylward@eop@lngtwy@eopmrx) (PIR)
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TO: Robin J. Bachman (BACHMAN_R) Autoforward to: Remote Addressee (Robin J.
Bachman@eop@lngtwy@eopmrx) (WHO)
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TO: Kyle M. Baker (BAKER_K) Autoforward to: Remote Addressee (Kyle M.
Baker@eop@lngtwy@eopmrx) (WHO)
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TO: Karen L. Barbuschak (BARBUSCHAK_K) Autoforward to: Remote Addressee (Karen L.
Barbuschak@EOP@LNGTWY@EOPMRX) (OA)
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TO: Beverly J. Barnes (BARNES_BJ) Autoforward to: Remote Addressee (Beverly J.
Barnes@eop@lngtwy@eopmrx) (WHO)

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TO: Brian A. Barreto (BARRETO_B) Autoforward to: Remote Addressee (Brian A.
Barreto@eop@lngtwy@eopmrx) (OPD)
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TO: Mark H. Bartholomew (BARTHOLOME_M) Autoforward to: Remote Addressee (Mark
H. Bartholomew@eop@lngtwy@eopmrx) (OA)
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TO: Todd A. Bartholow (BARTHLOW_T) (OA)
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TO: David S. Beaubaire (BEAUBAIRE_D) Autoforward to: Remote Addressee (David S.
Beaubaire@eop@lngtwy@eopmrx) (WHO)
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TO: Paul E. Begala (BEGALA_P) Autoforward to: Remote Addressee (Paul E.
Begala@eop@lngtwy@eopmrx) (WHO)
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TO: Mark J. Bernstein (BERNSTEIN_MJ) Autoforward to: Remote Addressee (Mark J.
Bernstein@eop@lngtwy@eopmrx) (WHO)
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TO: Marsha E. Berry (BERRY_ME) Autoforward to: Remote Addressee (Marsha E.
Berry@eop@lngtwy@eopmrx) (WHO)
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TO: Antony J. Blinken (BLINKEN_A) Autoforward to: Remote Addressee (antony j.
blinken@eop@lngtwy@eopmrx) (NSC)
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TO: Alexander L. Boyle (BOYLE_A) Autoforward to: Remote Addressee (Alexander L.
Boyle@eop@lngtwy@eopmrx) (PIR)
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TO: Lanny A. Breuer (BREUER_L) Autoforward to: Remote Addressee (Lanny A.
Breuer@eop@lngtwy@eopmrx) (WHO)
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TO: Patrick E. Briggs (BRIGGS_P) Autoforward to: Remote Addressee (Patrick E.
Briggs@eop@lngtwy@eopmrx) (WHO)
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TO: Erin L. Brinkman (BRINKMAN_E) Autoforward to: Remote Addressee (Erin L.
Brinkman@eop@lngtwy@eopmrx)
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TO: Susan Brophy (BROPHY_S)
READ:NOT READ

TO: Nyda Budig (BUDIG_N) (NSC)
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TO: Katharine M. Button (BUTTON_K) Autoforward to: Remote Addressee (Katharine
Button@EOP@LNGTWY@EOPMRX) (WHO)
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TO: Robin Bachman (Bachman_R) Autoforward to: Remote Addressee (Robin J.
Bachman@eop@lngtwy@eopmrx) (WHO)
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TO: Barbara D. Woolley (Barbara D. Woolley@eop@LNGTWY@EOPMRX)
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TO: Bradley M. Campbell (Bradley M. Campbell@EOP@LNGTWY@EOPMRX)
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TO: Alejandro G. Cabrera (CABRERA_A) Autoforward to: Remote Addressee (Alejandro G.
Cabrera@ovp@eop@lngtwy@eop (VPO)
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TO: Dominique L. Cano (CANO_D) Autoforward to: Remote Addressee (Dominique L.
Cano@eop@lngtwy@eopmrx) (WHO)
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TO: Joseph W. Cerrell (CERREL_J) Autoforward to: Remote Addressee (Joseph W.
Cerrell@OVP@EOP@LNGTWY@EOPMRX (VPO)
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TO: David K. Chai (CHAI_D) Autoforward to: Remote Addressee (David K.
Chai@eop@lngtwy@eopmrx) (PIR)
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TO: Andrei H. Cherny (CHERNY_A) Autoforward to: Remote Addressee (Andrei H.
Cherny@ovp@eop@lngtwy@eopmrx (VPO)
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TO: Nanda Chitre (CHITRE_N) Autoforward to: Remote Addressee (Nanda
Chitre@eop@lngtwy@eopmrx) (WHO)
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TO: Delia A. Cohen (COHEN_DA) Autoforward to: Remote Addressee (Delia A.
Cohen@eop@lngtwy@eopmrx) (WHO)
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TO: Julianne B. Corbett (CORBETT_J) Autoforward to: Remote Addressee (Julianne B.
Corbett@eop@lngtwy@eopmrx) (WHO)
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TO: Gregory B. Craig (CRAIG_G) Autoforward to: Remote Addressee (Gregory B.
Craig@eop@lngtwy@eopmrx) (WHO)
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TO: Michelle Crisci (CRISCI_M) (WHO)
READ:NOT READ

TO: Philip J. Crowley (CROWLEY_P) (NSC)
READ:NOT READ

TO: Lynn G. Cutler (CUTLER_L) (WHO)
READ:NOT READ

TO: Lisa R. Dass (DASS_L) Autoforward to: Remote Addressee (Lisa R.
Dass@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lana Dickey (DICKY_L) (WHO)
READ:NOT READ

TO: Elliot J. Diringer (DIRINGER_E) Autoforward to: Remote Addressee (Elliot J.
Diringer@eop@lngtwy@eopmrx) (CEQ)
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TO: Jackson T. Dunn (DUNN_J) Autoforward to: Remote Addressee (Jackson T.
Dunn@eop@lngtwy@eopmrx) (WHO)
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TO: Daniel W. Burkhardt (Daniel W. Burkhardt@eop@LNGTWY@EOPMRX)
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TO: Diane Ikemiyashiro (Diane Ikemiyashiro@eop@LNGTWY@EOPMRX)
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TO: Dorian V. Weaver (Dorian V. Weaver@eop@LNGTWY@EOPMRX)
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TO: Dorinda A. Salcido (Dorinda A. Salcido@eop@LNGTWY@EOPMRX)
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TO: Douglas Matties (Douglas Matties@eop@LNGTWY@EOPMRX)
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TO: Anne M. Edwards (EDWARDS_A) Autoforward to: Remote Addressee (Anne M.
Edwards@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rahm Emanuel (EMANUEL_R) Autoforward to: Remote Addressee (Rahm
Emanuel@eop@lngtwy@eopmrx) (WHO)
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TO: Patricia M. Ewing (EWING_P) Autoforward to: Remote Addressee (Patricia M.
Ewing@OVP@EOP@LNGTWY@EOPMRX (VPO)
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TO: Joseph C. Fanaroff (FANAROFF_J) Autoforward to: Remote Addressee (Joseph C.
Fanaroff@eop@lngtwy@eopmrx) (WHO)
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TO: Jennifer Ferguson (FERGUSON_J) Autoforward to: Remote Addressee (Jennifer
Ferguson@eop@lngtwy@eopmrx) (OMB)

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TO: Julie A. Fernandes (FERNANDES_J) Autoforward to: Remote Addressee (Julie A.
Fernandes@eop@lngtwy@eopmrx) (OPD)
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TO: Martha Foley (FOLEY_M) Autoforward to: Remote Addressee (Martha
Foley@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rachel E. Forde (FORDE_R) ()
READ:NOT READ

TO: Carmen B. Fowler (FOWLER_C) Autoforward to: Remote Addressee (Carmen B.
Fowler@eop@lngtwy@eopmrx) (WHO)
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TO: Grace A. Garcia (GARCIA_GA) Autoforward to: Remote Addressee (Grace A.
Garcia@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Kara Gerhardt (GERHARDT_K) Autoforward to: Remote Addressee (KARA
GERHARDT@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jessica L. Gibson (GIBSON_JL) Autoforward to: Remote Addressee (Jessica L.
Gibson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Adam W. Goldberg (GOLDBERG_A) Autoforward to: Remote Addressee (Adam W.
Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julie B. Goldberg (GOLDBERG_JB) Autoforward to: Remote Addressee (Julie B.
Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Dario J. Gomez (GOMEZ_D) Autoforward to: Remote Addressee (Dario J.
Gomez@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: David R. Goodfriend (GOODFRIEND_D) Autoforward to: Remote Addressee (David R.
Goodfriend@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Joshua S. Gottheimer (GOTTHEIMER_J) Autoforward to: Remote Addressee (Joshua S.
Gottheimer@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Wendy E. Gray (GRAY_W) Autoforward to: Remote Addressee (Wendy E.
Gray@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: John Gribben (GRIBBEN_J) Autoforward to: Remote Addressee (John A.

Gribben@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Donald Goldberg (Goldberg_D) Autoforward to: Remote Addressee (Donald
Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lawrence J. Haas (HAAS_L) Autoforward to: Remote Addressee (Lawrence J.
Haas@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: William C. Haymes (HAYMES_W) Autoforward to: Remote Addressee (William C.
Haymes@eop@lngtwy@eopmrx) (OA)
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TO: Drew W. Holzapfel (HOLZAPFEL_D) Autoforward to: Remote Addressee (Drew W.
Holzapfel@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Maureen A. Hudson (HUDSON_M) Autoforward to: Remote Addressee (Maureen A.
Hudson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Manager Infomgt (INFOMGT) (SYS)
READ:NOT READ

TO: Sheyda Jahanbani (JAHANBANI_S) Autoforward to: Remote Addressee (Sheyda
Jahanbani@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Thomas D. Janenda (JANENDA_T) Autoforward to: Remote Addressee (Thomas D.
Janenda@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: David T. Johnson (JOHNSON_DT) Autoforward to: Remote Addressee (david t.
johnson@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Wayne C. Johnson (JOHNSON_WC) Autoforward to: Remote Addressee (Wayne C.
Johnson@EOP@LNGTWY@EOPMRX) (OA)
READ:NOT READ

TO: Michele Jolin (JOLIN_M) Autoforward to: Remote Addressee (Michele
Jolin@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: James M. Teague (James M. Teague@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jon P. Jennings (Jon P. Jennings@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Julie E. Mason (Julie E. Mason@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: David E. Kalbaugh (KALBAUGH_D) Autoforward to: Remote Addressee (David E.
Kalbaugh@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jonathan A. Kaplan (KAPLAN_JA) Autoforward to: Remote Addressee (Jonathan A.
Kaplan@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Mark A. Kitchens (KITCHENS_M) Autoforward to: Remote Addressee (Mark A.
Kitchens@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Catherine T. Kitchen (KITCHEN_C) Autoforward to: Remote Addressee (Catherine T.
Kitchen@eop@lngtwy@eopmrx (WHO)
READ:NOT READ

TO: Sarah S. Knight (KNIGHT_S) Autoforward to: Remote Addressee (Sarah S.
Freeman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: James Kohlenberger (KOHLEN_J) Autoforward to: Remote Addressee (Jim
Kohlenberger@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Remote Addressee (KTORPEY@AOL.COM@INET)
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TO: Kris M. Balderston (Kris M Balderston@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Sara Latham (LATHAM_S) Autoforward to: Remote Addressee (Sara M.
Latham@eop@lngtwy@eopmrx) (WHO)
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TO: Christopher J. Lavery (LAVERY_C) Autoforward to: Remote Addressee (Christopher J.
Lavery@eop@lngtwy@eopmrx (WHO)
READ:NOT READ

TO: Christopher S. Lehane (LEHANE_C) Autoforward to: Remote Addressee (Christopher S.
Lehane@OVP@EOP@LNGTWY@EO (VPO)
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TO: Joseph P. Lockhart (LOCKHART_J) Autoforward to: Remote Addressee (Joseph P.
Lockhart@eop@lngtwy@eopmrx) (WHO)
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TO: Laura D. Schwartz (Laura D. Schwartz@eop@LNGTWY@EOPMRX)
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TO: Lisa J. Levin (Lisa J. Levin@eop@LNGTWY@EOPMRX)
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TO: Christine N. Macy (MACY_C) Autoforward to: Remote Addressee (Christine N.

Macy@eop@lngtwy@eopmrx) (WHO)
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TO: Michael D. Malone (MALONE_M) Autoforward to: Remote Addressee (michael d.
malone@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Laura S. Marcus (MARCUS_LS) Autoforward to: Remote Addressee (Laura S.
Marcus@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Tanya E. Martin (MARTIN_T) Autoforward to: Remote Addressee (Tanya E.
Martin@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Doris O. Matsui (MATSUI_D) Autoforward to: Remote Addressee (Doris O.
Matsui@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Douglas R. Matties (MATTIES_D) Autoforward to: Remote Addressee (Douglas R.
Matties@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Emory L. Mayfield (MAYFIELD_E) Autoforward to: Remote Addressee (Emory L.
Mayfield@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Andrew Mayock (MAYOCK_A) Autoforward to: Remote Addressee (Andrew J.
Mayock@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne E. McGuire (MCGUIRE_A) Autoforward to: Remote Addressee (Anne E.
McGuire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Susanna B. McGuire (MCGUIRE_S) Autoforward to: Remote Addressee (Susanna B.
McGuire@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Estela Mendoza (MENDOZA_E) Autoforward to: Remote Addressee (Estela
Mendoza@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Noa A. Meyer (MEYER_N) Autoforward to: Remote Addressee (Noa A.
Meyer@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: R. Scott Michaud (MICHAUD_R) Autoforward to: Remote Addressee (R. Scott
Michaud@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Elisa Millsap (MILLSAP_E) Autoforward to: Remote Addressee (Elisa
Millsap@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cheryl D. Mills (MILLS_C) Autoforward to: Remote Addressee (Cheryl D.
Mills@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rajiv Y. Mody (MODY_R) Autoforward to: Remote Addressee (Rajiv Y.
Mody@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julia Moffett (MOFFETT_J) (WHO)
READ:NOT READ

TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (megan
moloney@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Kevin Moran (MORAN_K1) Autoforward to: Remote Addressee (Kevin
Moran@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Melissa M. Murray (MURRAY_MM) Autoforward to: Remote Addressee (Melissa M.
Murray@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Reuben L. Musgrave Jr. (MUSGRAVE_R) Autoforward to: Remote Addressee (Reuben L.
Musgrave Jr.@eop@lngtwy@eopmr (WHO)
READ:NOT READ

TO: Mindy E. Myers (MYERS_ME) Autoforward to: Remote Addressee (Mindy E.
Myers@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Sean Maloney (Maloney_S) Autoforward to: Remote Addressee (Sean P.
Maloney@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Mark J. Bernstein (Mark J. BERNSTEIN@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael Terrell (Michael V. Terrell@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Steven J. Naplan (NAPLAN_S) Autoforward to: Remote Addressee (Steven J.
Naplan@eop@lngtwy@eopmrx) (NSC)
READ:NOT READ

TO: Mark D. Neschis (NESCHIS_M) Autoforward to: Remote Addressee (Mark D.
Neschis@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Elizabeth R. Newman (NEWMAN_E) Autoforward to: Remote Addressee (Elizabeth R.
Newman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Nathan B. Naylor (Nathan B. Naylor@ovp@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Neera Tanden (Neera Tanden@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jonathan Orszag (ORSZAG_J) Autoforward to: Remote Addressee (Jonathan
Orszag@eop@lngtwy@eopmrk) (OPD)
READ:NOT READ

TO: Eleanor S. Parker (PARKER_ES)
READ:NOT READ

TO: Carol Parmelee (PARMELEE_C) Autoforward to: Remote Addressee (Carole A.
Parmelee@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Sally P. Paxton (PAXTON_S) Autoforward to: Remote Addressee (Sally P.
Paxton@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Julia Payne (PAYNE_J) Autoforward to: Remote Addressee (Julia M.
Payne@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Misty L. Phillips (PHILLIPS_M) Autoforward to: Remote Addressee (Misty L.
Phillips@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Matthew W. Pitcher (PITCHER_M) Autoforward to: Remote Addressee (Matthew W.
Pitcher@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Timothy Dixon (PR_U=TDIXON@PR_L=AVUOEOb@MRP@OPUS)
READ:NOT READ

TO: Phillip Caplan (Phillip Caplan@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Remote Addressee (Pub_Arch@oa.eop.gov@INET@EOPMRX)
READ:NOT READ

TO: Nicole R. Rabner (RABNER_N) Autoforward to: Remote Addressee (Nicole R.
Rabner@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Brian A. Reich (REICH_B) Autoforward to: Remote Addressee (Brian A.
Reich@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Linda Ricci (RICCI_L) Autoforward to: Remote Addressee (Linda
Ricci@eop@lngtwy@eopmrk) (OMB)
READ:NOT READ

TO: Steve Richetti (RICHETTI_S) (WHO)
READ:NOT READ

TO: Heather M. Riley (RILEY_H) Autoforward to: Remote Addressee (Heather M.
Riley@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Renee C. Riley (RILEY_R) Autoforward to: Remote Addressee (Renee C.
Riley@eop@lngtwy@eopmrx) (OA)
READ:NOT READ

TO: Robin M. Roland (ROLAND_R) Autoforward to: Remote Addressee (Robin M.
Roland@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cecilia E. Rouse (ROUSE_C) Autoforward to: Remote Addressee (Cecilia E.
Rouse@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Eric S. Rubin (RUBIN_E) (NSC)
READ:NOT READ

TO: Charles Ruff (RUFF_C) Autoforward to: Remote Addressee (Charles F.
Ruff@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Peter Rundlet (RUNDLET_P) Autoforward to: Remote Addressee (Peter
Rundlet@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Virginia N. Rustique (RUSTIQUE_V) Autoforward to: Remote Addressee (Virginia N.
Rustique@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Evan Ryan (RYAN_E) Autoforward to: Remote Addressee (Evan
Ryan@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Remote Addressee (Releases@pub.pub.whitehouse.gov@INET@EOPMRX)
READ:NOT READ

TO: Remote Addressee (Releases@www3.whitehouse.gov@INET@EOPMRX)
READ:NOT READ

TO: Jodi R. Sakol (SAKOL_J) Autoforward to: Remote Addressee (Jodi R.
Sakol@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Roger V. Salazar (SALAZAR_R) Autoforward to: Remote Addressee (Roger V.
Salazar@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: G. Timothy Saunders (SAUNDERS_GT) Autoforward to: Remote Addressee (G. Timothy
Saunders@EOP@LNGTWY@EOPMRX) (WHO)

READ:NOT READ

TO: Jason H. Schechter (SCHECHTER_J) Autoforward to: Remote Addressee (Jason H.
Schechter@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jill A. Schuker (SCHUKER_J) Autoforward to: Steven J. Naplan (NAPLAN_S) (NSC)
READ:NOT READ

TO: Judithanne V. Scourfield (SCOURFIELD_J) Autoforward to: Remote Addressee (Judithanne
V. Scourfield@eop@lngtwy@eop (WHO)
READ:NOT READ

TO: Brooks E. Scoville (SCOVILLE_B) Autoforward to: Remote Addressee (BROOKS
SCOVILLE@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Maya Seiden (SEIDEN_M) Autoforward to: Remote Addressee (Maya
Seiden@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Barbara Semedo (SEMEDO_B) Autoforward to: Remote Addressee (Barbara
Semedo@eop@lngtwy@eopmrx) (PIR)
READ:NOT READ

TO: Ruby Shamir (SHAMIR_R) Autoforward to: Remote Addressee (Ruby
Shamir@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jeffrey A. Shesol (SHESOL_J) Autoforward to: Remote Addressee (Jeffrey A.
Shesol@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: June Shih (SHIH_J) Autoforward to: Remote Addressee (June
Shih@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Robert M. Shireman (SHIREMAN_R) Autoforward to: Remote Addressee (Robert M.
Shireman@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Jake Siewert (SIEWERT_J) Autoforward to: Remote Addressee (Jake
Siewert@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Dawn L. Smalls (SMALLS_D) Autoforward to: Remote Addressee (Dawn L.
Smalls@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_B2) Autoforward to: Remote Addressee (Brian D.
Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_BD) (OMB)

READ:NOT READ

TO: Craig T. Smith (SMITH_CT) Autoforward to: Remote Addressee (Craig T.
Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jonathan E. Smith (SMITH_J) Autoforward to: Remote Addressee (jonathan e.
smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Mary L. Smith (SMITH_ML) Autoforward to: Remote Addressee (Mary L.
Smith@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard
Socarides@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Douglas B. Sosnik (SOSNIK_D) Autoforward to: Remote Addressee (Douglas B.
Sosnik@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Maria E. Soto (SOTO_M) Autoforward to: Remote Addressee (Maria E.
Soto@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Chandler G. Spaulding (SPAULDING_C) Autoforward to: Remote Addressee (Chandler G.
Spaulding@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Elisabeth Steele (STEELE_E) Autoforward to: Remote Addressee (Elisabeth
Steele@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Aviva Steinberg (STEINBERG_A) Autoforward to: Remote Addressee (Aviva
Steinberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Todd Stern (STERN_T) Autoforward to: Remote Addressee (Todd
Stern@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Dana C. Strand (STRAND_D) Autoforward to: Remote Addressee (Dana C.
Strand@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Diane A. Stumpf (STUMPF_D) Autoforward to: Remote Addressee (Diane A.
Stumpf@eop@lngtwy@eopmrx) (DON)
READ:NOT READ

TO: Mike Sullivan (SULLIVAN_M) Autoforward to: Remote Addressee (Michael J.
Sullivan@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Margaret M. Suntum (SUNTUM_M) (WHO)
READ:NOT READ

TO: SUNTUM_M (SUNTUM_M@A1@CD) (WHO)
READ: 6-OCT-1998 12:00:35.70

TO: Jonathan Schnur (Schnur_J) Autoforward to: Remote Addressee (Jonathan H.
Schnur@eop@lngtwy@eopmrk) (OPD)
READ:NOT READ

TO: Tracy F. Sisser (Sisser_T) Autoforward to: Remote Addressee (Tracy F.
Sisser@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Sylvia M. Mathews (Sylvia M. Mathews@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Lisa Jordan Tamagni (TAMAGNI_L) Autoforward to: Remote Addressee (Jordan
Tamagni@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Remote Addressee (TCSmith@dol.gov@INET@EOPMRX)
READ:NOT READ

TO: Sandra L. Tijerina (TIJERINA_S) Autoforward to: Remote Addressee (Sandra L.
Tijerina@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Amy W. Tobe (TOBE_A) Autoforward to: Remote Addressee (Amy W.
Tobe@eop@lngtwy@eopmrk)
READ:NOT READ

TO: Barry J. Toiv (TOIV_B) Autoforward to: Barry Toiv (Barry J.
Toiv@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Serena C. Torrey (TORREY_S) Autoforward to: Remote Addressee (Serena C.
Torrey@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Karen Tramontano (TRAMONTANO_K) Autoforward to: Remote Addressee (Karen
Tramontano@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: June G. Turner (TURNER_J) Autoforward to: Remote Addressee (June G.
Turner@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Thomas M. Rosshirt (Thomas M. Rosshirt@ovp@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Thurgood Marshall (Thurgood Marshall Jr@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dag Vega (VEGA_D) (WHO)
READ:NOT READ

TO: Virginia Apuzzo (Virginia Apuzzo@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael Waldman (WALDMAN_M) Autoforward to: Remote Addressee (Michael
Waldman@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Angelina Walker (WALKER_L) Autoforward to: Remote Addressee (Angelina
Walker@ovp@eop@lngtwy@eopmr) (VPO)
READ:NOT READ

TO: Essence P. Washington (WASHINGTON_E) Autoforward to: Remote Addressee (Essence
P. Washington@eop@lngtwy@eopmr (OPD)
READ:NOT READ

TO: Glen M. Weiner (WEINER_G) Autoforward to: Remote Addressee (Glen M.
Weiner@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Robert S. Weiner (WEINER_R) Autoforward to: Remote Addressee (Robert S.
Weiner@eop@lngtwy@eopmr) (DON)
READ:NOT READ

TO: Peter A. Weissman (WEISSMAN_P) Autoforward to: Remote Addressee (Peter A.
Weissman@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Lowell Weiss (WEISS_L) Autoforward to: Remote Addressee (Lowell A.
Weiss@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Woyneab M. Wondwossen (WONDWOSSEN_W) Autoforward to: Remote Addressee (Woyneab M. Wondwossen@eop@lngtwy@eopmr (WHO)
READ:NOT READ

TO: Debra S. Wood (WOOD_D) Autoforward to: Remote Addressee (Debra S.
Wood@eop@lngtwy@eopmr) (WHO)
READ:NOT READ

TO: Natalie S. Wozniak (WOZNIAK_N) (NSC)
READ: 7-OCT-1998 20:10:51.40

TO: Remote Addressee (William H. White Jr.@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Remote Addressee (backup@wilson.ai.mit.edu@INET)
READ:NOT READ

TO: Remote Addressee (cmbeach@msn.com@INET)
READ:NOT READ

TO: Remote Addressee (dmlbank@tnr.com@INET)
READ:NOT READ

TO: Remote Addressee (julie_green@ed.gov@INET)
READ:NOT READ

TO: Remote Addressee (klasky_helaine@ustr.gov@INET)
READ:NOT READ

TO: Glynn, Mary Ellen (meglynn@usia.gov@INET@EOPMRX)
READ:NOT READ

TO: Remote Addressee (newsdesk@usnewswire.com@INET)
READ:NOT READ

TO: Remote Addressee (skgmd@umich.edu@INET)
READ:NOT READ

TO: Remote Addressee (tingen-terri@dol.gov@INET)
READ:NOT READ

TO: Remote Addressee (usia01@access.digex.com@INET)
READ:NOT READ

TO: Remote Addressee (usnwire@access.digex.com@INET)
READ:NOT READ

TO: Remote Addressee (wh-outbox-distr@pub.pub.whitehouse.gov@INET)
READ:NOT READ

TEXT:
PRINTER FONT 10_POINT_COURIER
BOTTOM ODD
MORE
PRINTER FONT 12_POINT_COURIER

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 6, 1998

REMARKS BY THE PRESIDENT
TO OPENING CEREMONY OF THE
1998 INTERNATIONAL MONETARY FUND/WORLD BANK
ANNUAL MEETING

Marriott Wardman Park Hotel
Washington, D.C.

10:52 A.M. EDT

THE PRESIDENT: Thank you very much. Secretary Rubin; my friend, President Menem; Minister Fernandez; Managing Director Camdessus; President Wolfensohn; Dr. Rutenstorfer; ladies and gentlemen: Before I begin my remarks, I hope you will permit me to say a few words about another issue of real concern to the international community, about which I have been working already this morning -- the subject of Kosovo.

I have been on the phone with many of my counterparts, and I just was speaking with Prime Minister Blair, who is in China. We all agree that Kosovo is a powder keg in the Balkans. If the violence continues, it could spill over and threaten the peace and stability of Bosnia, of Albania, of Macedonia and other countries in the region. What is already a humanitarian crisis could turn into a catastrophe.

Some 250,000 people have been forced to flee their homes. Of that number, approximately 50,000 are actually homeless. As winter sets in they risk freezing or starving to death.

President Milosevic is primarily responsible for this crisis. The United Nations has made clear the steps we must take to end it -- declare an immediate cease

-fire, withdraw Serb security forces, give humanitarian relief groups full and immediate access to Kosovo, begin real negotiations with the Kosovar Albanians to find a peaceful and permanent solution to their rightful demand for autonomy.

As we meet here, my Special Envoy, Dick Holbrooke, is meeting with President Milosevic to reiterate what he must do and to make clear that NATO is prepared to act if President Milosevic fails to honor the United Nations resolutions. The stakes are high. The time is now to end the violence in Kosovo. I hope all of you will do whatever you can to that end.

Now to the matter at hand. A half century ago, a visionary generation of leaders gathered at Bretton Woods to build a new economy to serve the citizens of every nation. In one of his last messages to Congress, President Franklin Roosevelt said that the creation of the International Monetary Fund and the World Bank -- and I quote -- "spelled the difference between a world caught again in the maelstrom of panic and economic warfare, or a world in which nations strive for a better life through mutual trust, cooperation and assistance."

BOTTOM EVEN
MORE

The Bretton Woods generation built a platform for prosperity that has lasted down to the present day. Economic freedom and political liberty has spread across the globe. Since 1945, global trade has grown 15

-fold. Since 1970 alone, infant mortality in the poorest countries is down by 40 percent. Access to safe

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drinking water has tripled. Life expectancy has increased dramatically. Even now, despite the difficulties of recent days, per capita incomes in Korea and Thailand are 60 percent higher than they were a decade ago. A truly global market economy has lifted the lives of billions of people.

But as we are all acutely aware, today the world faces perhaps its most serious financial crisis in half a century. The gains of global economic exchange have been real and dramatic -- but when tides of capital first flood emerging markets, then suddenly withdraw; when bank failures and bankruptcies grip entire economies; when millions in Asia who have worked their way into the middle class suddenly are plunged into poverty; when nations half a world apart face the same crisis at the same time; it is time for decisive action.

What has caused the current crisis? First, too many nations lack the financial, legal, and regulatory systems necessary to maintain investor confidence in adversity. Second, new technologies and greater global integration have led to vastly increased, often highly leveraged flows of capital, without accompanying mechanisms to limit the boom

-bust cycle -- mechanisms like those with are integral to the success of advanced economies.

I am confident that if we act together we can end the present crisis. We must take urgent steps to help those who have been hurt by it, to limit the reach of it, and to restore growth and confidence to the world economy. But even when the current crisis subsides, that will not be enough. The global economy simply cannot live with the kinds of vast and systemic disruptions that have occurred over the past year.

The IMF and the World Bank have been vital to the prosperity of the world for the past half century. We must keep them vital to the prosperity of the world for the next half century. Therefore, we must modernize and reform the international financial system to make it ready for the 21st century.

The central economic challenge we face is to harness the positive power of an open international economy while avoiding the cycle of boom and bust that diminishes hope and destroys wealth. And the central political challenge we face is to build a system that strengthens social protections and democratic institutions so that people everywhere can actually reap the rewards of growth.

We must put a human face on the global economy. An international market that fails to work for ordinary citizens will neither earn, nor deserve their confidence and support. We need both an aggressive response to the immediate crisis and a thoughtful road map for the future. We must begin by meeting our most immediate challenges.

Two weeks ago at the Council on Foreign Relations in New York, I outlined what we have done and what we must do. I am gratified that today the leading economies speak with one voice in saying, the balance of risks have now shifted from inflation to slow down. The principal goal of policymakers must be to promote growth. Every nation must take responsibility for growth. The United States must do its part. The most important thing we can do is to keep our economy growing and open to other's products and services, by maintaining the fiscal responsibility that has led us to the first balanced budget and surplus in 29 years.

Winning this discipline was not easy and was not always popular. But it was the right thing to do. That is why I have made it clear to our Congress that I will veto any tax plan that threatens that discipline.

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BOTTOM ODD

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Also, the United States must -- must -- meet our obligations to the IMF. I have told Congress we can debate how to reform the operations of the fire department, but there is no excuse for refusing to supply the fire department with water while the fire is burning.

Europe must continue to press forward with growth

-oriented economic policies and keep its markets open. And Japan, the world's second largest economy and by far the largest in Asia, must do its part, as well. The United States values our strong partnership with Japan -- our political, our security, our economic partnership. But now the health of Asia and, indeed, the world depends upon Japan. Just as the United States had to eliminate its deficits and high interest rates which were taking money away from the rest of the world over the last six years, now Japan must take strong steps to restart its economic growth, by addressing problems in the banking system so that lending and investment can begin with renewed energy; and by stimulating, deregulating and opening its economy.

For all of us there can be no substitute for action. And all of us must also act now to restart growth in the rest of Asia by helping to restructure firms paralyzed by crushing debt and replace debt with equity across entire economies. Through OPIC and the Export

-Import Bank, we are providing short

-term credit and

investment insurance to keep capital flowing into emerging economies.

I welcome Japan's announcement that it will contribute to the reconstruction effort. And I am gratified that the World Bank has agreed to double its investment in the social safety net in Asia to help those who have been harmed by the economic crisis.

In all these ways, we can minimize the consequences of the current financial contagion. But the flash of this crisis throws new light on the need to do more -- to renew the institutions of international finance so they reflect modern economic reality. The institutions built at Bretton Woods must be updated for 24

-hour

global markets if they are to continue to achieve the goals established by the Bretton Woods generation.

First, we must recognize that the free and open exchange of ideas and capital and goods across the globe is the surest route to prosperity for the largest number of people. But we must find a way to temper the volatile swings of the international marketplace, just as we have learned to do in our own domestic economies.

What is troubling today is how quickly discouraging news in one country can set off alarms in markets around the world. And all too often, investors move as a herd, with sweeping consequences for emerging economies with weak and strong policies alike. We've all read of families that worked hard for decades to become middle class, families that owned homes and cars suddenly forced to sell off their possessions just to buy food. We've read of doctors and nurses forced to live in the lobby of a closed hospital. With fuel and food shortages in some countries, the onset of winter threatens mass misery. And in Asia, where the ethic of education is deeply ingrained and has led to the rise of tens of millions of people, and strong schools are deprived of nations, we now see too many children dropping out of school to help support their families.

Just as free nations found a way after the Great Depression to tame the cycles of boom and bust in domestic economies, we must now find ways to tame the cycles of boom and bust that today shake the world economy.

The most important step, of course, and the first step, is for governments to hold fast to policies that are sound and attuned to the realities of the international market place. No nation can avoid the necessity of an open, transparent, properly regulated financial system; an honest, effective tax system; and laws that protect investment. And no nation can for long purchase prosperity on the cheap, with policies that buy a few months of relief at the price of disaster over the long run.

That is why I support the fundamental approach of the IMF. The international community cannot save any nation unwilling to reform its own economy. To do so would be to pour good money after bad. But when nations are willing to act responsibly and take strong steps, the international community must help them to do so.

Too often, what has appeared to be a thriving market system, however, has masked an epidemic of corruption or cronyism. Investors and entrepreneurs, foreign and domestic, will not keep their money in economies where prosperity is a facade. Bank balance sheets should mean the same thing in one country as another. Contracts should be awarded on merit. Corruption cannot be tolerated.

To this end, I applaud the Working Group reports that call for the IMF to examine and publicize countries' adherence to strong international standards, as well as higher accounting and loan standards for private institutions. The United States will continue to press for new ways the private sector can implement sound practices -- for example, through an accreditation system for national bank examiners.

But while strong policies and sound business practices within each nation are essential, at times they simply will not be enough. For even the best functioning markets can succumb to volatility, soaring in unrealistic expectations one minute, followed by a sudden crash when reality intervenes. Such miscalculations of risk are an inevitable fact of market psychology.

In our own domestic economies, we have learned to limit these swings in the business cycle. In the United States, for example, a strong Federal Reserve has ensured a stable money supply. The Securities and Exchange Commission promotes openness and makes the market work. Rigorous bank regulation and deposit insurance have helped to keep downturns in the business cycle from spinning out of control. Other nations have their own institutions performing these same functions.

Now, though we understand that the realities and the possibilities in the international marketplace are different, some of the same functions clearly need to be performed. We must address not only a run on a bank or a firm, but also a run on nations. If global markets are to bring the benefits we believe they can, we simply must find a way to tame the pattern of boom

-bust on an international scale. This task is one of the most complex we face. We must summon our most creative minds and carefully consider all options. In the end, we must fashion arrangements that serve the global economy as our domestic economies are served, enabling capital to flow freely without the crushing burdens the boom

-bust cycle brings.

While we must not embrace false cures that will backfire and lead in the end to less liquidity and diminished confidence when we need more of both, we must -- we must -- keep working until we find the right answers. And we don't have a moment to waste.

Meanwhile, we must find creative ways to protect those countries that right now have strong economic policies, yet still face financial pressures not of their own making. This past weekend, Secretary Rubin and Chairman Greenspan have worked with their G

counterparts to find new ways to strengthen our cooperation based on the IMF to make precautionary lines of credit available to nations committed to strong economic policies, so that action can be quick and decisive if needed. This is a critical way to prevent the present crisis from reaching Latin America and other regions, which are doing well. And I ask your support.

Strong government policies, sound business practices, new ways to limit the swings in the global market -- all these steps are needed to ensure growth into the future. But let us also acknowledge that we face a political challenge. For the best designed international economic system will fail if it does not give a stake and a voice to ordinary citizens. So I say again, today we see a profound political challenge to the global economic order.

The financial crisis poses a stern test of whether democracies are capable of producing the broad public support necessary for difficult policies that entail sacrifice today for tomorrow's growth. I believe strong democracy, fair and honest regulation, sound social policy are not enemies of the market. I believe they are essential conditions for long

-term success. Nations with freely elected governments, where the broad mass of people believe the government represents them and acts in their interests, have been willing and able to act to ward off crisis. Korea and Thailand, with elected leaders who have been willing to take very difficult steps, have succeeded in weathering the worst of the economic storm when so many others have not. Countries in Central Europe have done remarkably well.

But even among the strongest nations, as we have found here in our own, broad change is often difficult. Unless the citizens of each nation feel they have a stake in their economy they will resist reforms necessary for recovery. Unless they feel empowered with the tools to master economic change, they will feel the strong temptation to turn inward, to close off their economies to the world.

Now, more than ever, that would be a grave mistake. At a moment of financial crisis, a natural inclination is to close borders and retreat behind walls of protectionism. But it is precisely at moments like this we need to increase trade to spur greater growth.

Again, we must never lose sight of what the fundamental problem is -- we need more liquidity, more growth in this world today. Only by tearing down barriers and increasing trade will we be able to bring the nations of Asia, Latin America, and other parts of the world back on to the path of growth.

The world economy today needs more trade and more activity of all kinds, not less. That is why when the leaders of

APEC meet next month, we must press forward to tear down barriers and liberalize trade among our countries; why next January when the United States Congress returns, we will seek a comprehensive effort to tear down barriers at home and around the world, including new negotiating authority and legislation to expand trade with Africa.

But unless we give working people a strong stake in the outcome, they will, naturally and understandably, erect obstacles to change. The answer to these difficulties is not to retreat. It is to advance and to make certain every nation has a strong safety net providing the security people need to embrace change.

At the very least, people who are suddenly without work must have access to food and shelter and medical care. And over time, all nations must develop effective unemployment and retirement systems. We must find ways to keep schools open and strong during times of economic downturn. We must make certain economic development does not come at the cost of new environmental degradation.

I am pleased that the World Bank will be redoubling its efforts to building this strong safety net, especially in Asia. And I urge all international financial institutions to do more to incorporate environmental issues into your operations, and to significantly increase direct lending for environmental and natural resource projects.

Every time we seek to protect the environment, short

-sighted critics warn that it will hurt the economy. But over the last quarter century, we have seen time and again, in nation after nation, that protecting the environment actually strengthens, not weakens, our economies.

International institutions themselves must reinforce the values we honor in our own economies. In Geneva last May, I asked the World Trade Organization to bring its operations into the sunlight of public scrutiny, to give all sectors of society a voice in building trade policies that will work for all people in the new century. We must do the same for other multilateral institutions.

When the IMF agrees with a member country on policy measures to restore stability, the people of that country and investors around the world should be told exactly what conditions have been set. Therefore, I urge the WTO, the World Bank, and the IMF, working with the ILO, to give greater consideration to labor and environmental protections as a part of your daily business. Only by advancing these protections will these organizations earn the confidence and support of the people they were created to serve.

Finally, though we are seized with the crisis of the moment, we must not neglect those whom the capital flows have passed by in the first place. That is why it is critical to continue our efforts to lighten debt burdens, to expand educational opportunities, to focus on basic human needs, as we work to bring the poorest

countries in Africa and elsewhere into the international community of a thriving economy.

Creating a global, financial architecture for the 21st century; promoting national economic reform; making certain that social protections are in place; encouraging democracy and democratic participation in international institutions -- these are ambitious goals. But as the links among our nations grow ever tighter we must act together to address problems that will otherwise set back all our aspirations. If we're going to have a truly global marketplace, with global flows of capital, we have no choice but to find ways to build a truly international financial architecture to support it -- a system that is open, stable and prosperous.

To meet these challenges I have asked the finance ministers and central bankers of the world's leading economies and the world's most important emerging economies to recommend the next steps. There is no task more urgent for the future of our people. For at stake is more than the spread of free markets, more than the integration of the global economy. The forces behind the global economy are also those that deepen liberty, the free flow of ideas and information, open borders and easy travel, the rule of law, fair and even

-handed enforcement, protection for consumers, a skilled and educated work force. Each of these things matters not only to the wealth of nations, but to the health of nations.

If citizens tire of waiting for democracy and free markets to deliver a better life for themselves and their children, there is a risk that democracy and free markets, instead of continuing to thrive together, will shrivel together.

This century has taught us many lessons. It has taught us that when we act together we can lift people around the world and bind nations together in peace and reconciliation. It has also

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taught us the dangers of complacency, of protection, of withdrawal. This crisis poses a challenge not to any one nation, but to every nation. None of us -- none of us -- will be unaffected if we fail to act.

On the day he died in 1945, as these institutions were taking shape, President Roosevelt wrote in the last line of his last speech: "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with a strong and active faith." At a time of testing, the generation that built the IMF and the World Bank move forward with a strong and active faith.

Now we who have been blessed with so many advantages must, ourselves, act in the same manner. If we do, we will surmount the difficulty of this moment. We will build a stronger world for our children. We will honor our forebears by what we do to construct the first 50 years of the 21st century.

Thank you very much. (Applause.)
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

November 12, 1998

PRESS BRIEFING BY
ON PRESIDENT'S TRIP TO APEC CONFERENCE

The Briefing Room

3:54 P.M. EST

MR. TOIV: Good afternoon, everybody. As you all know, the President is scheduled to leave Saturday for his long-awaited trip to Asia for the APEC conference in Malaysia, as well as visits to Japan and South Korea and Guam. Here today to brief you on those subjects are Gene Sperling, the President's National Economic Advisor -- and Gene will talk to you about our goals for the APEC conference. Lael Brainard, our Deputy National Economic Advisor for International Economic Affairs -- Lael will tell you about the trip schedule. Ken Lieberthal, who is the National Security Council's Senior Director for Asia -- you may remember Ken from an earlier briefing he did in an earlier life, before President Jiang Zemin's trip here to the U.S.

Also here to take questions are Ambassador Steve Sestanovich who is over here from the State Department to talk about the bilateral meeting with Prime Minister Primakov. Steve may have to leave early; if so, he'll be replaced by somebody else and we'll let you know. Tim Geitner is here; he is the Treasury Under Secretary Designate for Economic Affairs.

And I think that is it. Let me just tell you one thing -- or not tell you one thing I know the question that is uppermost on your minds is the one that Joe took earlier today and that is the question of whether the President is going on this trip. None of these briefers will be able to elucidate the situation any further

than Joe did. So I'll leave you with that.

Q Is he going? I'm serious. You say the President plans -- how did you put it --

Q You said "is scheduled."

MR. TOIV: Yes, and as Joe said, the President is looking forward to going, has been looking forward to going. He is, obviously, watching events elsewhere in the world, particularly Iraq, very closely. And if we have any schedule changes to let you know about, we will let you know about them.

Q Would someone go in the President's stead if the President were unable to attend APEC?

MR. TOIV: That's a hypothetical question that I don't think Mr. Lockhart would have answered.

MR. SPERLING: I apologize up front in that I have to leave in about 10 minutes, though we're well-equipped here. APEC provides a particularly good forum for the President to continue the process of forging consensus on the practical and immediate steps needed to deal with the Asian financial crisis and growth issues, and the widespread poverty and economic harm that have accompanied this situation.

In particular, at APEC we hope to continue the process of trade liberalization that is important for continued worldwide growth. As you know, in Vancouver the President and APEC leaders asked the trade ministers to deliver -- make progress on further liberalization in nine key sectors, and we hope to follow through on the commitment to make further liberalization in those areas.

We think this is critical at this time in the world economy to show that further progress on trade liberalization can and should be made to serve as a strong signal that we should not be turning back or closing up even at this difficult time in the world economy, that the benefits of open markets are too important to sacrifice at this time.

The President also will be discussing many of the steps he has been working on over the last year, and particularly laid out in his Council on Foreign Relations speech, particularly the need to help private companies restructure their debt in Asia and return to growth and expansion; the need for further social safety net reform to help deal with the transitions that are needed in this difficult time; and taking actions to ensure that we're spurring our own exports into the region.

Clearly there will also be discussion on further efforts on long-term architectures. As you know that at this -- at APEC the President called for the special finance ministers meeting that is sometimes referred to as the G-22, but the basic notion that emerging

markets should be brought into the discussion with the G-7 on the long-term issues. And it's worth noting that Vietnam, Russia and Peru will be at APEC for the first time.

On the trade liberalization, which I mentioned, which goes by the initials EVSL or Early Voluntary Sectoral Liberalization, the nine areas are all areas that the United States is quite competitive in -- chemicals, energy goods, environmental, technology goods, fish-forestry, gems and jewelry, medical equipment, toys, and telecom. Just example -- environmental technology in the United States has \$14.5 billion in exports, and over \$20 billion in medical equipment and scientific products.

The goal is to press forward on these and continue in six other areas over the following year. As you know, APEC in the context of the information technology agreement -- the ITA -- served as the form that helped bring that together and brought to the WTO for the eventual agreement.

It has been a disappointment to us that at this stage Japan has not made more progress and, in fact, has been resistant in the areas of fish and forestry. These are the two areas that -- which are most relevant to Japan. Even though they only have between five and six percent tariffs in these areas, there's been significant resistance. Outside of these two areas, there's very little tariff reduction required of Japan, and we feel that if we -- to make progress and to discourage other countries from making excessive reservations, we are hopeful that we will be able to pull together and make progress on the trade liberalization that was hoped for at this time.

I will turn it over to Lael. I will say that obviously some of the President's bilaterals are important on the economic front. Ken will go over some of those more. Certainly with China we not only want to discuss their economic reform efforts and some of the difficult reform efforts as they make transitions from their state-owned enterprises, but certainly the further trade progress and liberalization progress that must be made for them to be able to join the World Trade Organization.

And certainly in our trip to Japan there will be continuing discussions on the agenda that is quite familiar to all of you now, which will be particularly important in the area of the implementation of their banking program where the size of the funds put forward has certainly been significant, but significant questions remain as to the implementation -- questions and certainly the issues of stimulating growth and some of the trade issues that are still between us, whether implementing sectoral agreements as flat glass or some of the issues on steel that have arisen recently.

So let me, with that, turn it over to Lael Brainard. Lael, if not all of you know her, is the Deputy International Economic Affairs. She is the third to hold that position after Bo Cutter and Dan Turillo, and has been with us for a few years and is

formally a professor of economics at MIT.

MS. BRAINARD: That's probably more than you needed to know to hear about this schedule. (Laughter.) We're leaving Saturday evening en route to Kuala Lumpur. We arrive mid-morning on Monday. The President has a very full schedule that day. He has a bilateral with Jiang Zemin of China -- also, with Prime Minister Chuan of Thailand, and Ken Lieberthal will speak about both of those in a minute.

That evening, he's going to give remarks at the APEC Business Summit. The next morning -- Tuesday morning -- he will be meeting with Prime Minister Primakov from Russia. He then starts the full agenda for APEC, and it goes through the traditional APEC agenda that's been established over the last few years.

It starts off with an agenda briefing among all of the leaders -- as Gene mentioned, we'll have new members there this year. That is essentially a chance for the host to go through the schedule and talk about the issues on the agenda. That will be followed by a meeting with the ABAC -- the APEC Business Advisory Council -- which is the private sector advisory group from which each economy appoints three members. We have three members there who will be participating in that along with the leaders.

The next morning starts the Leaders' Retreat. They will go off to a place called Cyberview Lodge. And there will be two sessions and a lunch. I believe the morning session will focus more on the growth agenda for the region and the specific trade liberalization initiative on the table. The afternoon session will focus more on a broader trade agenda, in particular the WTO process that kicks off next year as well as some issues like electronic commerce.

That evening, Wednesday evening, they depart Kuala Lumpur and they go on to Tokyo. Thursday morning in Tokyo, the President is planning to do a meeting with some local members of the business community. I believe some American business leaders will be there as well. And it will be followed with a town hall meeting with Japan's sort of next generation of leaders, young people. He has a call on the Emperor midday, and then the afternoon is devoted to bilateral meetings with the Prime Minister, and a dinner that evening.

Friday morning will replicate a little bit of the feeling of Tarrytown in the sense that Prime Minister Obuchi wanted to go off campus and spend a little bit of time with the President in a more relaxed environment. So they will go off to Hakone together and they are also expected to spend a little time on environmental issues during that day.

Friday evening they depart, arriving in Seoul. Saturday morning is the official bilateral with President Kim Dae-Jung, followed probably by, I think, a discussion with civil society --

members of civil society and a dinner later that evening.

Sunday the President will be spending some time with troops in Korea. I believe he leaves now Sunday evening, arriving in Guam. In Guam -- actually, I'm mistaken. He's leaving Monday morning, arriving in Guam Monday morning. There he will do three events. He will have a meeting with community leaders and Governor Gutierrez. He will visit the War in the Pacific World War II Memorial, and he will also have an opportunity to speak to the people of Guam. At that juncture I think he gets back on a plane and we are estimating that he returns Monday evening.

Did we lose Steve already? Carlos is coming? Okay, why don't we flip to the bilaterals that Ken Lieberthal will go through.

Q Can you describe more the audience at the town hall meeting in Tokyo and also who is at the meeting with members of civil society in Seoul?

MS. BRAINARD: Why don't I let Ken do that when he goes through the actual sort of bilateral events.

MR. LIEBERTHAL: Thank you, Lael. Let me take up an array of issues that are kind of more the political and security side of all of this. First, some questions have been raised as to why we should attend the APEC meeting, given that it is taking place in Malaysia. And the answer to that is very simple. The APEC meeting is important. It's a major international group in which the U.S. has played a central role all along. That meeting is taking place in Kuala Lumpur, but we are going to Kuala Lumpur in order to attend the APEC meeting.

This is, therefore, not a bilateral U.S.-Malaysian situation. The Malaysians have not asked us for bilateral meetings. We have not asked them for bilateral meetings. Our rubbing shoulders with Malaysian officials will be totally in the context of the APEC meeting itself. But we regard that meeting as warranting American participation and support.

While the President is in Malaysia, he will hold several meetings with other leaders there. Shortly, we'll have a briefer in to tell you about the meeting with Primakov. Let me tell you about the two other major leaders. One is with Chuan of Thailand. The meeting with him will primarily give us an opportunity to congratulate him on pursuing the IMF agenda for economic recovery in a rigorous fashion.

We think Thailand has moved along very substantially. If you look at their economic performance, they're in what could be called a virtuous cycle. In other words, they have essentially stabilized their foreign exchange rate; interest rates have come down. They are beginning to attract foreign direct investment. They still have a lot to go, but this is the kind of path that we anticipated and we want to show our support for what they have done

there.

In the process, they have, if anything, become a more democratic country. And an underlying theme of the President's trip is the kind of intersection, if you will, or compatibility of moving in a more democratic direction and doing better in economic performance with the kind of information-based market economy that will be key to prosperity in the 21st century.

The President will also meet with Jiang Zemin of China while at APEC. That meeting is one that is seen as essentially laying out between the two men an understanding of where our bilateral relationship will head over the course of the coming year. So this is not merely to kind of sustain the summit diplomacy and to pat each other on the back. It is not simply to check the boxes of what we have done since the last summit. It is rather to see where we can really move forward in our agenda and make this constructive partnership work.

Q Where does the President want it to go, if you'll elaborate a little?

MR. LIEBERTHAL: Some of the key issues here are WTO accession -- I'll say a word about each of these, if you wish -- but WTO accession, cooperating with regard to North Korea, Chinese consideration of membership in the Missile Technology Control Regime, MTCR, and the human rights agenda.

Why don't we save for Q&A my specific comments on any of those, but you've noted them down. I'm happy to elaborate on each of them in response to your questions, but we want to run through the basic brief here and then let you focus on where you want.

So the meeting with China we regard as an important meeting and as a kind of looking to the future. It will not produce a press statement, but hopefully it will produce some real energy in the relationship as we go into the next year.

We then move on to Japan. In Japan the President will have the opportunity, in no small part through that town hall meeting, to carry the message of APEC to the people of Japan. That message, we anticipate, will be a message that favors open markets, but also that recognizes the critical importance of Japan's developing demand-led growth domestically as a core element in Asian regional economic recovery and indeed in global economic growth. And coming from APEC, this will give the President a good opportunity in an interactive fashion with citizens of Japan to make those points and also to hear what they have to say.

Someone asked about the composition of that group. It's basically young people, ages 21 to 45, from different walks of life. There is a mix of professionals and just an array of people from very different sectors. There will be two different locations -- live, I believe, and plus citizens of Japan will have the opportunity to

submit questions in advance by Internet. So most of this will be the President responding to questions that people in Japan raise either live or through the Internet.

In addition, the President will be talking with the Japan about security issues on the bilat. Those security issues will focus in part on how to deal with North Korea, because North Korea has been behaving in ways that none of us would really like to see -- and also some alliance issues that are very well-known to people who follow the U.S.-Japan alliance. These are longstanding issues that I'll get into again if you wish to raise them in the Q&A.

On the economy, I think Gene basically covered what he plans to do on the bilat on the economy, but the economic bilat is quite important.

He then moves over to Korea. In Korea, the economic side of the issue is more -- kind of similar to what he's doing in the bilateral meeting with Chuan of Thailand, which is to say to congratulate the Koreans on sticking to a course that is a very difficult course; that while it is the right prescription we think for long-term growth and prosperity, in the short-term it produces an enormous amount of social dislocation and pain. He wants to say essentially that he understands that and to encourage them to stick with that course.

He also regards Kim Dae-Jung rightly as one of the outstanding democratic figures of Asia and wants to acknowledge that, and there will be discussion of democracy issues in Asia and there will I think a program on democracy -- or a forum on democracy that will be discussed.

And then, finally, on the security side, he again wants to go over the Korea situation -- the North Korea situation -- with the people in Seoul. So to sum up, one of the underlying security issues for China, Japan and Korea is how to deal with North Korea, and it's important for us to get coordination and mutual understanding and cooperation among all three -- two of whom are alliance partners of us, one of whom cooperates with us -- in order to handle the North Korea issue effectively.

And then we have econ issues that go all the way through these meetings and then some other particular issues in each bilat.

With that, let me turn it over to Carlos Pascual, who is Senior Director for -- covers Russia -- I've forgotten what your whole directorate is called -- but, anyway, covers Russia, to go over the bilat with Primakov. And then we'll open it up to your questions.

MR. PASCUAL: Just very briefly, the President will see Prime Minister Primakov on Tuesday. It will be the first meeting that we have with the Prime Minister since he's taken on his new position and moved from being the Foreign Minister. This will be for

us an opportunity to hear from Prime Minister Primakov about his economic strategy, about how he sees Russia moving ahead and dealing with the current kind of economic crisis it has, what his thoughts are about promoting economic stability, and what Russia's plans are to try to restore economic growth over time.

It's also going to be an opportunity for us to talk about specific steps that could be taken on the nonproliferation front and addressing concerns that we've had in the past. All of you have seen recent indications that there may be movements on START II. That will certainly be an issue for discussion. We hope that we can mark some additional progress, moving along on that front.

Obviously, it's been discussed in recent days in the press the situation of records of POWs and MIAs. Depending on what final information we get today from Senator Smith and Ambassador Toon who have been in Russia and have been working on this issue, that will be -- may be an issue that requires additional follow-up as well.

It's a relatively short meeting of just about an hour, so we don't expect any major developments coming out of it, but it is an opportunity for us to continue to work on these issues which have been a longstanding part of the bilateral agenda.

Q Carlos, as long as you're -- what does this say about Yeltsin that he's not there --

MR. PASCUAL: Well, we're glad that President Yeltsin did come back from Sochi and has begun to reengage again. We hope his health is better. It's obviously of concern that -- if he isn't well, but we don't have additional information from what you've actually seen. This evening, I understand that he did not participate in the dinner with Obuchi. That probably shouldn't be surprising because he hasn't been engaging in an extensive schedule.

Most clearly, in terms of authorities and responsibilities, it's been most clearly placed by the Kremlin itself, when Mr. Sysuyev, the spokesman for the Kremlin, indicated that responsibility for day-to-day economic issues and for economic strategy is going to be with the government and with the Prime Minister, and President Yeltsin is going to be the guarantor of the Constitution. Exactly how that breaks down into specific responsibilities over time we still don't know. These are sort of a general statement of principles that they've laid out, but I don't have much more for you than that.

Q What about Iraq -- any discussions with Primakov?

MR. PASCUAL: Obviously, in terms of the developments on regional issues, there may be a whole range of regional issues that come into play -- Iraq, Kosovo -- and we will decide on what the specific items are as we're close to the time.

Q Carlos, can you give us an update on how things are

looking from the Russian perspective as far as any kind of military action -- conversations with them recently and how are they going?

MR. PASCUAL: I can't comment on that, sorry. I haven't been directly involved in the Iraq issue, so I'll pass on the question.

Q On the economic front, is there going to be an agreement on this debt relief proposal that was written about I guess yesterday in the Wall Street Journal?

MS. BRAINARD: You're referring to the APEC meeting? I think Gene was talking earlier about our broad recovery agenda which I think is shared by most of the leaders in the region, and we are hoping to make progress on all of the priorities, all of the different pieces that he talked about -- Japan's critical role, the need for it to expand its own economy, absorb more of the exports from neighboring economies in the region. We want to make some progress on the need for stronger social safety net spending in the region.

As you probably know, as the IMF programs have taken hold in many of the crisis-stricken economies, they've been able to expand their fiscal spending on social safety net kinds of programs. And there has also been an initiative for the World Bank and the ADB to augment financing for that.

We certainly -- among those priorities, the one of getting the corporations and companies in the region out from under crushing burdens of debt and the associated connection to strengthening the banking system; alleviating the credit crunch is very important, and we would like make some progress in that area.

Q Has Japan agreed to that?

MS. BRAINARD: At this juncture there is a variety of discussions on this important issue. This is a priority that the President laid out in the Council on Foreign Relations speech. And subsequent to that, there has been a lot of work on this area. But at this juncture there is just a large work program as opposed to a specific initiative.

Q So Japan has not agreed? That would be a no?

MS. BRAINARD: No, that would not be a no. There is a work program. This is something that will be discussed at the meeting. Japan is a very important part of our work, our cooperative work in this area, and that will continue to be true.

Q Is the United States willing to put forward any of its own funds to back such an effort, or would it seek funds exclusively from other countries and multilateral agencies?

MS. BRAINARD: Again, there is a work program that

involves a variety of initiatives. There is no specific funded initiative at this juncture.

Q So the U.S. is open to the idea of using its own money for this?

MS. BRAINARD: I think what we're looking for is the best way of moving forward the corporate sector restructuring and the financial sector restructuring.

Q On the corporate debt restructuring, the debt was announced today -- not announced, but that was proposed -- Japan has also announced a plan, the Miyazawa plan. And I was wondering how you envisioned the plan that the U.S. is proposing different from the Miyazawa plan. What are the differences in the two?

MS. BRAINARD: The Japanese government has announced that it has a certain amount of money that it wants to make available for a variety of initiatives in the region, which I believe you're referring to as the Miyazawa plan. The priorities that they have discussed in using that financial assistance is very much similar to the priorities that we have articulated. And indeed we're working cooperatively with them on those priorities, bilaterally and also multilaterally.

The other thing that is, of course, extremely important for Japan to contribute to the region's recovery is getting its own domestic economy moving again based on domestic demand-led growth.

Q But where do you see it being used? Is it for the corporate debt overhang or social safety net, or both?

MS. BRAINARD: My understanding is that the specific uses of that money are still being discussed. As I understand it, though, the priorities that they have articulated are very similar to the ones that I just articulated -- things like trade finance, things like credit enhancements to get private investment flowing again, things like social safety net spending, and things like corporate and financial sector restructuring.

Q A scheduling issue -- when the President meets with U.S. troops in Korea, where will they meet? At the DMZ, or someplace else?

MR. LIEBERTHAL: No, they will not meet at the DMZ. There will be two places where the President is on military ground, if you will. One is the Korea Training Center, the KTC, and the other is Osan Base. He will -- depending a little bit on the weather. If the weather is kind to us, at the Korea Training Center, he will view U.S. and ROK troops together and have a chance to address the troops, have lunch with them and so forth.

He will then leave Korea from Osan Air Base, which is also the site of anti-chemical weapons, Patriot battery, and so

forth. While there, he'll address the people at the air base in a brief set of remarks, and then leave from Osan.

Q I didn't understand the meeting with civil society in Korea. Who is the meeting with?

MR. LIEBERTHAL: This again is a roundtable discussion with a group of individuals from various sectors of Korean society. It is, as much as anything, for the President to understand some of the social consequences of the changes that Korea is now going through -- those consequences are very severe -- to both understand that better himself and to express his concern about that.

So it's an opportunity for him to get out of the kind of standard official setting where he's standing up there and telling people what he thinks, and instead to learn something directly from people who are involved in various sectors of Korean society.

Q Are they supposed to be talking about the consequences of the economic downturn in the region, or more generally about life in Korea?

MR. LIEBERTHAL: They will be to talk about anything they want to talk about, but I think the idea is to focus on Korea. This is not seen as an opportunity for him to hear economists talk about what has to be done for the region as a whole; it's an opportunity for him to talk to people in various sectors of Korean society about what they think is going on in Korea, and to talk with them about what he thinks probably needs to happen in the future and get some sense of how they react to that.

Q Could you talk about what the President or other people traveling with him will be saying to the Malaysians about the treatment of Anwar? And will anybody, particularly Secretary Albright -- I know there has been talk that she might meet with Anwar's wife -- has any decision been made on that?

MR. LIEBERTHAL: Let me say first, we have had a number of our top officials specifically comment on the situation in Malaysia, bemoan the apparent movement away from democratic principles and toward more authoritarian methods there. Secretary Albright has made a statement of her own. Secretary Rubin has made a statement. Vice President Gore has made a statement, and so forth. So we've been relatively vocal on that issue. I think it is quite possible that Secretary Albright, while in Kuala Lumpur, will find an opportunity to meet with Anwar's wife. That is not confirmed, but that is certainly something that she would like to see occur if it can be arranged in an appropriate fashion.

Q Can you address the parallel situation of the host country, in this case Malaysia, opposing free market principles advocated by the United States?

MR. LIEBERTHAL: Well, you know, the choice of Malaysia

as host was made four years ago, and no one anticipated four years ago that this kind of situation would arise. The U.S. wants to go into this meeting with a positive message. That positive message has a core economic component that Gene and Lael have laid out. There is also, to my mind, a tightly related political component that we will articulate, and that is the compatibility -- I mentioned this briefly; let me just take an additional moment on it -- the compatibility between democratic forms of government, if you will, democracy and good governance, and doing well with a free market economy in the Information Age.

When you think about it, more democratic societies have a stronger commitment to the rule of law. They allow for decentralized decision-making and individual initiative. They allow for the free flow of information. They produce governments that are more responsive to the needs of society, and also more legitimate in the eyes of the people when they have to make tough decisions.

These are all elements of a mix that enables you to do better in response to economic crisis, and we think is a mix that enables you to do better given the nature of the international economy that is developing out there for the coming century.

So that if you look historically, countries in deep economic crisis have tended to go either toward a much more authoritarian kind of system. The most dramatic example, obviously, is Nazi Germany in response to the Great Depression. Or in a more democratic direction, if you will, the New Deal in response to the Great Depression.

We are encouraging countries to go more toward the democratic side. And if you look at the countries with whom the President is having bilateral meetings and whom he's visiting, the Thais have gone in a more democratic direction. He will meet, although not for the same length of time as with the Thais, he'll meet with the Indonesians. Secretary Albright will be going to Indonesia and Thailand after the APEC meeting. The Indonesians have moved in a more democratic direction. He'll be going to Korea. They have moved in a more democratic direction. This is something that we want to highlight, both kind of conceptually and in terms of where the President chooses to spend his time.

Q Did the United States ever seriously consider not going to this meeting because of its opposition, its disapproval of the way the government of Malaysia is tending?

MR. LIEBERTHAL: I am not sure what is required to qualify for "seriously considering," but let me say all the way through we have felt that it is very important for the United States to be well represented at the APEC meeting and to play a significant role at this meeting.

Keep in mind, please, that APEC is the one multilateral organization that both includes all major economies of Asia and,

historically, has included the United States as a major player. You do not walk away from that kind of vehicle, if you will, because of some other set of political concerns. Rather you try to stress what you need to stress in order to achieve long-range, major goals that are important for this country and you deal with the other elements as they come up.

Q But just to be clear, to follow up on a previous question, you don't expect the President himself to directly express in any way his dissatisfaction with the Malaysian government, other than by not meeting one-on-one with -- Mahathir.

MR. LIEBERTHAL: I, frankly, cannot tell you exactly what the President will and will not say. He will have the opportunity while in Kuala Lumpur to make various remarks and he may choose to comment on the Malaysian situation. But we'll have to wait to see what his actual comments are.

Q To clarify in Indonesia, you said that the President would be meeting with the Indonesians. Is that sort of a pull aside with Habibie, rather than a formal, sit-down --

MR. LIEBERTHAL: It is a shorter meeting with Habibie, and it's a shorter meeting with Habibie in part because Secretary Albright will be going to Indonesia shortly afterwards and there's a limit to how many long meetings you can have while you're attending the APEC meeting within the constraints of time that he's in the city. But he did -- let me stress, if I can, he did want to meet with Habibie because he does want to encourage the Indonesians to continue to move down a path toward the elections this coming year, which will produce, presumably, a legitimate government that has the political stability necessary to attract foreign direct investment and to improve the lives of their people.

Q What day is that meeting?

MR. LIEBERTHAL: The meeting with Habibie is on the 17th, at 5:00 p.m.

Q Any other short meetings?

MR. LIEBERTHAL: Yes, although I don't want to give you a definitive list because the short meetings can change a little bit. But he certainly will be meeting with the Sultan of Brunei, with President Estrada of the Philippines and with Habibie.

Q You had mentioned North Korea is going to be a threat, a security threat going through the meeting with Japan, the meeting with China. What direction are you trying to get everybody to go on board toward? What do you want everyone to agree to?

MR. LIEBERTHAL: Good question, I'm glad you raise it. There is not a single direction -- we don't have a set of answers that we want to lay out for everyone and get them kind of marching

along our path here. As I'm sure most of you know, the U.S. Congress mandated in the closing days of its last session that we appoint a policy coordinator for Korea and undertake a serious review of policy toward Korea.

Part of what the President will do is to explain that situation and what the policy review entails to the Chinese, to the South Koreans and to the Japanese, and will stress that in the process of this policy review we want to fully consult with our allies and friends in the region. The fundamental issue here is not one of moving away from what's called the agreed framework, the basic architecture, if you will, of how we try to prevent the North Koreans from making nuclear weapons and from threatening their neighbors, but rather how do we strengthen that by getting the North Koreans to actually act in the way that they have committed themselves to act.

We view the way we approach that with a view to strengthening the agreed framework and putting it on a solid base politically here and, in reality, in Northeast Asia. And we want to do that with the full knowledge and participation of our Asian friends and allies. So that's what I intended to signal by commenting on North Korea.

Q Is the President going to be appointing somebody to lead that review?

MR. LIEBERTHAL: Yes, he is mandated to appoint a policy coordinator for that review, so he is appointing a policy coordinator. I, frankly, can't remember whether I'm allowed to comment further on that or not, so let me not, no.

Q Will the President be doing a news conference during this trip?

MR. LIEBERTHAL: Yes, there will be a news conference at the very end of the trip, at Korea -- right before departure from Korea. I think that's -- is that the only one? It's a joint press conference at the end of the trip in Korea. Lael, do you want to flush that out at all?

MS. BRAINARD: Saturday, before the Civil Society dialogue, he's doing a press conference.

Q Will there be a press statement after the Primakov meeting -- you said there wasn't one after Jiang Zemin.

MR. PASCUAL: Probably not. (Laughter.)

Q -- right after a meeting with China you -- four areas of discussion. Do you expect any tangible progress, like --

MR. LIEBERTHAL: As I mentioned, we do not plan to have a press statement at the end of that meeting. Our purpose in going into that meeting is to try to get the best feel that we can between

the two leaders as to where progress can be made, some sense of the pace of that progress and how best to proceed from where we are now to where we want to be.

In that sense, do I hope for some progress in this meeting? In that sense, I do; but it's not in the sense of signing any kind of agreement or having something to announce at the end of the meetings. It's rather, in my view, so the President will come out of that meeting and will direct me and others who deal with China on where we should be moving, what our priorities ought to be and what the benchmarks are as we go forward.

Q Do you have an assessment of how the various leaders who the President will be meeting with view the impeachment process ongoing and whether or not it will have an impact on the President's credibility or his ability to deal with these leaders, which will be going on at the same time that the President is in Asia.

MR. LIEBERTHAL: No, I don't know what's in their heads about that. I do know that the President remains, I believe certainly in any area I deal with, he remains extremely effective. And I think the other leaders -- just judging by how anxious they are to meet with him and how full the agendas are when they sit down with him -- I think they take him extremely seriously. But I can't comment.

Q On the nine sectors that you had mentioned Japan has shown resistance, particularly on fishery and forestry, but the momentum for most countries seems to be going towards not coming to full agreement on liberalization and something less than full agreement. Is this an up or down situation for the United States? Is there anything that you can envision that would be less than full agreement on these nine sectors?

MS. BRAINARD: The agreement that we hope to reach is to make progress, as much progress as possible. As you may recall from the information technology agreement on the tariff side, this is the first step of a two-step process. And so what we hope to do is take the results we achieve this year into the WTO framework and use it to get multilateral commitments.

So, in that sense, this will be an ongoing project or an ongoing challenge. We certainly hope to get as many countries participating in as many sectors with as ambitious targets as possible. But I think as Gene mentioned earlier, the environment in the region is a difficult one. A lot of economies are experiencing substantial declines in growth, many of them substantially negative growth. So it will be difficult for them to make progress.

I think if we can make some progress on the trade liberalization front it would be really quite important, an important signal of the region's determination to stay integrated into the world trading system and to get back on a recovery track.

Q Can you comment on what your latest information is on what the Japanese have been doing to try to get some of the other countries to side with them in this dispute and what your reaction is to what they're doing?

MS. BRAINARD: I think what we are engaged in is a sort of regional negotiating process with a large number of trading partners. And I believe there is, to some degree, a calculation on the part of each economy that their offer will, to some degree, depend on the ambitiousness, the quality of other country's offers. So it's in that sense that we keep saying that we would like to see Japan try to make some progress on those two vital sectors, where they really have the most to give.

Q Can you give us any sort of benchmark on what that would mean? I'm sorry to be dense about this, but I don't know, when you say progress on those two sectors in particular, is there some sort of number you're looking for?

MS. BRAINARD: There is not a particular number. I think as Gene said earlier, they have tariff averages that are substantially higher in those sectors than in their other sectors, which is why it would be nice to see them putting their tariffs -- some tariff offers on the table, some substantial volume of products in each of those two sectors. But in terms of precise numbers, no, we don't have particular targets.

Q How do you respond to the Japanese assertion that any trade liberalization efforts should be voluntary? Nobody should force anybody to do anything, that's a basic principle --

MS. BRAINARD: Well, arguably, all trade liberalization is voluntary. So we would hope that they would recognize it is in their interest, as the second largest economy in the world and the largest economy in the region, to really participate in this. I think Japan does recognize they have a special responsibility in the region, and that's why participation by them is so important.

Q But they have -- difficulties facing the domestic industry in Japan, the Japanese government is now saying that they can't do this at this moment. What's the point of forcing them to do this, if what you're saying is it's voluntary efforts?

MS. BRAINARD: Again, I think we recognize that the environment in the region, the financial economic environment is particularly difficult this year for many economies. Many economies are suffering a great deal and a great deal more than Japan. And it's difficult, I'm sure, for everybody to make any kind of movement on open trade. But by the same token, that's why it is so very important to show that APEC really is capable of continuing to move forward, even in the trickiest of times.

Q This meeting is going to take place now in an

environment where -- in previous meetings it was enough to sort of get together, but now you've got a major regional crisis. If you fail to convince the Japanese government to do this, and you don't get your private sector financial arrangements out in time or they're not approved, is there any standard by which the success or the degree of success of this meeting should be judged? Or is just going to be sort of ambiguities and vague talk of progress as has been somewhat the case at previous meetings, and we'll all go on? How should we measure what you do?

MS. BRAINARD: I will leave to you to decide how to characterize whether or not this meeting is successful. We're hopeful that it will be an important forum for the leaders of this region to talk about the financial crisis.

Again, as Ken was suggesting earlier, this is quite a unique forum. The President has invested a lot of his own time and energy in it. As you know, he convened the first leaders' meeting. And over time, this forum has become very relevant to the key economic issues of the day. And I think we want to see leaders really grappling with the economic challenges and agreeing on a set of priorities for addressing them. And I think we are hoping to see that coming out of this meeting.

MR. LIEBERTHAL: Can I add just one line to that, if I may? Most of you have a great deal of experience in traveling with the President and so forth. You know how difficult it is to have a time that is somewhat unstructured when leaders can really talk to each other. And the leaders' meeting at this conclave allows leaders of 15 economies to spend literally hours together with a lot of fluidity in what they say.

And so it's an almost unique opportunity to get together key people from the most -- what to my mind is the most important region of the world and have them interact on an intensive basis. You're always looking for measures of success, and you're right to do so. But one of the underlying elements of this that make it important is precisely, simply the opportunity to, face to face, bat things around.

Q Some of the countries are countries in Latin America. They worry how the crisis will affect them. How is the President going to address this fear in this particular forum? Is it going to be --

MS. BRAINARD: I think that we have, from our Latin American partners, Peru will be in attendance for the first time, and Mexico and Chile are members of APEC. In terms of the crisis, I think the President has spoken to the crisis in a variety of fora and really has spoken on the short-term measures and the long-term measures which I think pertain to Latin America as they do to other regions of the world.

One of the things that I think was very important is the

attempt to strengthen the IMF and to give it new tools for the new types of financial situations we see in recent years, and in particular the precautionary financial facility, which was really put in place to help countries ward off crises, countries that are already carrying out good policies.

In addition, he wants to continue discussions and progress and a work program towards significant reforms to the international financial architecture. I'm sure the leaders will talk about some of the transparency surveillance issues that are important for Latin America as much as they are for Asia, indeed as they are for this country.

Q Thank you.

END

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TEXT:
By a Wide Margin, House Votes Steel Import Curbs

By ALISON MITCHELL

WASHINGTON -- The House voted decisively on Wednesday to limit steel imports, ignoring opposition from the Republican leadership and a White House warning that the measure would violate world trade agreements.

The 289-to-141 vote -- one short of the two-thirds margin needed to override a Presidential veto -- displayed the division in the Democratic Party over Clinton's free trade policies as well as the appeal of protectionism to Republicans from Rust Belt states. All but 13 House Democrats deserted the Administration. And 91 Republicans, a surprisingly large number, broke from their party's traditional free-trade position.

The bill, the first major trade measure of this session of Congress, directs the United States to limit steel imports from other nations to their average monthly volume for the three-year period ending in July 1997. It would be up to the Administration to decide whether to use quotas, tariffs or voluntary agreements to achieve such a reduction, which could approach 30 percent.

The day's debate and offstage lobbying showed the strange coalitions that have developed over trade policy as well as the growth in protectionist sentiment. When a measure to give the President broad power to negotiate trade deals -- the so-called fast-track authority -- was defeated last year, 71 Republicans voted against it. Today, 20 more Republicans took a stand against unfettered free trade.

With world demand hurt by the Asian financial crisis, foreign steelmakers have sold their products at low prices. The American industry has seen a

drop
in business while imports rose 33 percent in 1998 before starting to
subside
in December.

Last month, the Clinton Administration said it would impose tariffs to
punish Japan and Brazil for dumping steel in this country at prices below
cost
and negotiated an agreement with Russia to limit imports.

The stricter limits passed by the House today are unlikely to become
law.
The bill's fate in the Senate is uncertain, and a Presidential veto is
considered likely. In a letter to House members, the White House chief of
staff, John Podesta, acknowledged the steel industry crisis but warned that
the measure "constitutes a violation of our international obligations"
under
the World Trade Organization and "is not in our nation's economic
interest."
He said Clinton's senior advisers would recommend that he veto the bill.

This vote, though, showed how difficult it will be in this Congress to
pass
the long-sought measure to give the President the power to negotiate trade
agreements and submit them to Congress for a vote without potentially
crippling amendments.

Representative J. Dennis Hastert of Illinois, the House Speaker, also
opposed the bill as a violation of free trade. But its supporters had
enough
backing probably to be able to force a vote, and Hastert let the measure
come
to the floor. His spokesman, John P. Feehery, said that some Republicans
"were
pushing very strongly for a debate, and we also wanted to avoid the other
parliamentary shenanigans."

The Ways and Means Committee, which strongly favors free trade, reported
the bill to the full House with the recommendation that it be defeated.

Pat Buchanan, the G.O.P. Presidential aspirant who has challenged the
party's establishment, wrote to House Republicans on Tuesday urging them to
support the bill to "regain the loyalty of working Americans."

And Representative Richard A. Gephardt of Missouri, the Democratic
minority
leader, spoke out in favor of the bill, giving a hint of the debate that
might
have been if he had chosen to challenge Vice President Al Gore for next
year's
Democratic Presidential nomination.

Unions are also working hard for the bill, and the United Steelworkers
had

several hundred rank-and-file members on hand for the final push. In the last few months, steelworkers have written to Congress and held rallies around the country. Industry and union representatives have complained to the Clinton Administration about the dumping of foreign steel.

"An economic collapse has swept the globe," Gephardt said, "first striking Asia, but now impacting Latin America and other developing countries as well."

During the debate over special aid from the International Monetary Fund to stabilize these economies, he continued: "I warned that import surges would result from the Asian economic crisis and that a plan needed to be in place to combat unfair imports. Unfortunately, no such plan was forthcoming."

Gephardt said 10,000 steel jobs had been lost to imports, adding that the United States "should not be forced to unilaterally take in a massive global import surge."

Several senior Republicans argued against the bill, which was sponsored by Representative Peter J. Visclosky, Democrat of Indiana. They contended that the American economy was thriving because of the new markets provided by international trade. They also said the limits proposed could hurt other United States manufacturers by raising steel prices and cutting off the supply of specialized steel products that were only available through imports.

Representative Bill Archer, Republican of Texas, the chairman of the Ways and Means Committee, said that the President and his advisers had studied the steel situation and chose not to set quotas.

"The President's logic is clear," Archer said. "If the U.S. were to set up trade barriers now in our fragile world economy, we could have a much bigger problem on our hands that would affect thousands more American jobs and threaten our economy. In addition, we would set a terrible example for countries in real economic trouble -- countries whose leaders are under tremendous pressure to retaliate against American-made products."

But Rust Belt Republicans as well as Democrats took the side of the steelworkers and the industry. "We're going to stand up for Main Street today, not Wall Street," said Representative Bob Ney of Ohio. "That's why this bill

is here. We're here because thousands of steelworkers and citizens would not let this issue go, would not let this issue die."

The limits in the House bill would reduce steel imports by 12 million tons a year from 1998 levels, while still allowing about 29 million tons of steel into the country. At the height of the import surge in 1998, 41 million tons of steel was being imported annually.

The Administration argued that the bill violated United States obligations to the World Trade Organization because it would impose a global limit on imports, instead of using existing tools such as tariffs to fight an illegal dumping of imports.

But confronted with the vote, Charlene Barshefsky, the United States trade representative, said, "While we oppose this legislation, we are going to work with the Congress to address this issue."

The Administration hopes eventually this session to muster support for an alternate approach to the steel crisis and to support a bill sponsored by Representative Sander M. Levin, Democrat of Michigan, and Representative Amo Houghton, Republican of New York. Their measure would change the trade law to make it easier and quicker for the Administration to take action in cases of import surges.

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"Exchange Rate Credibility, the Agency Cost of Capital and Devaluation"

BY: ROGER CRAINE

University of California at Berkeley

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ABSTRACT:

When a country abandons a fixed, or target zone exchange regime it usually claims that the regime was "fundamentally" sound but that it was undermined by pernicious speculation. The validity of the claim is impossible to assess using only observable data--there always exists a future path of current account surpluses that would make the regime sound, and speculators' (investors'?) motives are unobservable. This paper analyzes the crucial role of imperfect credibility in a currency crisis with a stochastic dynamic rational expectations regime switch model. The exchange regime is sound, e.g., a currency board--the only market failure is that the Central Bank cannot make a credible commitment to maintain the regime. The paper has two innovations: (1) It specifies the cost of imperfect credibility, and (2) It quantifies the cost of imperfect credibility. Imperfect credibility generates small (but costly) average interest rate differentials. Imperfect credibility cannot generate large interest differentials, but a surprisingly small "fundamental" currency overvaluation added to the basic specification generates large interest rate differentials. The paper's main result--that a lack of credibility cannot generate large interest rate differentials in a sound regime--is robust.

The model in the paper is stylized, but the results are rich. The policy maker (Central Bank) and investors optimize. Investors fear devaluation and the Bank cannot make a credible commitment to allay their fears. Investors demand an agency currency premium. There is no pernicious speculation--the premium fairly prices the country's assets but it increases the country's cost of capital. The Bank abandons the regime when the expected present value of the agency cost of capital outweighs the expected present value of the benefit from remaining in the regime. The model generates multiple rational expectations equilibria and a variety of patterns linking the exchange rate to the interest rate differential.

I parameterized the model using estimates of the exchange rate process for Hong Kong. The model generated agency currency premiums average 1/2%. The model generated interest rate differentials are consistent with the interest differentials in Hong Kong before the Asian financial crisis in July of 1997. After July 1997 a lack of credibility is not sufficient to explain the observed interest rate differentials of 4-6%.

JEL Classification: F31, C63

"Self-Protection for Emerging Market Economies"

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ABSTRACT:

International economic crises will continue to occur in the future as they have for centuries past. The rapid spread of the 1997 crisis in Asia and of the 1982 crisis in Latin America showed how shifts in market perceptions can suddenly bring trouble to countries even when there has been no change in objective conditions. More recently, the sharp jump in emerging market interest rates after Russia's August 1998 default underlined the vulnerability of all emerging market economies to increases in investors' aversion to risk.

Emerging market countries that want to avoid the devastating effects of such crises must protect themselves. They cannot depend on the International Monetary Fund or other international organizations nor expect that a "new global financial architecture" will make the world economy less dangerous. Taking steps to protect themselves requires more than avoiding those bad policies that make a currency crisis inevitable. The process of contagion makes even the virtuous vulnerable to currency runs.

Liquidity is the key to self-protection. A country that has substantial international liquidity--large foreign exchange reserves and a ready source of foreign currency loans--is less likely to be the object of a currency attack. Substantial liquidity also permits a country that is attacked from within or without to defend itself better and to make more orderly adjustments. The challenge is to find ways to increase liquidity at reasonable cost.

"The Liberalization of Tunisian Agriculture and the European Union: A Prospective Analysis"

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ABSTRACT:

In the year 2000, Tunisia and the European Union are to begin negotiations on the liberalization of agricultural trade between them under the terms of a partnership agreement signed in 1995. The political attachment of Tunisia to Europe will provide an opportunity for it to leave behind the agricultural policy pursued hitherto, a policy aimed essentially at achieving self-sufficiency in food production. This has proved to be costly for the country since it has led to poor resource allocation. The issue is therefore one of how to reform Tunisian agriculture at the least possible cost, especially for rural households, and to determine to what extent Europe can be of help in the move to a more dynamic agricultural system.

The present paper analyzes various prospective scenarios for Tunisian agriculture to the 2010 horizon, using dynamic general equilibrium modelling. The outcome is that in the absence of reciprocal concessions from the European Union, possibly in the form of a lifting of tariff quotas, Tunisia would have little incentive to reduce either its assistance to the agricultural sector or its protective barriers against outside pressure. Tunisian agriculture would in this case continue to show lacklustre performance, but the welfare of rural households

would be more or less preserved.

Conversely, increased access to the European market for export products for which Tunisia has a competitive edge would greatly facilitate the transition and help improve resource reallocation. Some of the gains made could then be redistributed to rural communities in order to offset marginal losses. By granting the same trade privileges to its other partners, Tunisia would however maximize its growth potential and reduce still further its losses in the agricultural sector. The European Union would lose in terms of outlets for its exports but would gain overall in terms of the economic development of Tunisia.

JEL Classification: C68, F15, Q18

"Export-led Growth: A Survey of the Empirical Literature and Some Noncausality Results"

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ABSTRACT:

The economic development and growth literature contains extensive discussions on relationships between exports and economic growth. One debate centers on whether countries should promote the export sector to obtain economic growth. An abundant empirical literature on this export-led growth (ELG) hypothesis has followed. We contribute to this literature in two ways. First, we provide a comprehensive survey of more than one hundred and fifty export-growth applied papers. We describe the changes that have occurred, over the last two decades, in the methodologies used to empirically examine for relationships between exports and economic growth, and we provide information on the current findings. The last decade has seen an abundance of time series studies which focus on examining for causality via exclusions restrictions tests, impulse response function analysis and forecast error variance decompositions. Our second contribution is to examine some of these time series methods. We show that ELG results based on standard causality techniques are not typically robust to specification or method. We do this by reconsidering two export-led growth applications--Oxley's 1993 study for Portugal and Henriques and Sadorsky's 1996 analysis for Canada. Our results suggest that extreme care should be exercised when interpreting much of the applied research on the ELG hypothesis.

JEL Classification: F43, O11, 051, 052

"Does Food Aid Stabilize Food Availability?"

BY: CHRISTOPHER B. BARRETT
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ABSTRACT:

This paper explores the empirical relationship between U.S. food aid flows per capita and nonconcessional food availability per capita in PL 480 recipient economies. The evidence suggests PL 480, while modestly progressive in its distribution, is if anything procyclical in recipient economies. Food aid fails to stabilize food availability. Both increased domestic food production--i.e., agricultural development--and commercial trade appear more effective than food aid in advancing food security objectives through the stabilization of food availability per capita in low-income economies.

JEL Classification: O1, Q1, F1

"Why Are Tourism Countries Small and Fast-Growing?"

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ABSTRACT:

International tourism is today one of the most important tradable sectors, with expenditure on tourist goods and services representing some 8% of total world export receipts and 5% of world GDP. Cross-country data for 1985-95 on tourism specialisation and economic growth reveal the following

regularities: (i) many tourism countries have grown faster compared to the other countries; and (ii) they are small. We use a two-sector endogenous growth model to obtain explanatory hypotheses about these two findings. In particular, we define the conditions required for small countries to specialise in tourism and to enter the faster growth path. Our suggestion is that what matters is a country's relative endowment of the natural resource, rather than its absolute size.

JEL Classification: O1, O4, Q2

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