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CLINTON EXPLAINS HIS INTERNATIONAL ECONOMIC PROGRAM

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Speech)

Washington — President Clinton has outlined an international economic strategy for his administration which he says "will help create a new direction for the world."

In an address at American University February 26, Clinton proposed a five-step plan of action:

— "get our own economic house in order" with a program to increase investment and at the same time reduce the federal budget deficit;

— make trade a "priority element of American security," with the United States welcoming goods, services and investment from abroad, but expecting equal treatment from its overseas partners;

— exercise leadership among the major financial powers to improve coordination on behalf of global economic growth;

— promote the steady expansion of growth in developing countries; and

— give positive support to building democracy in Russia and the other former Soviet republics.

Following is the text of the president's address:

(begin text)

President Duffey, distinguished members of the board of trustees, and faculty and patrons of American University, and members of Congress, members of the diplomatic corps and my fellow citizens, and especially to the students here today. I am very honored to be here today at this wonderful school on the occasion of your centennial, at the dawn of a new era for our nation and for our world, and deeply honored to receive this honorary degree, although I almost choked on it here.

My mind is full of many memories today, looking at all of you in your youthful enthusiasm and your hope for the future. I'd like to say a special word of thanks to all of you for the warm reception you gave to the person to whom I owe more than anybody else in this audience, Senator Fulbright.

When I was barely 20 years old, Senator Fulbright's administrative assistant called me one morning in Arkansas and asked me if I wanted a job

working for the Senate Foreign Relations Committee as an assistant clerk. Since I couldn't really afford the cost of my education to Georgetown, I told him I was interested. And he said, well, you can have a part-time job at \$3,500 a year or a full-time job at \$5,000 a year. I said, how about two part-time jobs?

He replied that I was just the sort of mathematician they were looking for and would I please come. The next week — literally a day and a half later, I was there working for a person I had admired all my life, and the rest of it is history. But Senator Fulbright, now 88 years young, taught me a lot about the importance of our connections to the rest of the world, and that even in our small land-locked state of Arkansas, we were bound up inextricably with the future, with the passions and the promise of people all across this globe. And it is about that which I come to speak today.

I also want to say a special word of thanks to your president, Joe Duffey, and to his wonderful wife, Anne Wexler, who have been my friends for many years.

When I was a young man at Yale Law School, I went to work for Joe Duffey in his campaign for the Senate. His wife was then his campaign manager. I enjoyed working for a woman. I learned a lot about equal opportunity, which I have tried to live out in my own life. Well, Joe Duffey didn't win that race for the Senate, and four years later I went home to Arkansas and I ran for Congress, and I lost my race, too. And I thought how ironic it is that our failed efforts to get to Congress made us both president.

Finally, let me say that in my senior year at Georgetown, in the winter, on a day very much like today, I had a date with a girl from American University. I didn't think about this until I got in the car to come up here today, but it was snowing like crazy that night, just like it is today. And I crept along in my car from Georgetown to American (University) with this fellow who was in my class. And we picked up these two fine women from American University.

And we went to dinner, we went to a movie, we took them home, and then we were driving home. As we were driving

home it was very slick, just like it is today. And I put my brakes on when I was almost home, and my car went into a huge spin. And it missed this massive pole on which the stoplight was by about two inches. And I couldn't help thinking after my speech last week how many more people would have been happy in America if I'd been a little bit closer to that pole 25 years ago.

Thirty years ago in the last year of his short but brilliant life, John Kennedy came to this university to address the paramount challenge of that time: the imperative of pursuing peace in the face of nuclear confrontation. Many Americans still believe it was the finest speech he ever delivered. Today I come to this same place to deliver an address about what I consider to be the great challenge of this day: the imperative of American leadership in the face of global change.

Over the past year, I have tried to speak at some length about what we must do to update our definition of national security and to promote it and to protect it — and to foster democracy and human rights around the world. Today, I want to allude to those matters, but to focus on the economic leadership we must exert at home and abroad as a new global economy unfolds before our eyes.

Twice before in this century, history has asked the United States and other great powers to provide leadership for a world ravaged by war. After World War I, that call went unheeded. Britain was too weakened to lead the world to reconstruction. The United States was too unwilling. The great powers together turned inward as violent, totalitarian power emerged. We raised trade barriers. We sought to humiliate rather than rehabilitate the vanquished. And the result was instability, inflation, then depression and ultimately a second World War.

After the second war, we refused to let history repeat itself. Led by a great American President, Harry Truman, a man of very common roots but uncommon vision, we drew together with other Western powers to reshape a new era. We established NATO to oppose the aggression of communism. We rebuilt the American economy with

investments like the GI Bill and a national highway system. We carried out the Marshall Plan to rebuild war-ravaged nations abroad. General MacArthur's vision prevailed in Japan, which built a massive economy and a remarkable democracy. We built new institutions to foster peace and prosperity — the United Nations, the International Monetary Fund, the World Bank, the General Agreement on Tariffs and Trade, and more.

These actions helped to usher in four decades of robust economic growth and collective security. Yet the Cold War was a draining time. We devoted trillions of dollars to it, much more than many of our more visionary leaders thought we should have. We posted our sons and daughters around the world. We lost tens of thousands of them in the defense of freedom and in the pursuit of a containment of communism.

We, my generation, grew up going to school assemblies, learning about what we would do in the event a nuclear war broke out. We were taught to practice ducking under our desks and praying that somehow they might shield us from nuclear radiation. We all learned about whether we needed a bomb shelter in our neighborhood to which we could run in the event that two great superpowers rained nuclear weapons on one another. And that fate, frankly, seemed still frighteningly possible just months before President Kennedy came here to speak in 1963. Now, thanks to his leadership and that of every American president since the Second World War from Harry Truman to George Bush, the Cold War is over.

The Soviet Union itself has disintegrated. The nuclear shadow is receding in the face of the START I and START II agreements, and others that we have made and others yet to come. Democracy is on the march everywhere in the world. It is a new day and a great moment for America.

Yet, across America I hear people raising central questions about our place and our prospects in this new world we have done so much to make. They ask: Will we and our children really have good jobs, first-class opportunities, world-class education, quality affordable

health care, safe streets? After having fully defended freedom's ramparts, they want to know if we will share in freedom's bounty.

One of the young public school students President Duffey just introduced was part of the children's program that I did last Saturday with children from around America. If you saw their stories, so many of them raised troubling questions about our capacity to guarantee the fruits of the American Dream to all of our own people.

I believe we can do that, and I believe we must. For in a new global economy, still recovering from the after-effects of the Cold War, a prosperous America is not only good for Americans, as the prime minister of Great Britain reminded me just a couple of days ago, it is absolutely essential for the prosperity of the rest of the world.

Washington can no longer remain caught in the death grip of gridlock, governed by an outmoded ideology that says change is to be resisted, the status quo is to be preserved like King Canute ordering the tide to recede. We cannot do that. And so, my fellow Americans, I submit to you that we stand at the third great moment of decision in the 20th century. Will we repeat the mistakes of the 1920s or the 1930s by turning inward, or will we repeat the successes of the 1940s and the 1950s by reaching outward and improving ourselves as well? I say that if we set a new direction at home, we can set a new direction for the world as well.

The change confronting us in the 1990s is in some ways more difficult than previous times because it is less distinct. It is more complex and in some ways the path is less clear to most of our people still today, even after 20 years of declining relative productivity and a decade or more of stagnant wages and greater effort.

The world clearly remains a dangerous place. Ethnic hatreds, religious strife, the proliferation of weapons of mass destruction, the violation of human rights flagrantly in altogether too many places around the world still call on us to have a sense of national security in which our national

defense is an integral part. And the world still calls on us to promote democracy, for even though democracy is on the march in many places in the world, you and I know that it has been thwarted in many places, too. And yet we still face, overarching everything else, this amorphous but profound challenge in the way humankind conducts its commerce.

We cannot let these changes in the global economy carry us passively toward a future of insecurity and instability. For change is the law of life: Whether you like it or not, the world will change much more rapidly in your lifetime than it has in mine.

It is absolutely astonishing the speed with which the sheer volume of knowledge in the world is doubling every few years. And a critical issue before us, and especially before the young people here in this audience, is whether you will grow up in a world where change is your friend or your enemy.

We must challenge the changes now engulfing our world toward America's enduring objectives of peace and prosperity, of democracy and human dignity. And we must work to do it at home and abroad. It is important to understand the monumental scope of these changes. When I was growing up, business was mostly a local affair. Most farms and firms were owned locally, they borrowed locally, they hired locally, they shipped most of their products to neighboring communities or states within the United States. It was the same for the country as a whole. By and large, we had a domestic economy.

But now we are woven inextricably into the fabric of a global economy. Imports and exports, which accounted for about one in ten dollars when I was growing up, now represent one dollar in every five. Nearly three-quarters of the things that we make in America are subject to competition at home or abroad from foreign producers and foreign providers of services. Whether we see it or not, our daily lives are touched everywhere by the flows of commerce that cross national borders as inexorably as the weather.

Capital clearly has become global. Some 3,000,000 million dollars of capital race around the world every day. And when a firm wants to build a new factory, it can turn to financial markets now open 24 hours a day, from London to Tokyo, from New York to Singapore. Products have clearly become more global. Now, if you buy an American car, it may be an American car built with some parts from Taiwan, designed by Germans, sold with British-made advertisements, or a combination of others in a different mix.

Services have become global. The accounting firm that keeps the books for a small business in Wichita may also be helping new entrepreneurs in Warsaw. And the same fast food restaurant that your family goes to — or at least that I go to — also may well be serving families from Manila to Moscow, and managing its business globally with information, technologies, and satellites.

And most important of all, information has become global and has become king of the global economy. In earlier history, wealth was measured in land, in gold, in oil, in machines. Today, the principal measure of our wealth is information — its quality, its quantity, and the speed with which we acquire it and adapt to it. We need, more than anything else to measure our wealth and our potential by what we know and what we can learn, and what we can do with it. The value and volume of information has soared; the half-life of new ideas has trumped.

Just a few days ago, I was out in Silicon Valley at a remarkable company called Silicon Graphics that has expanded exponentially, partly by developing computer software with a life of 12 months to 18 months, knowing that it will be obsolete after that, and always being ready with a new product to replace it.

We are in a constant race toward innovation that will not end in the lifetime of anyone in this room. What all this means is that the best investment we can make today is in the one resource firmly rooted in our own borders. That is, in the education, the skills, the reasoning capacity and the creativity of our own people.

For all the adventure and opportunity in this global economy, an American cannot approach it without mixed feelings. We still sometimes wish wistfully that everything we really want, particularly those things that produce good wages, could be made in America. We recall simpler times when one product line would be made to endure and last for years. We're angry when we see jobs and factories moving overseas or across the borders or depressing wages here at home when we think there is nothing we can do about it. We worry about our own prosperity being so dependent on events and forces beyond our shores. Could it be that the world's most powerful nation has also given up a significant measure of its sovereignty in the quest to lift the fortunes of people throughout the world?

It is ironic and even painful that the global village we have worked so hard to create has done so much to be the source of higher unemployment and lower wages for some of our people. But that is no wonder. For years our leaders have failed to take the steps that would harness the global economy to the benefit of all of our people. Steps such as investing in our people and their skills, enforcing our trade laws, helping communities hurt by change — in short, putting the American people first without withdrawing from the world and people beyond our borders.

The truth of our age is this — and must be this: Open and competitive commerce will enrich us as a nation. It spurs us to innovate. It forces us to compete. It connects us with new customers. It promotes global growth without which no rich country can hope to grow wealthier. It enables our producers, who are themselves consumers of services and raw materials, to prosper.

And so I say to you in the face of all the pressures to do the reverse, we must compete, not retreat.

Our exports are especially important to us. As bad as the recent recession was, it would have gone on for twice as long had it not been for what we were able to sell to other nations. Every billion dollars of our exports creates nearly 20,000 jobs here, and we now

have over seven million export-related jobs in America. They tend to involve better work and better pay. Most are in manufacturing and, on average, they pay almost \$3,500 more per year than the average American job. They are exactly the kind of jobs we need for a new generation of Americans.

American jobs and prosperity are reason enough for us to be working at mastering the essentials of the global economy. But far more is at stake. For this new fabric of commerce will also shape global prosperity or the lack of it, and with it, the prospects of people around the world for democracy, freedom and peace.

We must remember that even with all our problems today, the United States is still the world's strongest engine of growth and progress. We remain the world's largest producer and its largest and most open market. Other nations, such as Germany and Japan, are moving rapidly. They have done better than we have in certain areas. We should respect them for it, and where appropriate, we should learn from that. But we must also say to them, you, too, must act as engines of global prosperity.

Nonetheless, the fact is that for now and for the foreseeable future, the world looks to us to be the engine of global growth and to be the leaders.

Our leadership is especially important for the world's new and emerging democracies. To grow and deepen their legitimacy, to foster a middle class and a civic culture, they need the ability to tap into a growing global economy. And our security and our prosperity will be greatly affected in the years ahead by how many of these nations can become and stay democracies.

All you have to do to know that is to look at the problems in Somalia, to look at Bosnia, to look at the other trouble spots in the world. If we could make a garden of democracy and prosperity and free enterprise in every part of this globe, the world would be a safer and a better and a more prosperous place for the United States and for all of you to raise your children in.

Let us not minimize the difficulty of this task. Democracy's prospects are dimmed, especially in the developing world by trade barriers and slow global growth. Even though 60 developing nations have reduced their trade barriers in recent years, when you add up the sum of their collective actions, 20 of the 24 developed nations have actually increased their trade barriers in recent years. This is a powerful testament to the painful difficulty of trying to maintain a high-wage economy in a global economy where production is mobile and can quickly fly to a place with low wages.

We have got to focus on how to help our people adapt to these changes, how to maintain a high-wage economy in the United States without ourselves adding to the protectionist direction that so many of the developed nations have taken in the last few years. These barriers in the end will cost the developing world more in lost exports and incomes than all the foreign assistance that developed nations provide, but after that they will begin to undermine our economic prosperity as well.

It's more than a matter of incomes, I remind you — it's a matter of culture and stability. Trade, of course, cannot ensure the survival of new democracies, and we have seen the enduring power of ethnic hatred, the incredible power of ethnic divisions — even among people literate and allegedly understanding — to splinter democracy and to savage the nation state.

But, as philosophers from Thucydides to Adam Smith have noted, the habits of commerce run counter to the habits of war. Just as neighbors who raise each other's barns are less likely to become arsonists, people who raise each other's living standards through commerce are less likely to become combatants. So if we believe in the bonds of democracy, we must resolve to strengthen the bonds of commerce.

Our own nation has the greatest potential to benefit from the emerging economy, but to do so we have to confront the obstacles that stand in our way. Many of our trading partners cling to unfair practices. Protectionist voices

here at home and abroad call for new barriers. Indifferent policies have left too many of our workers and communities exposed to the harsh winds of trade without letting them share in the sheltering prosperity trade has also brought, and without helping them in any way to build new ways to work so they can be rewarded for their efforts in global commerce.

Cooperation among the major powers toward world growth is not working well at all today. And most of all, we simply haven't done enough to prepare our own people and to produce our own resources so that we can face with success the rigors of the new world. We can change all that if we have the will to do it. Leonardo da Vinci said that God sells all things at the price of labor. Our labor must be to make this change.

I believe there are five steps we can and must take to set a new direction at home and to help create a new direction for the world. First, we simply have to get our own economic house in order. I have outlined a new national economic strategy that will give America the new direction we require to meet our challenges. It seeks to do what no generation of Americans has ever been called upon to do before: to increase investment in our productive future, and to reduce our deficit at the same time.

We must do both. A plan that only plays down the deficit without investing in those things that make us more productive will not make us stronger. A plan that only invests more money without bringing down the deficit will weaken the fabric of our overall economy such that even educated and productive people cannot succeed in it.

It is more difficult to do both. The challenges are more abrasive — you have to cut more other spending and raise more other taxes. But it is essential that we do both — invest so that we can compete; bring down the debt so that we can compete. The future of the American dream and the fate of our economy and much of the world's economy hangs in the balance on what happens in this city in the next few months.

Already the voices of inertia and self-

interest have said, well, we shouldn't do this or this or that detail is wrong with that plan. But almost no one has taken up my original challenge that anyone who has any specific ideas about how we can cut more should simply come forward with them. I am genuinely open to new ideas to cut inessential spending and to make the kinds of dramatic changes in the way government works that all of us know we have to make. I don't care whether they come from Republicans or Democrats or I don't even care whether they come from home or abroad. I don't care who gets the credit, but I do care that we not vary from our determination to pass a plan that increases investment and reduces the deficit.

I think every one of you who is a student at this university has a far bigger stake in the future than I do. I have lived in all probability more than half my life with benefits far beyond anything I ever dreamed or deserve because my country worked. And I want my country to work for you.

The plan I have offered is assuredly not perfect, but it is an honest and bold attempt to honestly confront the challenges before us, to secure the foundations of our economic growth, to expand the resources, the confidence and the moral suasion we need to continue our global leadership into the next century.

And I plead with all of you to do everything you can to replace the blame game that has dominated this city too long with the bigger game of competing and winning in the global economy.

Second, it is time for us to make trade a priority element of American security. For too long, debates over trade have been dominated by voices from the extremes. One says government should build walls to protect firms from competition. Another says government should do nothing in the face of foreign competition, no matter what the dimension and shape of that competition is, no matter what the consequences are in terms of job losses, trade dislocations, or crushed incomes.

Neither view takes on the hard work of creating a more open trading system

that enables us and our trading partners to prosper. Neither steps up to the task of empowering our workers to compete or of ensuring that there is some compact of shared responsibility regarding trade's impact on our people, or of guaranteeing a continuous flow of investment into emerging areas of new technology which will create the high-wage jobs of the 21st century.

Our administration is now developing a comprehensive trade policy that will step up to those challenges. And I want to describe the principles upon which it will rest. It will not be a policy of blame, but one of responsibility. It will say to our trading partners that we value their business, but none of us should expect something for nothing.

We will continue to welcome foreign products and services into our markets, but insist that our products and services be able to enter theirs on equal terms. We will welcome foreign investment in our businesses knowing that with it come new ideas as well as capital — new technologies, new management techniques and new opportunities for us to learn from one another and grow. But as we welcome that investment, we insist that our investors should be equally welcome in other countries.

We welcome the subsidiaries of foreign companies on our soil. We appreciate the jobs they create and the products and services they bring. But we do insist simply that they pay the same taxes on the same income that our companies do for doing the same business.

Our trade policy will be part of an integrated economic program, not just something we use to compensate for the lack of a domestic agenda. We must enforce our trade laws and our agreements with all the tools and energy at our disposal. But there is much about our competitive posture that simply cannot be straightened out by trade retaliation. Better-educated and trained workers, a lower deficit, stable, low interest rates, a reformed health care system, world-class technologies, revived cities: these must be the steel of our competitive edge. And there must be a continuing quest by business and labor

and, yes, by government for higher and higher and higher levels of productivity.

Too many of the chains that have hobbled us in world trade have been made in America. Our trade policy will also bypass the distracting debates over whether efforts should be multilateral, regional, bilateral, unilateral. The fact is that each of these efforts has its place. Certainly we need to seek to open other nations' markets and to establish clear and enforceable rules on which to expand trade.

That is why I'm committed to a prompt and successful completion of the Uruguay Round of the GATT talks. That round has dragged on entirely too long. But it still holds the potential, if other nations do their share and we do ours to boost American wages and living standards significantly and to do the same for other nations around the world.

We also know that regional and bilateral agreements provide opportunities to explore new kinds of trade concerns, such as how trade relates to policies affecting the environment and labor standards and the antitrust laws. And these agreements, once concluded, can act as a magnet including other countries to drop barriers and to open their trading systems.

The North American Free Trade Agreement is a good example. It began as an agreement with Canada, which I strongly supported, which has now led to a pact with Mexico as well. That agreement holds the potential to create many, many jobs in America over the next decade if it is joined with others to ensure that the environment, that living standards, that working conditions, are honored — that we can literally know that we are going to raise the condition of people in America and in Mexico. We have a vested interest in a wealthier, stronger Mexico, but we need to do it on terms that are good for our people.

And we should work with organizations, such as the Asian-Pacific Economic Cooperation Forum, to liberalize our trade across the Pacific as well.

And let me say just a moment about this. I am proud of the contribution

America has made to prosperity in Asia and to the march of democracy. I have seen it in Japan after World War II. I have seen it, then, in Taiwan as a country became more progressive and less repressive at the same time. I have seen it in Korea as a country has become more progressive and more open. And we are now making a major contribution to the astonishing revitalization of the Chinese economy, now growing at 10 percent a year, with the United States buying a huge percentage of those imports. And I say, I want to continue that partnership, but I also think we have a right to expect progress in human rights and democracy and should support that progress.

Third, it is time for us to do our best to exercise leadership among the major financial powers to improve our coordination on behalf of global economic growth. At a time when capital is mobile and highly fungible, we simply cannot afford to work at cross-purposes with the other major industrial democracies. Our major partners must work harder and more closely with us to reduce interest rates, stimulate investment, reduce structural barriers to trade and to restore robust global growth. And we must look anew at institutions we use to chart our way in the global economy and ask whether they are serving our interests in this new world, or whether we need to modify them or create others.

Tomorrow, our Treasury secretary, Secretary Bentsen, and the Federal Reserve Board chairman, Alan Greenspan, will meet with their counterparts from these Group of Seven nations to begin that work. And I look forward to meeting with the G-7 heads of state and the representatives of the European Community at our Tokyo Summit in July. I am especially hopeful that by then our economic package here at home will have been substantially enacted by the Congress. And if that is so, I will be able to say to my counterparts, you have been telling us for years that America must reduce its debt and put its own house in order. You have been saying to us for years we must increase investment in our own education and technology to improve productivity. We have done it. We have done it for ourselves, we have done it for

you, now you must work with us in Germany and Japan and other nations to promote global growth.

We have to work with these nations. None of us are very good at it. America doesn't want to give up its prerogatives. The Japanese don't want to give up theirs. The Germans don't want to give up theirs. There are deep and ingrained traditions in all these nations. But the fact is that the world can't grow if America is in recession, but it will be difficult for us to grow coming out of this recovery unless we can spark a renewed round of growth in Europe and in Japan. We have got to try to work more closely together.

Fourthly, we need to promote the steady expansion of growth in the developing world, not only because it's in our interests, but because it will help them as well. These nations are a rapidly expanding market for our products — some three million American jobs flow from exports to the developing world. Indeed, because of unilateral actions taken by Mexico over the last few years, the volume of our trade has increased dramatically, and our trade deficit has disappeared.

Our ability to protect the global environment and our ability to combat the flow of illegal narcotics also rests in large measure on the relationships we develop commercially with the developing world.

There is a great deal that we can do to open the flow of goods and services. Our aid policies must do more to address population pressures; to support environmentally responsible, sustainable development; to promote more accountable government — and to foster a fair distribution of the fruits of growth among an increasingly restive world population — where over 1,000 million people still exist on barely a dollar a day. These efforts will reap us dividends of trade, of friendship and peace.

The final step we must take, my fellow Americans, is toward the success of democracy in Russia and in the world's other new democracies. The perils facing Russia and other former Soviet republics are especially acute and especially important to our future. For

the reductions in our defense spending that are an important part of our economic program over the long run here at home are only tenable as long as Russia and the other nuclear republics pose a diminishing threat to our security and to the security of our allies and the democracies throughout the world. Most worrisome is Russia's precarious economic condition. If the economic reforms begun by President Yeltsin are abandoned, if hyperinflation cannot be stemmed, the world will suffer.

Consider the implications for Europe if millions of Russian citizens decide they have no alternative but to flee to the West where wages are 50 times higher. Consider the implication for the global environment if all the Chernobyl-style nuclear plants are forced to start operating there without spare parts, when we should be in a phased stage of building them and shutting them down — building them down, closing them up, cleaning them up. If we are willing to spend trillions of dollars to ensure communism's defeat in the Cold War, surely we should be willing to invest a tiny fraction of that to support democracy's success where communism failed.

To be sure, the former Soviet republics and especially Russia, must be willing to assume most of the hard work and high cost of the reconstruction process. But then again, remember that the Marshall Plan itself financed only a small fraction of postwar investments in Europe. It was a magnet, a beginning, a confidence-building measure, a way of starting a process that turned out to produce an economic miracle.

Like Europe then, these republics now have a wealth of resources and talent and potential. And with carefully targeted assistance, conditioned on progress toward reform and arms control and non-proliferation, we can improve our own security and our future prosperity at the same time we extend democracy's reach.

These five steps constitute an agenda for American action in a global economy. As such, they constitute an agenda for our own prosperity as well. Some may wish we could pursue our own domestic effort strictly through

domestic policies, as we have understood them in the past. But in this global economy, there is no such thing as a purely domestic policy. This thing we call the global economy is unruly; it's a bucking bronco that often lands with its feet on different sides of old lines, and sometimes with its whole body on us. But if we are to ride the bronco into the next century, we must harness the whole horse, not just part of it.

I know there are those in this country, in both political parties and all across the land, who say that we should not try to take this ride, that these goals are too ambitious, that we should withdraw and focus only on those things which we have to do at home. But I believe that would be a sad mistake and a great loss. For the new world toward which we are moving actually favors us. We are better equipped than any other people on earth by reason of our history, our culture and our disposition, to change, to lead and to prosper. The experience of the last few years where we have stubbornly refused to make the adjustments we need to compete and win are actually atypical and unusual seen against the backdrop of our nation's history.

Look now at our immigrant nation and think of the world toward which we are tending. Look at how diverse and multi-ethnic and multi-lingual we are — in a world in which the ability to communicate with all kinds of people from all over the world and to understand them will be critical. Look at our civic habits of tolerance and respect. They are not perfect in our own eyes. It grieved us all when there was so much trouble a year ago in Los Angeles. But Los Angeles is a country (sic) with 150 different ethnic groups of widely differing levels of education and access to capital and income. It is a miracle that we get along as well as we do. And all you have to do is to look at Bosnia, where the differences were not so great, to see how well we have done in spite of all of our difficulties.

And look at the way our culture has merged technology and values. This is an expressive land that produced CNN and MTV. We were all born for the information age. This is a jazzy nation, thank goodness, for my sake. It created be-bop and hip-hop and all those other

things. We are wired for real time. And we have always been a nation of pioneers. Consider the astonishing outpouring of support for the challenges I laid down last week in an economic program that violates every American's narrow special interest if you just take part of it out and look at it.

And, yet, here we are again, ready to accept a new challenge, ready to seek new change because we're curious and restless and bold. It flows out of our heritage. It's ingrained in the soul of Americans. It's no accident that our nation has steadily expanded the frontiers of democracy, of religious tolerance, of racial justice, of equality for all people, of environmental protection and technology and, indeed, the cosmos itself. For it is our nature to reach out, and reaching out has served not only ourselves, but the world as well.

Now, together, it is time for us to reach out again. Toward tomorrow's economy. Toward a better future. Toward a new direction. Toward securing for you, the students at American University, the American Dream.

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CLINTON SEES DOMESTIC, FOREIGN ISSUES AS "INSEPARABLE"

(Excerpts: Christopher remarks to NAC)

Brussels — Noting that "only an America that is strong at home can act as an effective partner abroad," Secretary of State Christopher says the Clinton administration "views domestic and foreign issues as inseparable."

Christopher told a special meeting of NATO's North Atlantic Council (NAC) in Brussels February 26 that the three pillars of President Clinton's "total diplomacy" are:

— "elevating global economic growth as a primary foreign policy goal;"

— "updating our forces and security arrangements to meet new threats," and

— "organizing our foreign policy to

help promote the spread of democracy and freed markets abroad."

Stressing that "achieving these goals depends on partnership with our allies and friends in Europe," Christopher said today's global threats "remind us of the continuing need for NATO as a guarantor of our collective defense. They also underscore the need to continue adapting all of our institutions and policies to meet the challenges of tomorrow."

He said his trip to the Middle East "symbolized our commitment and priority to pursuing Middle East peace. Our willingness to change our approach qualitatively and to become more active in an 'honest broker' role clearly demonstrates our seriousness."

Concerning events in the former Yugoslavia, Christopher said the West missed too many opportunities to prevent or contain the suffering and bloodshed when the conflict was in its infancy. "The lesson to be learned from this tragedy," he said, "is the importance of early and decisive engagement against ethnic persecution and aggressive nationalism."

Following are excerpts of Christopher's remarks, as prepared for delivery and released by the Department of State:

(begin excerpts)

It is an honor for me to address the North Atlantic Council and to convey greetings from President Clinton.

Since this is our first meeting, I thought I might cast my remarks a bit more broadly than is customary. In addition to offering some views on our important work in NATO, and Europe more generally, I'd like to outline for you the principal elements of President Clinton's foreign policy. I will also report on my trip to the Middle East, my meeting with Foreign Minister Kozyrev, and address an issue of immediate concern to us all — the tragedy in the former Yugoslavia.

Creation and Renewal

We in the Clinton administration

consider ourselves fortunate to have been called to leadership at a time of unprecedented change, hope, and opportunity.

Only yesterday, the Berlin Wall defined the European landscape and a massive Soviet threat hung over the Continent.

In its place, however, new dangers have arisen. Communism's legacy of economic and political bankruptcy impedes Europe's integration. Ethnic antagonisms and splintering nations spawn violence. Today global threats — arms proliferation, environmental degradation, and rapid population growth — menace Europe as well.

These new threats remind us of the continuing need for NATO as a guarantor of our collective defense. They also underscore the need to continue adapting all of our institutions and policies to meet the challenges of tomorrow.

Of course, we must adapt responsibly. Amid change, we cannot lose sight of certain core truths. If this turbulent century has taught us anything, it's that our security is indivisible and that our dreams and destiny are linked. All of us are best served by a thriving trans-Atlantic partnership. NATO and its principles of political partnership give us a foundation of strength upon which to build for a better tomorrow.

The United States welcomes a strong and integrated Europe. We want Europe to be a real partner. Our partner in democracy. Our partner in growth. Our partner in the maintenance of peace.

For our part, President Clinton intends to conduct what our great postwar statesman, Dean Acheson, called "total diplomacy" — a diplomacy that views domestic and foreign issues as inseparable. We recognize that only an America that is strong at home can act as an effective partner abroad.

President Clinton has identified three pillars upon which America's total diplomacy must rest:

First, elevating global economic growth as a primary foreign policy goal;

Second, updating our forces and security arrangements to meet new threats; and

Third, organizing our foreign policy to help promote the spread of democracy and free markets abroad.

Achieving these goals depends on partnership with our Allies and friends in Europe.

I. Enhancing Global Economic Growth

In his economic address, President Clinton put forward a plan for America's economic renewal. The premise of his plan is simple. America must focus more on investment than consumption. We must take bold steps to raise American skills and lower American deficits so that we can enjoy a more secure future.

The president understands that a healthy U.S. economy requires a growing global economy. We are taking steps to ensure a return to global growth. The first is the president's domestic plan I just mentioned.

The second is enhancing cooperation among the Group of Seven. One of our top priorities is ensuring that this summer's Economic Summit in Tokyo leads to better macroeconomic coordination. We seek renewed growth in each of our nations.

Global growth also requires expanding exports, investment, and the exchange of technology, culture, and ideas. That is why the president announced that we would seek an extension of fast track authority to complete the Uruguay Round.

We are determined to have fair and reasonable access to world markets. We are also determined to do away with protectionist policies and subsidized competition because they undermine growth. Barriers will beget barriers, but prosperity will beget prosperity. President Clinton, at the very outset of his administration, is taking the difficult steps at home that Europe and Japan have long urged. We believe it is now time for our friends and allies to make similarly tough choices and to

demonstrate the necessary leadership to bring the Uruguay Round to a quick and equitable conclusion.

II. Updating Security Arrangements to Meet New Threats

For over four decades, this Alliance has successfully harnessed political goals and military power. Today, in the Cold War's aftermath, NATO continues to safeguard the core of the world's democratic coalition. It reaches eastward with a steadying hand to the states of Central and Eastern Europe and the former Soviet Union.

America's commitment to Europe's security is undiminished and unwavering. The Clinton administration will maintain a level of U.S. forces in Europe equal to the challenges of the new security environment. And we will work with the Congress to provide adequate levels of U.S. funding for NATO's infrastructure program.

We are all reducing our forces given the reduced threats we face. But we all must continue to field a force structure that is credible, capable, and sustainable — one strong enough to deter and, when necessary, defeat, any threat to our vital interests.

NATO remains fundamental for preserving our security in a changing strategic environment. That environment includes the important work of the Western European Union. I am pleased to note that Secretary General Van Eckelen has joined us today. Working together with other entities, NATO must improve its ability to deal with the disorder of ethnic conflict and aggressive nationalism, proliferation, and political and economic instability. This would be a logical extension of the Alliance's traditional and still vital collective defense function.

We must also continue our efforts to develop cooperative security arrangements with the nations of the former Warsaw Pact. By enhancing their security, we reinforce our own.

There can be no better way to establish a new and secure Europe than to have soldiers from Russia, Ukraine, Poland, Hungary, and the other new

democracies work with NATO to address their most pressing security problems. We believe NATO and our Eastern colleagues should establish joint planning and training, and joint exercises for peacekeeping. Such cooperation can help ensure that all European peacekeeping operations are conducted in accordance with U.N. and CSCE principles.

III. Promoting Democracy and Free Markets

Promoting democracy and economic freedom is a strategic element of America's national security policy, not a tactic. Democracy and economic freedom are values we share. Together, we made Europe secure by containing communism until it collapsed. But the absence of communist aggression and repression is not enough to secure Europe's future.

Europe's long-term security — like America's — requires that we actively foster the spread of democracy and market economies. Democracies tend not to make war on each other. They are more likely to protect human-rights and ensure equal rights for minorities. They are more likely to be reliable partners in diplomacy, trade, arms accords, and environmental protection.

A compelling challenge faces us right here and now. The states of Central and Eastern Europe, and the former Soviet Union, need our help. These countries are trying to develop into free-market democracies. Assisting them is not charity — it is essential to our common security. We must provide political support for reform, keep our markets open to their products, and target our assistance programs for maximum positive effect. It would be the height of folly to spend hundreds of billions (one billion equals 1,000 million) of dollars to overcome communism, and then refuse to invest in the survival of the new democracies that are emerging.

With this background, let me now turn to a discussion of my recent meetings with Arab and Israeli leaders, and with Foreign Minister Kozyrev.

Discussions in the Middle East

As you know, there has been a growing sense of stalemate in the Middle East peace negotiations. President Clinton asked me to go to the Middle East to see if we could help to reactivate the peace process. In sending me, he said that he was prepared to have the United States play the role of full partner, provided the parties would come back to the tables and negotiate seriously.

My trip to the area, my first as secretary of state, symbolized our commitment and priority to pursuing Middle East peace. Our willingness to change our approach qualitatively and to become more active in an "honest broker" role clearly demonstrates our seriousness.

The parties welcomed this renewed American commitment, and reaffirmed their own commitment to the peace process and their involvement in it. All believed that the U.S. partnership role was essential to making progress toward peace. And many of the leaders I spoke to said they felt this was a historic opportunity — a once-in-a-lifetime opportunity to make peace.

I firmly believe that you can help build the momentum we have established in the region over the last few days. Together we can help promote a new day of hope in the Middle East.

Meeting with Foreign Minister Kozyrev

I had a good first meeting yesterday with Foreign Minister Kozyrev. He welcomed my pledge that President Clinton intends that there will be no pause in our relationship with Russia, and I believe we gave meaning to the point by what we did in our first session. Setting a summit date was a priority for the meeting, and we agreed to April 4 with the venue to be worked out later.

After I briefed him on my Middle East trip, Foreign Minister Kozyrev enthusiastically agreed to join the effort to get the peace talks started in April, promising among other things to encourage the Palestinians and others to be supportive. On Yugoslavia, he was forthcoming in offering political support for our humanitarian airdrops and did not

rule out possible Russian participation.

We discussed the volatility of the problem of minorities subject to mistreatment in states across Europe. I agreed with him that it is important for the United States and the West to stand up for the rights of minorities, including the Russian minorities in the Baltic States and the former Soviet Union. We must do this if we are to achieve a more stable and just Continent and a just peace.

I reiterated the president's commitment to support the Yeltsin program at a most difficult time. Kozyrev underscored the importance for them of opening opportunities for Russian industry to find responsible customers in the world market. I expressed understanding for that problem, but noted we could offer little more than a competitive opportunity.

Former Yugoslavia

Finally, let me turn to the issue that has been at the forefront in recent weeks: the ongoing crisis in Bosnia and other parts of the former Yugoslavia. None of us takes lightly the risks of involvement in a Balkan conflict. But we cannot ignore the risks of letting it rage to consume more lives and lands. A whole new generation is being convulsed in violence and condemned to a cycle of brute force and blind hate.

That cycle must be broken.

I greatly appreciate your thoughtful responses to my letters outlining President Clinton's six-point plan of engagement in the effort to restore peace. We have also consulted with Russia and others. My discussions with Foreign Minister Kozyrev were very positive.

President Clinton believes that we must move toward a settlement, building on the Vance-Owen plan, that is just, workable, and durable, and that preserves Bosnia as a state. U.S. participation comes with the expectation that Europe, which is most directly affected, will play a leading role and redouble its concerted efforts. The addition of the United States should

certainly not occasion any relaxation by others.

If a viable agreement can be negotiated that all parties accept and that has practical enforcement mechanisms, the United States is ready to join with the U.N., the EC, NATO and others in implementing it. This includes possible U.S. military participation. NATO's special capabilities and command structure can play a key role in this regard, in combination with contributions from non-allies.

It behooves the Alliance to make preparations now. We must be ready to act effectively if and when a viable agreement is accepted by all the warring sides.

With respect to humanitarian assistance, I stated February 10 that we were considering steps to ensure delivery of aid to those in Bosnia who are starving and in need of medicine. As you know, we announced yesterday that the United States will conduct air drops to the needy in eastern Bosnia, in coordination with the U.N. and the U.N. High Commissioner for Refugees. We would welcome such broad participation in this effort.

We must today admit frankly a fact that now haunts our search for peace. The West missed too many opportunities to prevent or contain this suffering, bloodshed, and destruction when the conflict was in its infancy. The lesson to be learned from this tragedy is the importance of early and decisive engagement against ethnic persecution and aggressive nationalism.

The treatment of minorities is an issue that begs for the application of preventive diplomacy. Minority concerns exist not only in the Balkans, but throughout the countries that comprise our new North Atlantic Cooperation Council.

Our security interest in resolving minority issues is clear. When democratic institutions are new, memories of historic injustices are fresh, and people are undergoing the painful dislocation of market reform, we must all be especially mindful of the treatment accorded minorities. We must urge

restraint and tolerance on all sides. We must speak out when human rights are violated. And we must promote early and effective problem-solving.

The Clinton administration is prepared to do its part. We look to you to do yours.

Moving Forward Together

The great postwar leaders were years ahead of their time. From history's vantage, we marvel at their farsightedness. Of course, Acheson, Monnet, Schuman, and Adenauer could not know how kindly history would judge their work. They were struggling to get beyond the moment, counter the pressing threat, and craft the policy that would serve their nations' long-term interests. To speed the dawn of a better day.

That day has dawned. Hard work lies ahead of us. And we must act today to ensure our tomorrows. But do we have the needed tools at our disposal? Will we use them wisely? Most important of all, can we summon the political will to accomplish our mission?

Those questions go to the heart of our NATO work. We can — we must — answer them in the affirmative. We can and we must move forward together. In that spirit, I am pleased to have the opportunity to meet here now.

(end excerpts)
