

NOTE: The President's remarks were videotaped at noon on June 7 in the Oval Office at the White House for later broadcast, and they were released by the Office of the Press Secretary on June 27.

Remarks at the Opening Session of the Pacific Rim Economic Conference in Portland, Oregon

June 27, 1995

Thank you very much. Mayor Katz, Governor Kitzhaber; I want to thank the people of Portland who have done so much to make us feel at home here; Secretary Pena for cosponsoring the conference; all the members of the Cabinet and the administration who get to do their jobs in Portland, in the real world today instead of back in Washington; President Ramaley; Congresswoman Furse; Governor Lowry. Let me also thank the Coast Guard for all the work that they have done to help us succeed here.

Let me begin by saying I wanted some heated exchanges here today, but I have already overdone it. *[Laughter]*. This is a working conference. We will not be offended if you take your jackets off, roll your sleeves up. It would suit me if the gentlemen here present want to take your ties off. I won't be offended. I think you better stop there. *[Laughter]*

I have really looked forward to this for quite some time. I had a wonderful experience when we came to Portland shortly after I became President for the timber conference. And a lot of ideas were generated out of that which clearly affected the work of our administration in terms of getting an aid package through Congress to help to pay for economic conversion in disadvantaged communities and a lot of other very specific things.

When I was Governor, I used to go out across my State secure in the knowledge that even in every State there is no such thing as a State economy, that within each State the regions are dramatically different in their possibilities and their problems. And I do not believe that our National Government can have a sound economic policy without continuing to establish partnerships and to listen to people who live in various regions of the United States. And that's why we're doing this series of conferences today.

I also think that, as all of you know, as a former Governor, that a lot of the best ideas

in the country are not in Washington and don't get there unless you go out and find them. In preparation for this conference, I was given a remarkable biography of the remarkable Oregon Governor Tom McCall, that was written by a man that works for the Oregonian, Brent Walth, and now, according to—I know that no one in the press ever gets it wrong, so I'm sure this book was right in every respect. *[Laughter]* The most impressive thing about the book to me, maybe because of my own experiences with my own mother, was that once Governor McCall's mother was having trouble getting a hold of him, so she called the White House because she heard that the White House could get in touch with anybody, and she actually got President Johnson on the phone and said that she needed to talk to her son. And President Johnson called the Governor and told him to call his mother. *[Laughter]*

Now, that is the kind of full-service Federal Government I have sought to bring to the American people. *[Laughter]* And that is the tradition we are trying to build on.

As the Vice President said, we are here to, first of all review the facts about the region's economy, the good things and the bad things, the barriers to progress, and the possibilities. We are here to determine the impact of the present policies of our administration on that and to get as many new, clear, specific suggestions as possible for where we should go together.

I think it is important to do these things because too often the further you get away from the grassroots in America, the more theoretical and the less practical the debates become. And that is especially true now because we're at an historic watershed period in American history. We won the cold war, but we no longer have a common enemy and a common way of organizing ourselves and thinking about how we should relate to the rest of the world.

So yesterday I went to San Francisco to the 50th anniversary of the United Nations, to try to talk about why we, more than ever, should be working with other countries in partnerships to advance our values and our interests and our security.

And today I say to you that a lot of our economy was organized around our responsibilities in the cold war. And today we know it has to be organized around the realities of a global economy, the information age, and the fact that for many decades, before the end of the cold war, we financed our continuing leadership in that war and our needs at home with massive deficits, which lowered savings rates, lowered investment rates, and put us into some very difficult circumstances, which mean today that we're in the second decade in which most Americans are working a longer work week than they were 20 years ago for about the same or lower wages and at which all these wonderful changes that we find thrilling and exciting, the global society, the rapid movement of money and information, the constant downsizing of big organizations, but the explosion of new ones—because even though we have downsizing of big corporations, in '93 and '94 both we set new records for the incorporation of new businesses—all these things in the aggregate are quite exciting. But if you're just someone caught up in a very new world, who has to worry about paying a mortgage and educating your children and taking care of your parents' health care, they can be very threatening as well.

And over and over and over again we hear all over the country people say, "Well, I know these numbers look good, I know we've got almost 7 million new jobs, but I'm still worried about losing mine. It may be that the economy is growing, but I haven't gotten a raise. I know we've got the best health care in the world, but I lost my coverage at my job last year. I know we have to grow the economy, but how can we do it and preserve our precious environmental heritage so that America as we know it will still be around for our grandchildren?"

These questions are coming at us. They also come from the other way. They say, "Well, we're caught in a bind; I know we have to preserve the economy, but I've got to feed my family tomorrow. I know that we have to advance the environment and I'm worried about other people's economic interests, but what about mine?"

In other words, this is an interesting time in which the clear, simple, monolithic way we used to look at the world, the cold war abroad, constant economic progress at home, steady, slow, certain resolution of our social difficulties, all those things are kind of out the window. And there are more possibilities than ever before, but it's pretty confusing for folks out there. And a lot of people are genuinely scared and worried. And what we have to do is to chart a new course based on our fundamental values.

I personally believe that the debate that has gone on in Washington is understandable, given the national confusion and frustration, but it's way too extreme. We're debating things that I thought were resolved 70 years ago. To me, the issue is not, would we be better off if the Government solved all our problems? Nobody believes that can be done anymore. But it is certainly not, wouldn't we be better off if the Government did nothing but national defense, cut taxes, and balance the budget tomorrow without regard to consequences?

The clear thing it seems to me is we ought to be asking ourselves, how do we have to change our Government to get the kind of policies that advance the American dream, that grow the middle class, shrink the under class, enhance our security and our quality of life, deal with the issues of the day in practical fashion? What kind of partnerships do we need?

That's the way I tend to look at the world, probably because I was a Governor before I became President. But it's also the thing I think that will work. You heard what the Vice President said: In the last 2 years we have cut the deficit by a trillion dollars over 7 years; we have seen a lot of new jobs. Even in some rural counties in Oregon, the unemployment rate has gone down, notwithstanding the difficulties caused by the timber issues.

We have tried to expand trade in unprecedented ways. We have had more than 80 new trade agreements, the big ones like NAFTA and GATT and others on specific things that permit us to sell everything from Washington apples to California rice to software and cellular telephones in Japan for the first time.

And I believe it is clear to everybody that what we have to focus on is reducing the deficit, expanding trade but also increasing the capacity of the American people to make the most of their own lives and enhancing our own security. So that's why I have also focused on the need

to invest more in education, training, and research and the need to dramatically improve the ability of the Government to do its job, because if we're going to cut back and cut back and cut back it becomes even more important what we do spend money on.

That's why we try to support things like the Oregon initiative. That's why we've given now 29 States permission to get out from under Federal rules to try their own hand at reforming the welfare system, to move people from welfare to work. That's why we abolished another 16,000 governmental regulations the other day. And these are things that are profoundly important to all of you.

As we look ahead, I just want to say a couple of things and then I want to hear from the panel. We're going to have a big debate this year about what should be done about our budget deficit. I believe it's important to balance the budget. I believe it's important to have a clear path to get there. And I think it's important for two reasons. One is we never had a permanent structural deficit in the United States until 1981. Now, we ran a deficit all during the 1970's because of the oil price problems and because we had something called stagflation. And those of you who were of age in those years understand what happened to our economy. So conventional economic theory called for us to try to keep stimulating the economy a little bit in those years.

But we never had a big, permanent deficit until 1981, when there was a sort of unspoken agreement between the major party leaders in Washington. The Republicans didn't want to raise taxes to get rid of the deficit and the Democrats didn't want to cut too much spending, and besides that, both of them knew that economic growth in America fueled by investment and productivity had reached a very low level and the only way to keep the economy going was through a big deficit. But we have paid a terrible price for it.

Meanwhile, the private sector is much more productive now, much more competitive. And we cannot afford to continue to run our economic business with a permanent deficit, in my opinion. On the other hand, there is a right way and a wrong way to do it. An economic study recently done by the Wharton School of Business in Pennsylvania pointed out that if we reduce the deficit too fast and specifically analyze the Senate proposal, that it could bring

on a recession, increase unemployment to 8.6 percent, and basically undermine what we want to do.

That's why I proposed balancing the budget over 10 years, doing it in a way that increases investment in education, medical research, and technology, not reduces it; cuts everything else in the nondefense area about 20 percent across the board; and reduces Medicare and Medicaid inflation more moderately than the Republican proposals, so that we don't have to cut services primarily to elderly people who don't have enough money to live on as it is.

In order to get to my budget, you have to have a much smaller tax cut; focus it on education, childrearing, and the middle class; and take 10 years instead of 7. But this is the sort of debate I think we ought to be having, in other words, not some big theoretical debate about what's good and evil in some theory but how is this going to affect the American people?

Same thing—I'll just give you one other example about the environment. We'll have a chance to talk about this today. It seems to me what we ought to be focused on here and what you all—most of you at least—said you wanted when I came out here to the forest conference is, how can we guarantee long-term sustainable development that preserves the natural resources, that makes people want to live here in the first place, but enables the maximum number of people to make a decent living in the most diverse and acceptable ways to sustain the environment?

In Washington, the debate often gets so theoretical that you got some people saying, "I think it's a very nice thing if the environment's preserved, but the Government would mess up a one-car parade, so we ought to get out of it anyway." The other day we had a congressional subcommittee actually vote to repeal the ban on offshore oil drilling for every part of America—Florida, New Jersey, California, everybody—no analysis, no nothing. Why? It was pure ideology. Yesterday they reversed the vote after they heard from the people. But you see what I'm saying. In other words, it's—one of the things that I really want to come out of this is a practical sense of what we should be doing.

Finally, let me say, there's one other big issue in the news today that affects the Pacific Northwest, and I want to mention that. That, of course, is the question of our trade talks with Japan. First, let me say there's nobody who's

done more than our administration to try to open opportunities for Americans to sell in Japan. And I have also kept a very open door to Japanese products in America. We are, as I mentioned earlier, we're selling apples, rice, software, cellular telephones, computer technology previously prohibited by cold war legislation, all these things we're selling in Japan and the rest of Asia, many of them for the very first time.

I supported the GATT trade agreement. I supported NAFTA. I believe in this. I understand that Japanese cars are made now in Oregon and sent back to Japan for sale. I know all that. I know that Washington State is the most trade-sufficient State in the United States in dealing with the Pacific Rim. This is the future I want.

But you also have to understand in the context of this negotiation, we still have a huge and persistent trade deficit with Japan. More than half of it is in autos and auto parts. We have a trade surplus in auto parts with the rest of the world because we are the low-cost, high-quality producer of auto parts in the world, but we still have a \$12.5 billion trade deficit with Japan, partly because they make carburetors in Japan and sell them for 3 times as much in Japan as they do here.

The luxury car issue you've heard talked about, that's the sanction that I propose, unless we can reach an agreement here, of tariffs on luxury cars—those cars are selling—made in Japan—selling for \$9,000 more there than here. We have to seek fair trade. No matter how many jobs are created by a country's trade, if they have a \$100 billion trade surplus by constantly closing the economic channels of access, more is lost than gained. And this is not good for Japan. They're awash in cash, but they can't have any economic growth. They have no inflation, no growth, and they're moving toward negative interest rates in the Japanese economy. The average Japanese working person looks like

they have a huge income, but they can't afford housing and their consumer costs are almost 40 percent higher than Americans for virtually everything. So they are paying a terrible price.

I want to tell you, the people of the Pacific Northwest, I am not trying to launch a new era of protectionism, but we have tried now for two or three decades to open this market, and this is the last major block to developing a sensible global economic policy. If the United States is going to lower its deficit in ways that promote growth and raise incomes, then the rest of the world has to also make their economic adjustments because we can't deficit-spend the world into prosperity any more. Others have to do their part as well.

That is what this is about. The bottom line is we want to open the markets for American products. And we will take action if necessary in the form of sanctions. We hope it will not be necessary. We hope it will not have an adverse effect in the short run on anyone. But over the long run, if we're going to build the kind of global economic system we want, everyone must change.

Meanwhile, I will get back to basics here. It is not enough for this country to produce impressive economic numbers. It must be manifest in the lives of the people of America. So I ask you to give us your best thoughts about where we are and where we're going and what you think we should do to renew the American dream and to maintain our leadership in a new and exciting world that is full of opportunities and challenges.

Thank you very much.

NOTE: The President spoke at approximately 9:45 a.m. in Smith Memorial Center at Portland State University. In his remarks, he referred to Mayor Vera Katz of Portland; Gov. John A. Kitzhaber of Oregon; Judith A. Ramaley, president, Portland State University; and Gov. Mike Lowry of Washington.

Remarks at the Closing Session of the Pacific Rim Economic Conference
in Portland
June 27, 1995

First of all, let me thank this panel and—all of them. I do have to say one thing in deference to Quincy Jones' humor and modesty. You should all know, if you don't, that in the aggregate, I think second only to airplanes, entertainment is our second biggest export. So when all these folks are talking about piracy and opening markets to nontraditional things you don't normally think about being exported, that's a huge deal in the American entertainment industry. It generates untold thousands of jobs, and they're not just the kind of jobs you think about—every time you look at a movie and you see all the people at the end that work on a movie and you imagine what their incomes are like, what their lives are like, just remember, those people, their ability to keep their jobs over a constant long period of time depends upon our ability to be effective in exporting that product as well.

One of the things that we tried to do—and Tom was talking about this—after we took office, was to identify those things where—like apples from Washington—where we knew good and well there would be a consumer market in other countries if only we could pierce them. So there wasn't some sort of theoretical thing. We knew that.

And finally let me say again, this relates to higher wage jobs, because export-related jobs on balance pay about 15 percent higher than jobs where the total nature of the economic activity is within the border of the United States.

Let me give you this thought in closing. Agricultural exports have gone up \$9 billion, to over \$50 billion a year, since this administration took office. And we've got a surplus of about \$20 billion, as I said. Exports to Asia alone reached a record of \$18.6 billion—that's 45,000 jobs. That's just agriculture. The Washington Apple Commission has tripled exports. And Washington apple exports to Asia increased 37 percent last year alone. That's just one example.

Now, I'll close with a general point I want to make. I came out here because I really believe that this is what public life should be about—not just this panel, but all three of them—not the kind of rhetorical and highly par-

tisan divisions that normally come to you across the airwaves from a distant National Government.

Also I believe—if you think about it, when World War II was over, we had a remarkable thing happen with President Truman and the Republican leaders of the Congress where we set up NATO, we set up the Marshall Plan, we set up—we really filled out and finished the work of the United Nations. And we had this bipartisan foreign policy, because everybody thought we could be destroyed by nuclear war or by the success of communism over democratic capitalism.

So we fought like crazy about all kinds of domestic issues, but we basically organized ourselves around the issues that were critical to our survival. I think you could argue that in the world toward which we're moving, our survival, our security as a people relate very closely to the issues discussed by these three panels today. And we need to find a way to go beyond partisanship to reach some national consensus on issues of trade and innovation, on issues of education and training, on issues of organizing work and family and education in a way that enables people to make the most of their own lives and on the question of pushing more and more decisions down to the community level but using the National Government as a partner to spark economic activity and get us through tough economic transitions.

That is what I am trying to do. As you can see, the results are mixed from time to time. But it's clear that that's what the country needs to do. You would not run a family, a business, a charitable organization, a local project in the way our national politics is too often run, at a highly theoretical, highly rhetorical, highly ideological level, when what we're really trying to do is to find new patterns in which people can make more of their own lives.

So I ask all of you to think about that. How would you define our security, moving into the 21st century? And if you believe it relates to innovation, to education, to training, to exports, to all these things, then I ask you: Do what you can to help us to build a bipartisan consen-