

pleased to welcome you back to the White House.

I have known President Zedillo less than a year now, but I feel as if I have known him for a very long time because of the remarkable similarities in our lives, some of which will surprise you, perhaps some of which will amuse you.

Both of us were lucky enough to come from families where everyone worked hard. His mother was a nurse, and so was mine. We both had the chance to do graduate work in England and both continued our studies at Yale on scholarships. We both married up. *[Laughter]* Like her husband, Mrs. Zedillo is a trained economist, and a quite good one. And I thought I would be a pretty good lawyer until I met Hillary. *[Laughter]* Most important of all, and most unbelievably to me, we both went to Acapulco on our honeymoons. *[Laughter]* And we both went on our honeymoons not only with our wives but with our in-laws. *[Laughter]* Now, what that says about our judgment, character, and vision, I leave for you to determine. *[Laughter]* But Mr. President, we clearly have a lot in common.

We are also privileged to lead two great nations whose histories and destinies are intertwined. Our strides are longer and our burdens are lighter because we advance together in partnership.

President Zedillo, you took office at a time of great challenge for your country. You held up a vision of Mexico for the future, a Mexico united in democracy and in prosperity. You also

knew that Mexico would have to change to succeed, and you called on the Mexican people to join in your campaign for progress.

Only 3 short weeks later, financial crisis struck, and pessimists predicted collapse. But while those people were wringing their hands, Mr. President, you and I were ringing each other on the telephone. I knew that you were determined to lead Mexico forward, and we both knew that we were in the fight for the future together. The United States rallied the international community to Mexico's cause, and you, Mr. President, made the courageous and difficult choices that opened the door to recovery without closing the door to reform.

Because of your faith in the people of Mexico, because of your love for your homeland, because of your willingness to lead by example, putting long-term good ahead of short-term gain, Mexico's economy is back on track, and its democracy is stronger than ever. And Mr. President, the United States is proud to be your partner.

In your inaugural address, you offered the following challenge: Let it be said of us that we have dared have high aspirations and we knew how to make our dreams come true.

With respect to your achievements, let us raise a glass to your dreams and honor the President and the people of Mexico, the ties that bind us and the friendship between us, and our common vision and destiny in the future.

Viva Mexico.

NOTE: The President spoke at 8:25 p.m. in the State Dining Room at the White House.

Remarks to the International Monetary Fund and the World Bank

October 11, 1995

Mr. Chairman, Mr. Secretaries, Mr. Camdessus, President Wolfensohn, to the governors of the International Monetary Fund and the World Bank Group, honored guests: On behalf of the United States, it's an honor to welcome you to Washington for your 50th annual meeting. And I am especially pleased to have the opportunity to speak to this group at a moment when you can see the fruits of your labors.

Ordinarily, accomplishments of great institutions like these come slowly. Yet, today the visit

of President Zedillo of Mexico reminds us that in only 9 months, with the help of the international community, Mexico has pulled back from the brink of financial disaster. After one of the most severe financial emergencies in the postwar era, Mexico again is on the road to stability and growth. The Mexican stock exchange has recovered. Inflation is stable. Interest rates are down. International markets have been reassured. And most impressively, in only

7 months, Mexico was able to return to private capital markets.

As you have heard, President Zedillo has announced that Mexico will begin repaying its short-term debt with a \$700 million installment this month, well ahead of schedule.

Mexico's success is a tribute first to President Zedillo's leadership, his courage, and his government's steadfast commitment to carry through tough economic reforms, though they have required great sacrifices from the Mexican people. They have borne these sacrifices, the austerity, the increased unemployment in the short run, with the hope that they will pay off in long-term growth and the better lives that ordinary Mexican citizens deserve.

That of course is the hope of people throughout the world, the hope we must address, the hope to which we must give reality as we move into the next century.

The international financial institutions, the IMF, the World Bank, the Inter-American Development Bank, all your swift and decisive support for the stabilization package played a vital role in bringing this hopeful moment to pass. I particularly want to thank Mr. Camdessus for his leadership.

The United States also acted decisively. We acted decisively for Mexico and for America, for helping Mexico helped to protect one of our biggest export markets and 700,000 jobs that depend upon our trade with Mexico. It helped to prevent an economic collapse that could have caused serious dislocation along our 2,000-mile border and had a grave impact on our common efforts to limit immigration to legal immigration. But more importantly, it was the right thing to do, because the United States and Mexico are neighbors.

The truth is, in the global economy of the 21st century, we are all neighbors. Helping Mexico not only prevented a national crisis, it prevented this national crisis from turning into a multinational catastrophe by arresting the spread of uncertainty throughout the world's emerging markets. At that time, which many of you will remember well, every sign on exchanges in South America, in Asia, in Europe, registered a looming disaster for the developing countries. Those emerging markets support more than 3 million American jobs. They're essential to our economy and to the well-being of our people, but they're more important for our common

commitment to a more peaceful, more democratic, more free world.

In many of the nations embracing free enterprise for the first time, the very ideas that underpin market economies were thrown into doubt, into severe doubt, by the Mexican crisis. Open markets, privatization, deregulation: these things came under a cloud of suspicion. The decision of the countries in the developing world, Central and Eastern Europe, the Newly Independent States of the former Soviet Union, and other nations, to embrace these ideas has been one of the great achievements of this century. No American leader could allow one setback in one nation to undermine this tremendous wave of history.

But I ask you to remember also that the Mexican crisis put into high relief tensions that are less evident in many, many emerging economies throughout the world in the new realities of the 21st century. It therefore provides for us a powerful reminder of why we must continue to lead in the face of these extraordinary new challenges and these new opportunities.

History will look back on us and judge how well we responded to this time of intense economic transformation. It is the most intensive period of economic change since the industrial revolution. The revolutions in communications and technology, the development of nonstop global markets, the vast currency flows that are now the tides of international business, all these have brought enormous advantages for those who can embrace and succeed in the new global economy.

But these forces have also made all our societies more vulnerable to disturbances that once may have seemed distant but which now directly affect the jobs and livelihoods in every nation in the world, from the richest to the poorest. The unbridled forces of the global market make it more difficult for every nation to sustain the social contract, to sustain individual opportunity for all citizens, to keep families strong, to keep communities thriving, to keep hope alive.

The truth is, in this new world there are powerful forces of integration and powerful forces of disintegration. And as we approach the 21st century, we must adapt our thoughts and our actions to this new reality. No nation can turn its back, and we will all have to work together if we want the promise of the 21st century to outweigh its peril in every nation in the globe.

The trend toward globalization, after all, has far surpassed anything the great figures of Bretton Woods could have imagined. Interdependence among nations has grown so deep that literally it is now meaningless to speak of a sharp dividing line between foreign and domestic policy. In the United States, when we think of economic policy, we can't divide that which is domestic from that which is global. When we think of security policy, we know that our efforts to combat terrorism, whether it's in the World Trade Center incident or in Oklahoma City, have very much in common with our efforts to help our friends around the world to deal with a bus blowing up in the Middle East or a vial of sarin gas being broken open in a Japanese subway or in so many other instances that all of you can well relate to.

We simply must adjust the world's financial architecture to these new conditions. We must forge a system strong enough, yet flexible enough, to make the most of the historic opportunities and the historic obligations before us.

Billions of people, after all, in Asia, in Latin America, in Africa, in Europe, who are turning to democracy and free markets need to see that there can be tangible benefits from their decision and a better life after breaking the shackles of the past.

Today, a child born in Bangkok or Buenos Aires or Johannesburg enjoys the possibility of a vastly better life than his or her forebears could ever have imagined. But to redeem that promise, we must work to exalt the forces of integration and to overcome the forces of disintegration that globalization brings. We must see that a future crisis like Mexico's does not rob children of the better lives before those lives ever get started.

Fifty-one years ago, at another moment of historic change, President Roosevelt urged our Congress to approve the Bretton Woods agreements. He drew a dark picture of—or a clear picture of stark contrast. The choice, he said then, was, and I quote, “between a world caught again in a maelstrom of panic and economic warfare or a world that will move toward unity and widely shared prosperity. This point in history,” he said, “is full of promise and of danger.” Today, as we stand on the verge of a new century and confront a radically new international economy, I say to you that we are at a point of history full of promise and of danger.

To master the challenge before us, we must focus our efforts on expanding trade, improving investment and capital flows, and promoting sustainable development here. And we must do it in the context of our devotion to human freedom and democracy.

In the last 2½ years, our administration, working together with many of you in this room, has taken tremendous strides toward opening world markets and promoting global growth. First, we tried to become a better international citizen by putting our own economic house in order. When I became President, our Government deficit was \$290 billion a year, claiming capital from around the world that needed to be properly put to other uses and keeping interest rates unnecessarily high. In 3 years, that deficit has been reduced to \$160 billion a year, and we are working in good faith to bring our budget into balance across the party lines here in America.

Second, we promoted a higher rate of growth, led by investment and free of inflation, with the result that we now have the best combined rates of unemployment and inflation in the United States in 25 years.

Third, we worked with like-minded people throughout the world to advance the cause of global trade. We have worked to increase our exports, to create high-wage jobs, to improve our own standards of living and those of other nations, and to sustain growth. We brought the Uruguay round into force. We made NAFTA a reality. Our trade Ambassador, Mr. Kantor, has negotiated over 80 other separate bilateral trade agreements to expand trade. We are forging agreements with the Asia-Pacific region and with the Americas that mean that early in the next century trade will flow freely over most of the Earth.

The best way to grow our economies is to expand trade. Our experience shows that. In the last 3 years, there has been a stunning explosion in American exports, up 4 percent in 1993, 10 percent in 1994, 16 percent in 1995. At the same time, global trade has increased over 12 percent over the last 3 years, and the United States, as we have sold more, has been in a position to buy even more from other countries all around the world.

This is not an abstract concept. This makes a difference in the real lives of people throughout the entire globe. Opening markets has helped to create almost 2 million American jobs

here in our own economy. But as barriers fall elsewhere, our ability to trade, our ability to purchase others' exports, our ability to invest in others' countries have created many, many more jobs in other nations around the world.

We have to do more, of course. We have to maintain our efforts to resolve trade disputes and to fight protectionism. I am pleased to say that with the establishment of the World Trade Organization, we have made real progress toward removing barriers and preventing conflicts.

Ironically, just when the advantages of expanded trade have become so dramatic, we are again hearing the voices of retreat here in our own country. There are those who say that America should simply erect a wall and live within its own borders economically and, when it comes to foreign policy, we should just go it alone. But my fellow citizens of our shared planet, economic interdependence is a fact of life. The goal must be to have it benefit all people, consistent with our shared vision for a world of freedom and peace and security and prosperity, consistent with shared values of responsibility and opportunity for all people, of stronger families and stronger communities, of nations with sustainable levels of economic growth that preserve our common environment.

That is what is happening all over the world today. I could just give you one example that coincides with President Zedillo's visit. We have a company called U.S. Filter in Palm Desert, California, with only 50 workers. But they have jobs because the Mexican city of Cuernavaca is buying a water treatment system from their company. We are fostering growth, trade, jobs, and sustainable development. We must do more of that, and turning away from one another is not the way to achieve that objective.

Mexico understands this. When the trouble hit earlier this year, because of NAFTA Mexico did not turn back and close its markets as it did during its 1980's crisis. Back then it took Mexico almost a decade to recover. But because Mexico has stayed on course, it is on the way to recovery now. There will be no lost decade for Mexico because of its own policies and because of the work done in the international community to assist it to recover. This can now be a decade of opportunity springing from short-term sacrifice.

Mexico's troubles and the other recent events have shown that reforms in the international financial system have to continue. We don't have

this all worked out as it needs to be. We should spread the benefits of financial integration around the world so that more and more borrowers have access to capital markets. We have to devise better ways to prevent financial crises and to cope with the crises that inevitably occur. People will turn away from free markets if they feel helpless, if they feel that they are simply pawns in a global game of winner-take-all, rather than partners in a global endeavor that seeks to make it possible for all to win.

Since the peso crisis, we have moved from crisis management to institutional reform. At the G-7 summit in Halifax, we put forward far-reaching proposals to help the international financial institutions meet these new needs. They aim to increase disclosure of nations' financial information and identify possible crises early, before they rock the world economy. And they include steps to mobilize the international community quickly when future crises occur. Next time there's a problem like Mexico's, the system will be better prepared. I'm pleased that over the last few days the broader membership of the IMF has endorsed these proposals, made them more concrete, brought them closer to implementation. I thank you for that, and I congratulate you for it.

Fulfilling the hopes of this moment demands that we also renew our efforts to help those who still suffer the curse of poverty. Development that improves standards of living, strengthens democracy, conserves resources, and restrains population growth; development that lifts people up and builds societies of citizens and consumers, not victims and dependents, these, these objectives benefit all nations, rich and poor.

To succeed, we must change the approaches of the past to meet the demands of the future. The international financial institutions, the multilateral development banks must continue to sharpen their focus on giving all people the chance to make the most of their own lives. That means investing in education, in health care, in other programs that attack the roots of poverty. It means responding to the problems that were highlighted in such stark and clear relief at the Beijing conference on women. It means encouraging private sector development. It means that our development programs must support democracy, accountability, and the rule of law. It means we must have a common global

commitment to environmental protection and sustainable development.

Developing nations must shoulder their own responsibilities, sticking to sound economic policies, liberalizing trade practices, creating financial markets that work, and above all, being the primary investor in the human capacity of their citizens. Achieving these goals will require the banks to continue reforming their own operations and striving for greater efficiency.

Jim Wolfensohn is devoting all of his famous energy to that task. I thank him for it and for carrying forward the work of his fine predecessor, Lew Preston. I applaud Jim's progress and look forward to further accomplishments in the months and years ahead from the World Bank.

Before closing, I'd like to say just a few words about the United States commitment to helping the poorest nations of the world help themselves through our partnership in the International Development Association. It is simple: The IDA is essential. Its loans provide a crucial tool for nations that seek to escape from poverty to sustain growth. It serves our fundamental values, as well as our economic interests, by lowering trade and investment barriers, supporting private sector growth, opening the markets of tomorrow, and giving people a chance to succeed.

A lot of people don't remember this, but the IDA was the brainchild of President Eisenhower. He believed deeply that when, as he put it, "people despair that their labor will ever decently shelter their families or protect them against disease, peace and freedom will be in danger, and the seeds of conflict will be sown."

For decades, Democrats and Republicans shared President Eisenhower's sentiments, and they supported IDA. Unfortunately, that is no longer always the case. Many in the Congress have forgotten that IDA recipients of yesterday, countries like South Korea, Indonesia, Turkey, China, Chile, are today among America's most important trading partners, are among America's most important strategic partners working for global security. Those who are reminded of this perhaps will be tempted to change their position. But I want to say clearly that those who are determined to make reckless cuts in the funding of the United States for IDA should look at the facts. They should remember the vision of a great Republican President, Dwight Eisenhower.

Today's despair breeds tomorrow's conflicts. Resolving the funding for dealing with today's despair will save the world and the United States a lot of money and perhaps even precious lives in the future. Restoring funding for IDA is one of our administration's top priorities because it is the right thing to do. Of course, it serves our interests, but it is the right thing to do.

And let me assure you, if you believe as I do that balancing our Federal budget will permit higher levels of growth in the United States and throughout the world, then this is a good investment. And it is not necessary—not necessary—for the United States to walk away from its commitment to balance the national budget. Don't let anybody tell you that it is.

When these two institutions opened for business, the IMF and the World Bank, there were 38 nations standing behind them. Even then, John Maynard Keynes likened the affair to the Tower of Babel. Well, today, there are 179 nations represented here. But even though we are larger in number and some of us are larger and more wealthy than others, this increase in numbers does not mean that any one of us, including the United States, can afford to detach itself from the business at hand and hope that others will take up the slack. More than ever, we must all participate in the reform of the international economic system, and we must all do our part.

In a world that grows rapidly closer, every one of us is called upon to help harness the forces of integration for the benefit of our people and to make the forces work for all our communities and for the community of nations that is increasingly bound together. Only then can we fulfill the potential of the advances in technology and trade and knowledge. Only in that way will we defeat the forces of disintegration, extreme nationalism and ethnic strife, isolation, and protectionism.

I believe that the 21st century will be the period of greatest possibility in all human history. I hope it will be a period of unparalleled growth, achievement, prosperity, and human fulfillment. It certainly has the potential to be.

What these institutions do in the next 20 years will have a large say in what the 21st century looks like for all the people of the world. What we do individually, as nations and as leaders, will have a large say in what that world looks like.

The institutions that we honor today and that you participate in deserve and require our support. They also deserve and require our best efforts to make constructive changes to meet the new opportunities and the new challenges we face.

We must, we must, lay the foundation for prosperity, security, and freedom that will benefit all the people of the world well into the next century. These next few years are a critical point, an historic turning point. And if we do our job, the history of the next century will be less bloody than the history of the 20th cen-

tury and even more filled with prosperity and freedom and common human decency.

Thank you very much.

NOTE: The President spoke at 11:15 a.m. in the Grand Ballroom at the Sheraton Washington Hotel. In his remarks, he referred to Paul Dossou, chairman, 1995 IMF/World Bank annual meeting; Timothy Thahane, Vice President and Secretary, World Bank; Leo Van Houtven, Secretary and Counsellor, IMF; James D. Wolfensohn, President, World Bank; and Michel Camdessus, Managing Director and Chairman of the Executive Board, IMF.

Remarks at a Luncheon Honoring President Ernesto Zedillo of Mexico *October 11, 1995*

Thank you. Thank you so much, Mr. Vice President, for the introduction and for your leadership in these important endeavors. President Zedillo, Secretary General Gaviria, World Bank President Wolfensohn, the IMF's Managing Director Camdessus, President Iglesias, members of the United States and American Cabinets, Ambassador Babbitt, and the other OAS Ambassadors; to the very important members of our business communities in the United States and throughout Latin America; to all of our distinguished guests:

Just 9 months ago, I had the honor of hosting all the democratically elected leaders in our hemisphere at the Summit of the Americas in Miami. Together we laid out a bold and broad vision for the future of the region we all share. We imagined a community of nations committed to freedom and prosperity. And we set out a plan of action to realize that vision, to create a free trade area throughout our hemisphere, to strengthen the remarkable trend toward democracy, to improve the quality of life for all our people.

What all of us in Miami recognized is that increasingly our values and our interests coincide. Our futures are joined. As each of us prospers, all of us benefit.

For 45 years, the Organization for American States has worked tirelessly to strengthen the ties that bind us together. Now, its members have challenged us to implement many of the

summit's initiatives, especially in the area of democracy and human rights. And in turn, we have asked the OAS to help turn our goal of a free trade area of the Americas into a concrete reality.

Under Secretary General Gaviria's dynamic guidance, I am confident the OAS will meet the responsibilities of its mandate and help to build a new era of democratic progress throughout the Americas.

Nowhere is the potential for progress clearer than in our relationship with Mexico. The stronger our trade, the greater the well-being of all of our people. The deeper our cooperation, the better we will be able to fight together our common problems like drugs and crime and pollution. The more effective our partnership, the stronger an example we will be able to set for all the nations of our hemisphere.

That's why when the peso collapsed, the United States stepped forward. The international support package we assembled, with the IMF, the World Bank, the Inter-American Development Bank, helped Mexico to get back on the path of stability and growth. It also protected hundreds of thousands of American jobs, and it prevented the crisis from spreading throughout our region and, indeed, to other emerging markets throughout the world. To put it mildly, the action the United States took was not popular here at home at the time it was taken. But it was the right thing to do.