

Remarks at the State Dinner Honoring President Eduardo Frei of Chile *February 26, 1997*

Ladies and gentlemen, Mr. President, Mrs. Frei, members of the Chilean delegation, distinguished guests, welcome to the White House. Mr. President, I enjoyed our meeting today, especially your perspective as a trained engineer committed to building bridges. [Laughter] You have more experience and credibility at that than I have, but I am glad to be your partner in building those bridges.

The United States respects the extraordinary accomplishments of the Chilean people, the brave struggle to reclaim democracy which has cast the light of liberty over your land and over the entire hemisphere. The United States respects the extraordinary economic achievements of Chile, which have shined the light of hope over your land and the entire hemisphere.

Beyond democracy, you have advanced equality before the law and good government. Beyond economic growth, you have advanced fuller participation in Chile's prosperity, reducing poverty and increasing education so that all may have their chance. Under your leadership, Chile is a crossroads for global commerce, a force of freedom and peace, a valued partner of the United States in building a better world for the 21st century.

Three decades ago, Mr. President, during the time of the Alliance for Progress launched by President Kennedy, your father made plans for a state visit to our country. That visit never came to pass. And in the years that followed,

the bright hopes that our nations had for cooperation in our hemisphere went unrealized. Now we stand at a moment of unprecedented promise for the Americas. Just as you donned your father's ceremonial sash when you took office, you have completed the journey to the United States that he once set out to make.

Now we must make our bold journey into tomorrow together. Mr. President, I gave a book of poems by your great Chilean poet Pablo Neruda to my wife for our 20th wedding anniversary. In his "Ode to the Sea," Neruda wrote these words that speak to us tonight across the years: "We'll put the affairs of mankind in order, big things first, then all the rest. We will make you see an Earth, we will make you perform miracles, because inside us, inside our struggle is our daily bread, our fish, and our miracle."

Mr. President, you have put big things first: democracy, justice, freedom, the future. In so doing, you have given the Chilean people the chance to reach deep within themselves to perform miracles.

Tonight it's my great honor to ask all those here present to join me in toasting you, Mrs. Frei, people of Chile, and the bright promise of our partnership.

NOTE: The President spoke at 8:57 p.m. in the State Dining Room at the White House. In his remarks, he referred to President Frei's wife, Marta.

Remarks to the Business Council *February 27, 1997*

Thank you, and good morning. Thank you, Larry. Thank you, Mr. Vice President. I want to thank the other officers and all of you who are here today for inviting me to come by. There are a lot of members of my administration here. I know Secretary Rubin spoke earlier, and Chief of Staff Erskine Bowles is here; Gene Sperling, the Director of the National Economic Council; and Maria Echaveste, who is my new Assistant for Public Liaison and Alexis Herman's

successor—some of you may not know her. Maria, where are you? Stand up there. I wanted you to know because she'll be relating to you. I want to thank you for the support that so many of you have given to Alexis Herman in the job that she held and in the job that I'm confident she will hold as the Secretary of Labor.

Over the last 4 years, I have worked with many of you in this group to grapple with a

lot of great issues facing our Nation, from reducing the deficit to expanding trade, to investing in new opportunities for a new century. The Vice President talked about the record that our people together have amassed in the last 4 years, and it is an impressive one and one we can all be proud of.

I understand you had a panel earlier this morning speculating on what has now become the conversation that we all have, which is, can it be possible that we have repealed the business cycle? Or if it hasn't been repealed, has at least it been shaved a little? And I think there is some argument for that if you look at the better inventory control, the changing nature of the economy, the more service jobs, the nature of global competition and technology, and the greater sophistication at the Fed. I mean, there are a lot of reasons for it, but I think there are some indications that we have had some real ability to manage this. But I think the most important thing to remember is that the underlying fundamentals have been good because of the productivity of the American people and our willingness to compete. And I think that if we want this to continue, which is the real question, we have to continue to do the things that will make it likely that success will prevail for another 4 years and into the next century.

It is relatively rare for a country to have both peace and prosperity and the opportunity to shape its own destiny at a time when there are so many fundamental changes in the way we work and live and relate to each other and the rest of the world. You go back to the history of the country; that is a relatively rare opportunity. And when it comes along, it's easy to miss because when things are going generally quite well, people are either complacent or they tend to—one of the unfortunate aspects of human nature—they tend to either be complacent or to be all heated up over small things, not big things, to fall out over petty divisions, not larger ones.

And so I think it is quite important that the business leadership of our Nation keep our country focused on the big questions: What will it take to ensure the long-term prosperity of America? What will it take to assure that America continues to be the world's leading force for peace and freedom and security in the new world of the 21st century? What will it take to guarantee a whole new generation of Americans, not a certainty but at least a fair oppor-

tunity, to be a part of this enormous, new, exciting age? What kinds of things do we have to do?

It seems to me clear that we have to finish the job of balancing the budget, to keep the interest rates down and the investment up, and to keep the economy growing. And it seems clear that we have to do a lot more than we have done to dramatically improve education at every level.

I'd like to talk about those two things and then mention one or two others today. I realize that whenever I talk about the skill levels of the work force to this group, I am preaching to the saved, but I think it is worth pointing out that between 1992 and 2000, 89 percent of the new jobs created in this economy will require post-high school levels of literacy and math skills. And virtually 100 percent of those jobs will pay what is now an above average wage. But only half the people entering the work force are even nominally prepared for these jobs. Our education system is still turning out millions of young people who simply are not equipped for the new world of work.

We know that we lag behind the rest of the world in math and science and that this poses a severe and growing competitive disadvantage for our country. We know that our young people have to do a better job of learning basic things and of developing the capacity to learn for a lifetime. That's why in the State of the Union Address I challenged our Nation to establish national standards in every school, in every community, in every classroom in the country and to be willing to measure whether every child has met those standards in learning, beginning at the beginning with a test of every fourth grader in reading and a test of every eighth grader in math by 1999.

Now, this may seem strange; for all of us who have had children come up through schools, we know that there are a lot of standardized tests out there. But what many people don't understand is that there are not tests to national standards. That's very different from a standardized test. If you have the right—if you have standards that every child should know in a subject and every child is tested, then that's a test everybody could pass. There's no curve grading. You either know what you're supposed to know or you don't. And how you rank in an average is utterly irrelevant unless you know what you are supposed to know.

And it is appalling that we have hidden behind a good idea, local control of our schools, to advance a very bad proposition that algebra is somehow different in Alaska than it is in south Florida, that geography is different in the northern part of Maine than it is in San Diego. This is not true. And no other country which seeks to do well in the modern economy would permit its children to keep coming up through an educational system that could not tell you whether our children know what they are supposed to know.

This is especially important now that so many of our young people come from other countries. Just across the river here in Fairfax County, there is one of the four school districts in America where the schoolchildren's native tongues number more than 100. And if—there are 40 percent of our kids in the third grade today who cannot read a book on their own. And we will never change this until we, first of all, say what the standards are and then, second, find a way to measure everyone.

Now, today, we've made some progress in this in the last 10 or 12 years. And some of you have helped me to work on it when I was a Governor. Today, through the National Assessment of Education Progress, for example, we can measure how States are doing or how school districts are doing, but still no parent can learn if a son or a daughter is actually meeting tough national standards. Our goal should be not to drive these children down but to lift them up.

Today the Department of Education is releasing the annual assessment of math performance through the National Assessment of Education Progress. It is based on a sample in the States that participate, and most States do participate now. Across the country and in almost every State, our math performance has improved in the 4th, 8th, and 12th grades. Secretary Riley will release the full results today. The scores are getting better, but they also show you why every child should be tested based on these standards, for about 30 to 35 percent of the children tested still have not mastered basic math skills, those which must be known in order to continue to learn for a lifetime.

So what I'd like to do is to just remind you of how you couldn't function if you couldn't measure and how things that you take for granted in the day-to-day operations of your business have literally been avoided in education under the guise of preserving local control. This has

nothing to do with local control. Dick Riley, since he's been the Secretary of Education, has done more in 4 years, I believe, than any of his predecessors to try to relax unnecessary Federal rules and regulations that hamstringing how local school districts spend Federal money. This is not what this is about. This is about whether you really believe if a child reads "The Little Engine That Could," it's the same in New Orleans as it is in Minneapolis. No election to a school board or no State legislative action can change the fundamental elements on a chemistry table. And yet we have never been willing to subject ourselves to this sort of rigorous examination in an appropriate way.

We should begin at the beginning with fourth grade reading tests and the eighth grade math tests and then build it up. I think it is highly unlikely that we can do this unless we have strong support from the business community. I know that the Business Roundtable last month endorsed the concept of tests. I am grateful for that. I am profoundly grateful for it. But what I want you to understand is, we're going to go and make sure that they're developed. The standards-based tests that are out there now, which are basically the Third International Math and Science Survey and the National Assessment of Education Progress, are very good. We just have to find a way to either take them or a variant of them and then fix it so all the—so a State could get them and give them to school districts and all the students could take them and they could be properly scored.

But what I need you to know is that we still need your support. Right now there's a lot of enthusiasm for this. The Vice President and First Lady and I, we're going to go make a lot of State legislative trips. We're going to try to advocate this around the country. But we still do not have the power to require States to do this. This must be a voluntary thing. But the business community can create the conditions in which every State will have to embrace this challenge and no one can run away.

And again I say, we have to create the mentality that failing is not bad. What is bad is hiding the truth. What is bad is not taking the available tools to find out what the truth is, because we know that way over 90 percent of the kids in this country can learn what they need to know, but you have to start with where you are. And we know that if we have high

expectations and then we measure them, we will eventually see people rise to them.

So I thank you for the endorsement, but you've got to stay with us, and you've got to help us. And when we need business leadership to help convince this State or that State or the other State to do this, we've got to have you there, because it won't work unless all 50 States do it and everybody recognizes that this has nothing to do with local control and everything to do with international competitiveness and giving our children, every single one of them, a chance to live the life that they ought to have the chance to live. And we need you very much.

Let me also say, with regard to the balanced budget—we don't have to have a long conversation about this today, but it now seems clear that the balanced budget amendment will not pass. I think that is a good thing, for the reasons that I have said elsewhere. But I think it must also be clear to the American people that we must make sure that a balanced budget does pass, passes this year, and passes as soon as we can reasonably pass it. We have to now go beyond the constitutional debate to get to the specifics. I am convinced that if we pass a balanced budget plan this year, it will moderate interest rates, spur more investment, and keep growth going. I believe that.

All the indicators we see that have been shown to me by Frank Raines and the Office of Management and Budget, supported by Secretary Rubin, indicate that if we can pass a balanced budget this year, dealing with the fundamentals that we're talking about—trying to better manage the Medicare program, the Medicaid program, looking at the long-term health of all the other programs—that we could keep it more or less in balance for two decades, based on what we now know. Obviously, there will be differences from year to year, depending on the performance of the economy. But you can look at the fundamentals and the demographics of things over two decades and pretty well know where you are. So it is very important that we do this.

Now, I believe that we've shown, this administration, that we care about this and that we're willing to work with the Congress. Before I took office the administration's budget projections had usually been an illusion to avoid the difficult decisions that administrations didn't want to make so that Congress would have to make them. Of course very often Congress didn't

make them, either, and each side took what the other wanted. So if one wanted tax cuts and the other wanted spending programs and, oh, by the way, they wanted to control spending, the tax cuts and the spending programs took preference over the controlling of the spending, and we wound up with a \$290 billion a year deficit and a quadruple Federal debt in 12 years. Last year the deficit was \$107 billion, proportionately the smallest of any major economy in the world, 63 percent lower than it had been in 1992.

So this is working. We have been working together first with the Democratic Congress, then with the Republican Congress, always driving it down. What has made it possible are conservative, realistic budget projections that every year have been more conservative for the deficit than what actually occurred. In other words, the deficit was even lower than we projected it to be in every year with our economic assessments.

And sometimes when you read in the press, there's a difference between the Congressional Budget Office and the Office of Management and Budget and it looks big in one year, the truth is that we have narrowed these differences dramatically now. They're not breathtaking differences, and it's enabled us to get together and work together to have budgets that make sense.

The other thing I think is important is, you hear a lot of criticism saying, "Well, whenever they have one of these plans, all the savings are in the out years." That's not quite true. But if you look at the way Medicare or Medicaid works, particularly in the Medicare program, if you look at the way some of these other programs work, the savings, by definition, compound themselves in a way that will always make the savings look bigger in the out years. The trick is to pass a plan that legally locks in tomorrow's savings today and that places strict limits on the amounts of money Congress can spend each year. If you do that, then the framework will be created which will permit us to get to balance in 2002. And it will have great credibility in the market.

I know that's true because of things we've tried to do with entitlements, including placing a cap, a per capita cap on Medicaid, and extending the life of the Medicare Trust Fund for

a decade by having very rigorous spending controls that will facilitate the movement to managed care, have elicited so much criticism. And I know that, therefore, they're likely to work. I mean, it's just—it's not easy to do this. You all face these kind of decisions all the time.

But I do want to say, you will see a lot of our differences aired publicly—the executive, the Congress, the parties within the Congress. But this budget is well within reach. This is well within reach. And it's well within reach in a way that also would permit us to create a bipartisan process to deal with the long-term challenges of the entitlements in Medicare and Social Security as well.

So you should feel positive about that. But my advice would be here and my appeal to you is to tell every one of us, every time you get a chance to say it, that you cannot celebrate Thanksgiving this year without a balanced budget. Get the job done this year. We need it done this year. If you don't, it will have a destructive impact on the markets. If you do, it will have a positive one.

But you should know, when you hear all the debates, it is in the nature of the things for the differences to be amplified. The fact is that we are well within range of being able to get this done if we'll all just hunker down and kind of turn down the rhetoric and treat each other with good faith. We can get this job done in a way that I think is very good for the economy.

Let me just mention two other things I'd like to ask for your help on. The first is to help in getting a budget out and in supporting a policy in both parties that fulfills our responsibilities in the world today as the world's indispensable nation.

We had a bipartisan foreign policy during most of the cold war because we knew our neck was on the line, and politics stopped at the water's edge. Now it is more difficult to build a bipartisan foreign policy because the elements of it are more diverse. For example, economic policy and trade has a lot more to do with it than previously, or at least we're aware that it does—I think it was always a big part of our foreign policy—and because no one perceives that our neck is on the line. But the truth is that the whole world is looking to see whether America will fulfill its responsibilities to lead in an increasingly interdependent world, not only economically interdependent but envi-

ronmentally interdependent and politically interdependent.

Increasingly, the security threats we face are those that cross borders, like terrorism and narcotrafficking. And this is a very complex time. We are in the process of building new structures, new understandings, new ways of working together. And it is important that America lead. That begins with trade.

We had great victories in 1993 with NAFTA and with the GATT, and in the last 4 years we've had 200 separate trade agreements. We had a great victory the other day for the cause of global trade and for the American economy. When Ambassador Barshefsky concluded the telecommunications agreement, it was a great thing. But we have been now 2 years without fast-track authority for the President.

Latin America is looking at us. President Frei in Chile—they just had—three Asian heads of government paid visits to Chile in the last 3 or 4 months. And the whole world in Latin America is looking to see what we're going to do. The same thing in Asia. So we really need to pass the fast-track authority. We need to do it this year, and we need to do it as soon as possible. And I hope that all of you will help us do this.

I think most Members of Congress understand—let me just give you two examples—how China defines its greatness over the next 20 years will shape the next 50 years of life in America and the world. I think most Members of Congress understand that how we work through this business of trying to create a united, democratic Europe and a relationship between NATO and Russia, that that will have a lot to do with the way we live in the next 50 years.

But we must understand that our neighbors to the south of us are still our greatest opportunity for the future. All but one of them are democracies. They are committed to free market economics. Other people around the world are looking to them, and we cannot pass up the chance to build closer trade ties with them. This will benefit America and will help us to deal, as I said, not just with economic matters but with political matters, with environmental matters, with a whole host of other issues. So I implore you to do what you can to help us get this done this year.

Beyond that, we have to pass a balanced budget plan that still has a diplomatic budget

for the United States. We have continued to lower our spending on diplomacy dramatically, in a way that I think has been very counter-productive for our interests. Our request is simply to give us one penny of every Federal dollar to promote peace, to fight problems like drug trafficking and terrorism, nuclear proliferation, and to meet our obligations to the international community through the World Bank, the IMF, the other international financial institutions.

My budget does reverse a downward spiral in foreign affairs spending that's been going on a long time. But you know, our Embassies around the world are working around the clock. We've had to close a lot of our consulates. We've had to weaken the efforts that we were making to help American firms win contracts and protect intellectual property rights and fight unfair business practices. We live in an inter-dependent world. We cannot afford to say that we just simply will see the United States Government quit the field. And I feel very strongly about this. I know that many of you do. But I ask you to help us do that. It's not a big deal in the budget, but it's a part that always, always gets cut, and it's not in our interest to cut it.

The last thing I would like to do is to ask you, as I have before, to help us finish the job of welfare reform. Over the last 4 years, with 11½ million new jobs in the economy, about 2¼ million people moved off welfare. That's the largest reduction in the welfare rolls in history. There are now 4.6 percent of the population, about 10 million people, on public assistance. That is below the historic average since 1972. From 1972 to 1990 the historic average was 4.8 percent of the population on public assistance. In 1994 we got up to 5.4 percent. So in a booming economy, we got down to 4.6 percent, and of that, 2.25 million people who have moved off welfare, approximately a million of them moved into jobs. Depending on whose study you read, the average welfare family has between 2.3 and 2.8 people. There are very few families where there's a single mother with a zillion kids. It's mostly one child or two children in the families.

Now, in the new law, the new law says that the States can let people who are able-bodied stay on welfare for 5 years and no longer; that they're not supposed to stay on welfare more than 2 years at a pop without being in the work force; that the States can establish sort

of a contingency fund of about 20 percent to take care of people who are not physically or mentally able to work or who live in areas of very high unemployment.

It is obvious to me that if you look at all the studies—and the Council of Economic Advisers gave me a report on this, by the way, estimating that of the 2¼ million people that moved off the welfare rolls, about half of them moved off because of the good economy, about 30 percent of them moved off because 43 States were making extra efforts to move people from welfare to work, and about 20 percent of them moved off for—we don't know why—maybe because there was a 50 percent increase in child support payments, collections. And that will always lift some people off welfare. Maybe there are other reasons.

But the point I'm trying to make is that to meet the requirements of this new law, which is graduated in the standards that it applies to these timetables I just mentioned, we have to move another million people into the work force from the welfare rolls in the next 4 years. And there is a law that requires it, so we have to do it whether or not the private economy produces 11½ million jobs.

Now, five companies, including members of this organization, Monsanto, Sprint—who else—Federal Express, United Airlines, and Burger King, I think, agreed to head up a national coalition to get other companies to hire people from welfare to work. If you look at what's been done in Kansas City, you see that every State has the option to offer companies the welfare check as a cash subsidy for people who will pay well above the minimum wage as an employment and training subsidy. We're trying to get more small businesses into this. We are also trying to pass through Congress a 50 percent tax credit for salaries of up to \$10,000 a year, tied much more tightly than any of these jobs tax credits have in the past to just people who move from public assistance—that is, from welfare to work, or single men who can't get welfare who move from food stamps to work.

There are a lot of things which can be done which lower the marginal cost to companies of hiring new people. But in the end this must be assumed as a mission by business people. You know, we've all complained for years that the welfare system leaves people on it that are permanently dependent, and they get used to receiving a check and don't go to work. Well,

the truth is, that was never true for half the people. For half the people, the welfare system worked just fine. They got in a tough spot; they needed a little help; they got the help; and they got off welfare and they went on with their lives. But it is true that about half the people were more or less permanently dependent on it. Those are the ones that will be harder to place. So we've got to get another million people, and they're going to be harder to place. And we have got to have your help.

So that's the last thing I will say. I want you to help us balance the budget. I want you to support the education standards movement, not just in the Congress but asking the States that you operate in to embrace these tests, not letting anybody run away. I want you to help us continue to lead the world with fast-track

and a decent diplomatic budget. And I want every one of you to ask yourselves personally, what can we do in our company to end the cycle of welfare dependency? If we do this we will have done a thing of historic significance for the American people, because it will end the culture of poverty. There will always be people who are out of work, but no one will be looked at as a permanent dependent of the State if they're able-bodied, if you do your part and we do ours.

Thank you very much.

NOTE: The President spoke at 10:32 a.m. in the ballroom at the Park Hyatt Hotel. In his remarks, he referred to Larry Bossidy, Business Council chairman, and President Eduardo Frei of Chile.

Statement on the Domestic Reduction in Deaths From AIDS

February 27, 1997

I was greatly encouraged by today's report from the Centers for Disease Control and Prevention on the historic reduction in the number of Americans dying of AIDS, further evidence that this terrible epidemic is beginning to yield to our sustained national public health investment in AIDS research, prevention, and care.

In these last 4 years, we have steadily increased our national commitment to fighting HIV and AIDS. We have increased funding for the programs by more than 50 percent, developed the first-ever national AIDS strategy, accelerated approval of successful new AIDS drugs by the Food and Drug Administration, strengthened and focused the Office of AIDS Research at the National Institutes of Health, and created a White House Office of National AIDS Policy.

We have made good progress, but it is also clear that the AIDS epidemic is not over. We must continue to press ahead if we are to meet our ultimate goal—the end to this epidemic, a cure for those who are living with HIV, and a vaccine to protect everyone from this virus.

That is why I am so pleased that the Department of Health and Human Services is today releasing another \$202 million in funds under the Ryan White Comprehensive AIDS Resources Emergency Act to provide high-quality treatment to people living in 49 U.S. cities. Funds for the CARE act have increased 158 percent over the last 4 years and the number of cities receiving this assistance has grown from 26 to 49. While we will continue to care for those who are already sick, we must also sustain our commitment to prevention. The only way that we can assure that a person will not die of AIDS is to make sure they don't become infected with HIV in the first place.

Today's report is very good news, but we must not relax our efforts. In the months and years ahead, we must continue to work together as a nation to further our progress against this deadly epidemic, and while we do so, we must remember that every person who is living with HIV or AIDS is someone's son or daughter, brother or sister, parent or grandparent. They deserve our respect and they need our love.