

## Statement on the National Economy May 27, 1997

Today's Conference Board release, along with the University of Michigan's release earlier this month, indicate more good news on the economy. Today's report shows that Americans are more confident about their current and future economic conditions than they have been in 28 years. With consumer confidence, unemployment, and inflation the best they've been in decades, America's economy is more than ever the envy of the world.

Unemployment is at its lowest level in 24 years, economic growth is the highest it has been in a decade, and inflation is the lowest since John F. Kennedy was President. We have already cut the deficit 77 percent since 1992, helping spark this remarkable period of strong growth and low inflation. The bipartisan budget agreement—which will balance the budget for the first time since 1969—will help to continue this solid economic performance.

## The President's News Conference With European Union Leaders in The Hague, The Netherlands May 28, 1997

*Prime Minister Kok.* Ladies and gentlemen, I'm very glad to say that President Clinton and President Santer and I have had very productive and fruitful discussions this morning in the framework of our semiannual EU-U.S. summit on the new transatlantic agenda, including the transatlantic marketplace and a wide range of other issues. We have been making very good progress in implementing the new transatlantic agenda since its adoption, now 1½ years ago.

We achieved a number of concrete results. I'll mention a few of them. This morning an agreement will be signed on the control on chemical precursors for drugs. This means an important step towards better controlling substances that are used for the production of synthetic drugs. We decided to step up our operation in the fight against drug trafficking in the Caribbean. This included joint studies on maritime cooperation, exchange of information and equipment, and training of police and judicial authorities.

Negotiations have been concluded for the EU to join the U.S., Japan, and South Korea in the Korean Peninsula Energy Development Organization, KEDO, underlining our global responsibilities and shared commitment to strengthen nonproliferation efforts.

In the context of the transatlantic marketplace, we will sign an agreement on customs cooperation that will facilitate trade and contrib-

ute to the fight against fraud and corruption. We also reached agreement on veterinary inspections, thus preventing a trade conflict that might otherwise have arisen on the export of meat products. And furthermore, we are very close to a common understanding with regard to the mutual recognition of norms and standards of products, the so-called mutual recognition agreements. I hope that we will be able to tie up these discussions in a few days' time.

We have implemented the small-business initiative which bridges European and American small- and medium-sized enterprises by means of linking better business and organizing joint events. We agreed on an awards program to encourage democracy in civil society across the Continent of Europe. And apart from these agreements, we discussed a number of specific foreign policy issues.

We looked back briefly on our historic meeting in Paris yesterday where we signed the NATO-Russia Founding Act, and we looked at some important meetings ahead of us, firstly, the G-7 meeting—or G-8—in Denver, the special session of the U.N. General Assembly on the environment in New York, and the NATO summit in Madrid, which is 2 months from now. And I informed President Clinton yesterday already about the main elements of the upcoming European summit in Amsterdam.

We have had a brief meeting with representatives of the Transatlantic Business Dialogue. They presented us with an interim report that provides us with useful building blocks and inspiration to explore further possibilities of liberalizing trade and investment flows.

In my view, ladies and gentlemen, this summit not only signifies a strong reconfirmation of the close ties between the United States and the European Union, it also provides a new impetus to our relationship both economically and politically. There is a lot that binds us and little that divides us. President Clinton has been very clear in reconfirming the strong American bonds with Europe.

This morning we have carried forward our transatlantic partnership, a partnership that we will celebrate this afternoon during the commemoration of the 50th anniversary of the Marshall plan. It has been very inspiring, indeed, to find once again that we share common agendas, common values, and common goals in preparing the international community for the 21st century.

So I am grateful, after the session we had, both for the substantial progress we have been making and for the atmosphere, the climate of cooperation between the United States and the European Union, because we know sometimes there are some minor or major problems we have to solve, but the positive agenda—the positive agenda—in order to shape the future together in the benefit of our children and grandchildren, is of key importance for the two of us. So I'm grateful to President Clinton for his presence, his contribution, and this is the end of my presentation.

Thank you very much.

*President Clinton.* Thank you very much, Prime Minister. Let me begin by thanking you and the people of The Netherlands for the warm welcome you have given to Hillary, to me, to our entire delegation, including the Secretary of State, Secretary of Commerce, three Members of the United States Congress who are with me and are sitting there on the front row, Senator Smith and Congresswoman Pelosi and Congressman McHugh. We are all delighted to be here.

And I think it is very fitting that our summit is taking place in The Netherlands as we commemorate the 50th anniversary of the Marshall plan. In many ways, The Netherlands sets the

model for helping fellow nations secure freedom and prosperity.

Two hundred years ago, the Dutch extended loans that saved the young United States from bankruptcy. By the end of that decade, 200 years ago, fully half our national debt was owed to you. [Laughter] I trust we have paid it since then. [Laughter] In our century, the United States was proud to return the gesture. The Marshall plan, about which I'll have more to say later today, helped to lay the foundation for an Atlantic community of democracies. It planted the seeds of institutions that reconciled enemies and brought Western Europe together, from NATO to the OECD to the European Union, today one of our most valued partners.

The Netherlands, as current president of the European Union, once again is leading the way as the EU carries forward its historic mission: building the union between its members and reaching out to expand to Central and Eastern Europe. A more prosperous, a more united Europe will not only be a stronger Europe, it will be a stronger partner for the United States in the 21st century.

Through our work here, we have taken another step on the path that began with General Marshall's vision, working with the people of Bosnia to help peace take root, recognizing that we must do more to speed up the pace of economic reconstruction, increase funding for police training and monitors, work to ensure successful municipal elections and to ensure the ultimate effectiveness of the War Crimes Tribunal located here in your nation, in this city. The Dayton agreement was a good one; we have to make sure that it works.

Under our new transatlantic agenda, the newest offspring of the Marshall spirit, which was created 18 months ago in Madrid, we're cooperating on a broad range of common challenges, bringing down trade barriers, fighting international crime and terrorism and nuclear proliferation and drug trafficking. Today we agreed to intensify our cooperation against a new problem that we face, the increasing practice of trafficking in women, which re-creates, in an entirely different context, almost a new kind of modern day slavery. And we intend to do what we can to stop it.

I'm pleased that we're advancing on our goal of reducing trade barriers. The Prime Minister has already commented, but I'd like to point

out that just in the last 6 months we have completed agreements on information technologies and telecommunications that lower trade barriers on over \$1 trillion in goods and services in a way that will cut the costs of living, increase the productivity of business, and create huge numbers of new, good-paying jobs in both Europe and the United States.

We've made progress on virtually all the outstanding issues, in difficult negotiations, on mutual recognition of each other's standards and testing requirements. This is very important, and I can't add to what the Prime Minister has said. We feel we have a breakthrough, and we hope it will lead to an agreement in the next few days. That would abolish redundant testing and inspection on a broad range of products worth \$40 billion in annual trade.

I thank the European Union for the work we have done today to strengthen our fights to keep illegal drugs out of our neighborhoods by agreeing to control the chemicals used to make a broad range of these drugs. This is a terribly important agreement.

And we've also agreed to increase our customs cooperation to fight fraud, to streamline trade. And again, Mr. Prime Minister and President Santer, let me thank you for the decision by the EU to join in the Korean Peninsula Energy Development Organization. This will help us to make good on our commitment to freeze and eventually to dismantle North Korea's dangerous nuclear program.

Today we're also announcing a joint U.S.-EU awards program for communities, individuals, and nongovernmental organizations that promote grassroots democracy in Central and Eastern Europe. This will help to deepen the commitment to freedom as we work to build an undivided continent.

Finally, let me say the United States is grateful to the leaders of the European Union for making this progress possible, for building on the legacy that General Marshall began, for strengthening our partnership for democracy and prosperity as we confront the challenges of the 21st century.

Thank you very much.

*President Santer.* Prime Minister, Mr. President, ladies and gentlemen, I am happy to note that today's meeting has seen further progress in cementing the relationship between the European Union and the United States. Our trade and investment partnership is the largest in the

world. Our stock of investment in each other's markets stands at \$650 billion. Annual two-way trade in goods and services between us counts for some \$400 billion. This is a formidable asset, and we are determined to develop it even further.

We have made good progress since our last meeting in December. We have worked successfully together in the WTO to ensure the conclusion of two major multilateral agreements, the information technology and basic telecommunications agreements. We have together liberalized trade in goods and services worth approximately \$1 trillion dollars. In the same spirit of joint leadership, we should now work towards a successful conclusion of a financial services agreement by the agreed deadline.

We shall be signing two important agreements this morning. The chemical precursor agreement is designed to curb the diversion of chemicals used in the manufacture of illicit drugs. The customs cooperation agreement will facilitate trade and help combat fraud. We have also noted good progress in our negotiations on a mutual recognition agreement which will bring enormous trade benefits to both sides. We hope to be able, as the President expressed also, to conclude the agreement within the next few days.

These are concrete examples of what we set out to achieve when we agreed on our new transatlantic agenda in December 1995. But the picture of our enhanced cooperation and joint action is even richer. Whether on foreign policy issues, multilateral trade, ties in many areas, social, scientific, educational, cultural, as well as in global challenges like terrorism, we are determined to make further progress under each of those, and we will take stock at our next summit at the end of the year.

Our meeting has taken place against the background of commemorations which I consider to be of great significance. This afternoon we will commemorate the 50th anniversary of the Marshall plan. The United States helped Western Europe to get back on its feet and regenerate after a devastating war. We Europeans have not forgotten this invaluable support given by the United States.

Last month in Rome, we commemorated the start, 40 years ago, of the European Economic Community. The original community of six member states decided in 1957 that they had to help themselves by rooting out war among

them and by pledging a closer integration and solidarity. The 6 have become today's European Union of 15, a strong and dynamic partner of the United States. And together, we have on many occasions shown the way forward.

And yesterday in Paris, with the signing of an agreement between NATO and Russia, we have entered a new era of hope, of cooperation, of peace and security. The United States has played a crucial role in achieving this result. The European Union is making its own contribution to the reconstruction of Central and Eastern Europe and the former Soviet Union through massive help, some \$160 billion for the period between 1990 and the end of the century, almost twice what was given under the Marshall plan, but its most significant contribution will be the welcoming Central and Eastern European countries as members of the European Union.

I believe that these reminders show the essential importance of the relationship between the European Union and the United States. For each of us and for the world at large, let's not forget that whenever we have to deal with bilateral difficulties, they are inevitable in such a vast relationship. We have solved them in the past; we will in the future.

Thank you.

#### *Single European Currency*

*Q.* A question, if I may, for President Clinton. Mr. President, you've referred in your reference to the 50th anniversary of the Marshall plan, the impetus it gave towards the beginnings of greater European unity. How important, in your view, is the planned move to a single European currency to help achieve that goal, even foreseen 50 years ago, to achieve that goal of a closer European Union?

*President Clinton.* Well, first of all, the decision to do that and the mechanics of how to do it is a decision that has to be left to the members of the Union. The United States position—let me restate it because I feel it very strongly, and I tried to clarify it as soon as I got elected and assumed office—is that a more integrated, more closely cooperating Europe with fewer barriers to trade, to communications, to travel, to working together is a good thing for Europe and a good thing for the United States and, therefore, a good thing for the world.

How to do that, in what order, and by what steps, I think still should be decisions for the

Europeans to make, and I think it would be, frankly, not appropriate for the United States to go much further than I have gone in this. I think it's clear that I support European integration, and I've wanted to make that clear because we not only are not threatened by it, we are excited by it and want to support it. But beyond that, I think it's up to you to decide how to do it and on what timetable.

#### *New Marshall Plan for Eastern Europe*

*Q.* Mr. President, do you support the initiative of the Dutch Prime Minister for a more or less new Marshall plan for Eastern Europe, and do you see a specific role for the U.S. in this?

*President Clinton.* Well, we have together seen in the last few years—I believe this is roughly accurate—about \$50 billion in various kinds of funds go into the Central and Eastern European nations, mostly through international financial institutions, and nearly that amount now in private investment. And I believe it is very important that we continue this process.

We can't simply say to these countries, "We want you to be for democracy and we want you to have a democracy and we want you to support economic reform, and good luck," because there is an enormous gap between the poorest countries on the Continent and those that aren't, and between their infrastructures and, therefore, their capacity to grow. And I think that's one thing that's easily overlooked. If you compare this time, say, to 50 years ago—and the Prime Minister might want to comment on this—but, yes, Europe was in ruins, but Europe had also been at the pinnacle of the global economy with lots of people who knew how to rebuild economies and lots of people who understood how to put in place the building blocks. That was wiped away from a lot of these countries in Central and Eastern Europe for half a century.

So do I think we need to do more? Yes, I do. And am I prepared to support that? Of course I am. You know, we'd have to get into the details, but basically I think the Prime Minister is wise in trying to make sure that we don't just walk away from these nations with an encouragement toward economic reform and democracy and just assume that everything is going to be all right. We're going to have to continue to be engaged.

*Q.* A question for President Clinton and for Mr. Kok. Are there already—can we talk about

a new Marshall plan for Eastern Europe? Are there already rough lines? Is there any frame? I mean, are we now on a point which goes further than general ideas?

*Prime Minister Kok.* Well, could I say, perhaps, a few words on this? First of all, we should not underestimate what has been done and what is done nowadays in the multilateral institutions. We have the European Bank for Reconstruction and Development, where not only European countries but also the United States participates. We have the World Bank and IMF activities. We have a lot of EU financial and political and economic activities giving support to the development in the Central and Eastern European economies. So it would be a mistake to think that until now, never has been done and that we just create an idea here. That would be wrong.

But taking the experience of the Marshall plan into account 50 years ago—50 years ago and the period afterwards—we see that perhaps on top of what is already done, new initiatives can be taken also to bring more private investment capital to the development of the Eastern and Central European countries. We are not just for mainly talking about taxpayers' money; we are also talking about bringing private capital in order—for example, to have huge infrastructural projects. Infrastructure connects people.

We see that bringing the new countries in closer to Europe, to the countries of the European Union, it is in their and our benefits to make an effort to organize creativity. And on top of what is done, I think new initiatives should be taken, but it could be a terrible mistake to think that this is only a new idea. I mean, you are already bringing it, to a large extent, into pass.

*President Clinton.* I would just like to support what the Prime Minister has said. I believe the numbers I'm about to give you are right; if they're wrong, I'll stand corrected. I think in today's dollars, in today's dollars the value of the Marshall plan investments in Europe were about \$88 billion. I think that's right. Now, we have seen the international financial institutions commit about \$50 billion already to the former Communist countries, plus about \$45 billion in private investment.

I think that most of what still needs to be done is to accelerate the pace of private investment. And it's very different in different coun-

tries. If you look at Poland, for example, I think their growth rate must be about the highest in Europe now, and about 9 in 10 of the retail projects in Poland, retail outlets, are already in private hands. Russia has largely privatized huge chunks of its economy.

But what I think we have to do is to work with each country and look at, first of all, what are the laws, have the laws been changed so that we can float private capital into these countries and have them develop; secondly, what kinds of public investments—hopefully, most of them multinational public investments through the multinational institutions—still need to be made before private investment can work for these countries.

But if the question is, do we need to do more, I think the answer is yes. But then we have to look at, nation by nation, what specifically needs to be done and what they still need to do.

*President Santer.* I only would say that the main achievement for the Eastern countries and Central European countries would be to achieve the enlargement process. These countries, there are now 10 applicant countries, can also access—have an accession to the European Union.

As you know, we are working very hard, at this moment, precisely on this question. I think that the enlargement is a main challenge for the European Union to have to face for the 21st century. It is the first time since more than 500 years that the European Union has an historic chance to reconcile its own continent with itself in peace and freedom. And that would be the great challenge.

And therefore, we have to prepare it. We have to prepare it through the preexisting strategy which we defined with many European agreements. We have to prepare it now also after the IGC conference under the Dutch presidency. And we would put forward from the European Commission at the 15th or 16th of July under the condition that the presidency would succeed in Amsterdam—and I'm quite confident that it will succeed in Amsterdam—our opinions about the 10 applicant countries. And therefore, all elements are welcome to strengthen this intensity so that we can deal with the problems of our neighbors.

Yesterday in Paris, there was a major step on the security level. Now we have to achieve it also on the economic level for the European Union.

*May 28 / Administration of William J. Clinton, 1997*

NOTE: The President's 146th news conference began at 11:42 a.m. in the Rolzall Room at Binnenhof Palace. The President met with Prime Minister Wim Kok of the Netherlands, President of the European Council, and Jacques Santer, President of the European Commission. Following the news conference, the three leaders wit-

nessed the signing of a customs cooperation agreement and a chemical precursor agreement by Secretary of State Madeleine Albright, European Commission Vice President Leon Brittan, and Foreign Minister Hans van Mierlo of The Netherlands.

### Remarks at a Luncheon Hosted by Queen Beatrix of The Netherlands in The Hague *May 28, 1997*

Your Majesty, Prime Minister Kok, honored colleagues, on behalf of the United States, I would like to thank Her Majesty and the people of The Netherlands for this deeply appreciated commemoration. And thank you, Your Majesty, for your very fine statement.

The ties between our two nations are long and unbroken. When my country was first seeking its independence, The Netherlands was one of the first nations to which we turned. John Adams, America's first envoy to The Hague and later our second President, described the completion of a treaty of friendship with Holland as, quote, "the happiest event and the greatest action" of his life. More than 200 years later, America still takes pride in our friendship with this good land, whose compassion and generosity throughout the world is far disproportionate to its size.

I also express my gratitude to all my fellow leaders for being here today. Your presence is a very great honor to the United States and a symbol of the age of possibility which we now inhabit, thanks in no small measure to the vision and work of General Marshall and his contemporaries in the United States and in Europe.

The Marshall plan we celebrate today, as Her Majesty noted, was open to all of Europe. But

for half the Continent, the dream of recovery was denied. Now, at last, all of Europe's nations are seeking their rightful places at our transatlantic table.

Here in this room are freely elected Presidents, Prime Ministers, and officials from every corner of Europe, including Russia. We are the trustees of history's rarest gift, a second chance to complete the job that Marshall and his generation began. Our great opportunity and our enormous obligation is to make the most of this precious gift and together to build an undivided, democratic, peaceful, prosperous Europe for the very first time in all human history.

The daunting challenge in Marshall's time was to repair the damage of a devastating war. Now we face the equally ambitious task of promoting peace, security, and prosperity for all the people of Europe.

As we celebrate the 50th anniversary of the Marshall plan, let us commit ourselves to build upon its success for the next 50 years and beyond. And let us now join in a toast to Her Majesty and the people of The Netherlands in gratitude for this great and good day.

NOTE: The President spoke at 1:53 p.m. in the Small Ballroom of Noordeinde Palace.