

The President's Radio Address *July 12, 1997*

Good morning. I'm speaking to you from Copenhagen, Denmark, on the last day of what has been an historic week in Europe. For nearly 50 years, the NATO alliance has kept America and Western Europe secure in its peace. This week, we made NATO stronger to help keep America and all of Europe secure and at peace for the next 50 years by preparing NATO to take on new security challenges, reaching out to new partners like Russia and Ukraine, and inviting in new members, starting with Poland, Hungary, and the Czech Republic.

Enlarging NATO will not be cost-free, but it will cost far less in lives and money to broaden our alliance than to fight another war in Europe. These new members will add to NATO's strength. Membership will help them lock in democracy and free markets. Their example will encourage other new democracies in Central Europe to stay on the path of reform and settle the kinds of disputes that have sparked two World Wars. And enlarging NATO will help to erase the artificial line drawn by Stalin that has divided Europe for nearly 50 years.

Next year, I will ask the Senate to ratify changes to the NATO treaty so that we can welcome in the first new members by 1999. This is a serious step. It requires a full discussion I intend to lead with the American people. I firmly believe enlarging NATO is in America's interest. The countries we want to add to NATO are ready to help us defend freedom because they know the price of losing freedom.

My trip to Europe has been about building American security for the 21st century. In the weeks to come, we have an opportunity at home to better prepare our families for that 21st century, to build greater security from the inside out. Our expanding economy and declining deficit provide us the chance both to balance the budget and to give the middle class a responsible tax cut targeted to education, children, and families. Today I want to discuss the right way and the wrong way to cut taxes.

When I became President, our economy was stagnant, with high unemployment, low job growth, and an out-of-control deficit. In 1993 we put in place a new economic strategy—what

I call invest-and-grow economics—a strategy to prepare our people for the 21st century. It had three principal elements. First, we reduced the deficit, which led to lower interest rates and greater investment. Second, we invested in education, training, and technology and made special efforts for high unemployment areas so that all our people can reap the rewards of growth. And third, we've worked hard to make the global economy work for us, tearing down foreign barriers and opening new markets to American products.

Four years later, our economic strategy is working. The deficit has fallen by over 77 percent. More than 12 million jobs have been created. And millions of Americans who once were dependent on welfare now have the dignity and security of the paycheck. Exports have surged to a record level. Unemployment is the lowest in 24 years, inflation the lowest in 30 years. We've had the biggest drop in inequality among working families in 27 years.

Our prosperity is real. It's based on investment, not debt. More Americans than ever are living the American dream of a good job, a home of their own, a better life for their children. This progress was not predestined; it was earned with the right strategy and the right choices, including tough budget cuts. And while we can be pleased with our progress, we can do better, and we must, because our work is not finished.

First, we must finish the job of balancing the budget. I'm pleased that our balanced budget agreement, which is in balance with our values as it invests in education, science and technology, research, and health care for our children, is moving through Congress with strong majorities in both parties. The balanced budget plan also sets aside funds for a tax cut. If done properly, the tax cut will increase economic growth, help working families to improve their lives and educate their children, and enable us to keep the budget in balance, unlike the tax cuts of the early 1980's, which increased our deficit by 4 times and crippled our economy.

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That kind of good tax cut is the one our balanced budget agreement promised the American people in quite specific terms. Unfortunately, the tax plan recommended by the Congress offers too little relief to the middle class and fails to live up to the budget agreement.

Before I left for Europe I put forward my own tax cut plan, which I believe is the right one for America. It focuses on higher education—the key to opportunity in the new economy—with \$35 billion in tax cuts, as called for in the budget agreement, with the biggest increase in college aid since the GI bill 50 years ago. The congressional plan would deny 7 million students tuition tax credits. And Congress' plan gives families little help to pay for the last 2 years of college or graduate school or training throughout a career. My tax cut will keep the budget balanced. But tucked away in the congressional plan are time-bomb tax cuts that risk exploding the deficit in years to come.

My tax cut plan will give families a \$500-per-child tax credit. The congressional plan denies the child credit to up to 4.8 million families who make less than \$30,000 a year. But these families work hard, pay their taxes, and play by the rules. They're teachers, firefighters, nurses, maybe your neighbors. They deserve a tax cut, too.

I was pleased that the Senate Democratic caucus this week wrote me in support of my tax cut plan. We will stand together to make sure a tax cut reflects the priorities I have set out and the ones agreed to by the leaders of both parties in the balanced budget agreement.

I'm determined that our tax cut, like the rest of the balanced budget, honors our values and values our families. The tax cut must be fair, giving middle class families the help they need to raise their children, send them to college, buy and sell a home. It must not contain provisions which will lead to big budget deficits in years to come.

This is the kind of tax cut I'm coming home to work with Congress to pass. The hard work and hard choices of the American people have given us a chance to enter the new century strong and vibrant and optimistic. If we stand firm for the right principles, if we stick to a strategy that has secured our prosperity—invest and grow—we can prepare our people for the bright new century ahead.

Thanks for listening.

NOTE: The address was recorded at 11 a.m. on July 12 at the U.S. Embassy in Copenhagen, Denmark, for broadcast in the United States at 10:06 a.m. on July 12.

Remarks at a Luncheon Hosted by Queen Margrethe II in Copenhagen, Denmark

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Your Majesty and members of the royal family, Mr. Prime Minister, members of the Danish Government, ladies and gentlemen. Thank you, Your Majesty, for your kind words and your gracious welcome. You have reminded us that the friendliness of Denmark's people is matched by the warmth of its sovereign. On behalf of our delegation, I thank you for your wonderful hospitality. We feel very much at home.

The United States has had uninterrupted ties with Denmark longer than with any other country. And our nations have never been closer than today. On almost every issue, we stand together. And on some of the most important issues, we stand together almost alone. *[Laughter]* But still, America always knows it is on

the right side if Denmark is by our side. *[Laughter]*

Thanks in part to this extraordinary friendship, we have together made history this week. We invited Poland, the Czech Republic, and Hungary to join NATO. We opened the door to all of Europe's new democracies. We made a great stride toward creating a peaceful, undivided, and democratic Europe for the first time since the emergence of nation-states on this continent.

At this moment, however, I would speak not only about how America and Denmark have enlarged NATO but about how Denmark has enlarged and enriched America. In a literal sense, of course, without Denmark, America would