

Abu Mazen, Secretary General of the Executive Committee, Palestinian Authority; Prime Minister Binyamin Netanyahu of Israel; Prime Minister Milorad Dodik of the Republika Srpska; Prime Minister Pandeli Majko of Albania; Prime Min-

ister Ljubco Georgievski of the Former Yugoslav Republic of Macedonia; Leah Rabin, widow of Prime Minister Yitzhak Rabin of Israel; and King Hussein I of Jordan.

## Remarks on Presenting the Malcolm Baldrige National Quality Awards February 4, 1999

*The President.* Thank you very much. I must say I always love coming to this; this is the fifth time I have participated in the Baldrige Awards in the 6 years I have—this is the seventh year of my Presidency—I’ve done this five times. And I like it because this group is always so restrained, laid back, unexpressive, you know. [Laughter] Amazing.

I want to thank Secretary Daley for his truly outstanding service. And this is the first time he’s told me he intended to stay the whole 2 years; I appreciate that. [Laughter]

I want to thank Roger Ackerman, who is genuinely devoted to the Baldrige Awards. And I thank all of those who are responsible for the program. We’re glad to have Tish Baldrige here today. I thank Barry Rogstad, Bob Jones, Ernie Deavenport. I thank the National Institute for Standards and Technology.

I want to also thank my Adviser for Science and Technology, Dr. Neal Lane, who is here; and Congressman Jay Inslee from Washington State, who came to wave the flag for Boeing. And I congratulate Boeing Airlift and Tanker, Solar Turbines, and Caterpillar and Texas Nameplate, all of you, for your great recognition today.

### *Kosovo*

Let me say to all of you—I have to ask your indulgence for a moment. This is the only opportunity I will have to be before the press for the rest of the day, and I know that you have been following the events in the Balkans and Kosovo and the work we’re doing there to try to promote peace and avert another ethnic slaughter in the former Yugoslavia. And Secretary Albright’s going to say something about this later today, but I need to take just a minute or two to speak not only to you but through you, to the American people about this subject.

We have worked for years to restore peace in the former Yugoslavia. Three years ago—I am very proud of the role the United States played in ending the war in Bosnia with our NATO allies, with Russia, and other allies—we sent 28,000 troops to that country, then. There are fewer than 7,000 today, and we are continuing our drawdown. But the peace process has taken hold.

I just came from the annual Presidential Prayer Breakfast that Congress sponsors, something I never thought I’d live long enough to see: the Prime Minister of the Serbian Republic within Bosnia—you know, there’s a Serbian Republic, and then there is the other republic, which is basically made up of the Croats and the Muslims—the head of the Serbian Republic came to the Prayer Breakfast and looked at me, after all the battles we’ve fought, and he said, “You know, we wouldn’t be at peace today if it weren’t for the United States.” And it could have—[applause].

But I would like to say to all of you, to the American people, what I said to the American people 3 years ago. The Balkans are an explosive area. They touch other difficult areas. And unless we can contain and ultimately defuse the ethnic hatreds in that region, they could embroil us, ultimately, in a much larger conflict with much more human loss.

Now, the biggest remaining danger to our objective of peace and stability in Europe has been the fighting in Kosovo. Unlike Bosnia, Kosovo is actually still legally a part of Serbia. But it is supposed to be autonomous under their law. Interestingly enough, Kosovo, which is primarily made of Albanian natives, is where the fighting in the former Yugoslavia began over a decade ago. We have an interest in seeing that that is where it ends.

If it continues, almost certainly it will draw in the neighboring countries of Albania and Macedonia. Both of their Prime Ministers came here today to meet with me and urge me to have the United States help to stop this war. It could potentially involve our NATO allies Greece and Turkey. It could spark tensions again in Bosnia and undo what we just spent 3 years trying to do.

Certainly, if this conflict continues we'll see another massive humanitarian crisis; there will be more atrocities, more refugees crossing borders, more people crying out for justice, and more people seeking revenge.

Our experience in the Balkans, and specifically in Bosnia, which all of you will remember, teaches us a sobering lesson: Where you have these smoldering ethnic hatreds, where you know they can get out of hand and destabilize millions and millions of other people, violence begets violence. If you don't oppose the violence, it just gets worse and worse and worse, until finally you do oppose it at a much, much higher price, under more dangerous conditions. Therefore, the time to stop this conflict in Kosovo is now, before it spreads, and when it can be contained at an acceptable cost.

We have agreed with our allies on a strategy that we believe can bring peace and to back that strategy with the threat of force by NATO. If a settlement—and it's a big if—if a settlement is reached, a NATO presence on the ground in Kosovo could prove essential in giving both sides the confidence they need to pull back from their fights. If that happens, we are seriously considering the possibility of our participation in such a force. We are discussing it now with Congress and our allies. No decision has been reached.

Our willingness to contribute troops will depend upon a number of things, and I'd like to outline them:

Number one, a strong and effective peace agreement: If both parties haven't committed to stop killing each other, there's no point in our sending Americans and other NATO forces and other allied forces into a situation where we can't succeed.

Number two, the parties must demonstrate a commitment to implementing the agreement and to cooperating with NATO and any other people who go in with us.

Number three, we have to have a permissive security environment, with the withdrawal of

enough Serbian security forces and an agreement restricting the weapons of the Kosovar paramilitaries.

And finally, we have to have a well-defined NATO mission with a clear exit strategy. Our European allies and partners will have to contribute a substantial majority of the troops. But NATO is a partnership, and they have a right to expect the United States, which has been the leader of NATO for 50 years now, to be a part of that. For now, we don't have to reach that question because the peace talks will begin on Saturday in France.

I would like to give a message, I believe, on behalf of all Americans, to both sides. For the Kosovar Albanians, I'd like to say that this is a chance not just to stop your people from getting killed but take control of your destiny, where your rights, your faith, and your culture are respected and you have the autonomy you have been promised by law.

For the Serbs, this is a chance to prove Kosovo can remain part of your country while regaining its autonomy and peace. For the people of both communities, this is a chance to stop wasting your energies and your lives on a useless war and to start conserving them for building a more open and prosperous future for your children. I hope that the people will take this chance. The United States will do what we can to support them.

Thank you very much.

#### *Baldrige Awards*

I do love the Baldrige Awards. I love it when all the employees are up there cheering. I think people ought to like what they do. Do you ever think about how many fewer problems we'd have in this country if everybody was happy at work every day? *[Laughter]* You laugh, but you think about it. How would you feel if you came here and you didn't feel like waving those handkerchiefs?

You know, it's a great joy for me and for Secretary Daley—he alluded to this—to have had the opportunity to serve our country at a time when we got out of debt and we went into surpluses and we drove interest rates down and we had all this new investment and all these new jobs. And now we've got the longest peacetime expansion in history and the lowest peacetime unemployment rate since 1957 and the lowest minority unemployment rate among African-Americans and Hispanics ever recorded,

since we started doing that in '72, and wages rising at twice the rate of inflation and the highest homeownership in history, and for the first time, even in our cities, there are more homeowners than renters—never happened before.

It's wonderful for us to have been a part of that. But we know that what we in Government do is to create the conditions in which all of you create those jobs and create that economic activity. In fact, one of the things that I'm proudest of is that the Government's share of this economic expansion has been lower than any previous one since World War II. We have a smaller Federal Government than we've had at any time since President Kennedy was here. And I see every day fresh evidence that it is not only the changes in the direction of the Government, it has been changes in the direction of American business that has brought America back.

Boeing Airlift and Tanker, Texas Nameplate, Solar Turbines, you're showing the world that you can enhance competitiveness and make companies better places to work. You're showing the world that you can be good at what you do and happy while you do it. The employees are true stakeholders in the progress, not only of their companies but of our country, with new ideas and sharing in results.

I was particularly impressed to hear about how the winning companies helped employees enhance their skills, because that is a particular obsession of mine—that many have provided on-site GED and English-as-a-second-language classes, reimbursed for college in advanced degrees, even paid for books. We have worked very hard to create a system in America of lifetime learning, but companies have to be a big part of it.

I'd also like to thank one of our honorees, Dale Crownover for going back to college at the age of 42 to get his degree and setting a good example for his employees.

Now, as I said, you have brought America back, you and companies like you. When the Baldrige Awards started, our country was having difficulty in the international marketplace, and the vision of the Baldrige Awards was to show that there were American companies who were operating at world-class levels, and they ought to be honored, and then they ought to be emulated. And I think that you can take a great deal of pride in knowing that both those things have happened.

I heard a remarkable statistic—I hope it's true, because I'm fixing to say it. [Laughter] Normally, when somebody digs up a fact for me, it's so. Listen to this: Stock in companies that have won Baldrige Awards has surged at nearly 3 times the pace of the S&P 500 as a whole.

Now, when you consider the fact that the stock market has nearly tripled since January of '93, the fact that the stock in the companies winning the Baldrige Award has gone up 3 times faster than the S&P index, I think that's pretty darned impressive. And it shows you that if we can—one of the things that I hope always comes out of these Baldrige Awards, I hope that they'll be in business publications and in newspapers and on television stations all over America, and I keep hoping that all of you get hit on, then, all year long, after you get off this stage, from people wanting to know how you did what, because I hope that everybody will be out there trying to follow your lead and figure out how to do better, as you have done.

Because in spite of the fact that we have the lowest unemployment rate in peacetime since Boeing introduced the 707 in 1957, we know that the world is changing rapidly. And as every businessperson knows, once you slow down, the competition catches up. So this is not a time for America, with its prosperity, to slow down. It's a time to bear down and look at the long-term challenges facing us in the 21st century.

I would just like to briefly mention three points. Our economic success as a nation has come from a commitment to fiscal discipline, investing in our people, and expanding our markets. And I believe we have a great deal more to do in all areas. And let me just briefly say, in the State of the Union Address, I made what I expect to be an increasingly controversial proposal. I said, "We've got the first surplus in 30 years now. We project that we will average big surpluses over the next 25 years. I recommend that for 15 of those 25 years, we actually save almost 80 percent of the surplus and save it because when the baby boomers become the senior boom when we all retire, there will only be about two people working for every one person drawing Social Security."

*Audience member.* [Inaudible] [Laughter]

*The President.* And—did you laugh at me or what you said? [Laughter] Listen, as one of

them, I don't think it's too funny, myself. [Laughter]

And the Social Security payroll tax will not be sufficient to cover Social Security payments by 2013. By 2032, the Trust Fund will run out of money. Meanwhile, we're all living longer and depending more on sophisticated technology, so Medicare is projected to not cover its costs by 2010.

Now, I believe we can debate within the Congress, within the Democrats and Republicans, exactly how we're going to fix Medicare and how we're going to fix Social Security, but I know one thing: You're not going to fix big, sweeping demographic changes like this without some money. And so what I propose to do is to save this portion of the surplus, about a little over 60 percent for Social Security, 15 percent for Medicare for 15 years, and while we're doing it, to buy back the public debt with the money we're saving, because we don't need to spend it right now.

Now, if we do that, we will not only be able to save Social Security and Medicare in a way that will prevent the baby boomers from putting an impossible burden on our children and our grandchildren, which I can tell you as the oldest of the baby boomers is something that my generation constantly worries about, that when we all retire the cost of our retirement will be too burdensome on our children and their ability to raise our grandchildren. It will not only do that. It will enable us to pay down our debt.

Now, if anybody had ever told you 5 or 6 years ago we'd even have a conversation about paying down the debt, you'd probably thought they had slipped a gasket. But I'd like to tell you why it's important. We just presented a budget to Congress. Before we do anything with that budget, we have to pay interest on the national debt. The national debt quadrupled between 1981 and 1993. When I took office, it was taking over 14 cents of every dollar just to pay interest. Every time you pay a dollar in tax to the Federal Government, before we can spend it on the United States military—including the Army Band who were magnificent today—before we can spend it on education, before we can spend it on the environment, before we can spend it on health care, before we can spend it on a tax cut, before we can do anything with it, we had to take over 14 cents on the dollar and pay interest on the debt. And they told me, my economists, that it

wouldn't be anytime until we'd be up to over 20 cents on the tax dollar in interest.

Now, if you save this much money for 15 years, it will take our public debt from 50 percent, where it was when I took office, of our annual income, down to 7 percent of our annual income. It will be the lowest it's been since 1917, just before we entered World War I. And it will take debt service down to 2 cents on the dollar. And then our successors, the people that are up here running the show 15 years from now, they can do whatever they want with that 11 cents. They can give it back to you in a tax cut. They can invest it in education. They can invest it in whatever else we need. They can make sure we keep modernizing our military. They can do whatever is the right thing then. But I know it is the right thing to prepare for the retirement of the baby boomers and to stabilize these programs and to get this debt down.

There's something else I'd like to say. A lot of you compete in international markets. On the way in today—just today—Roger and I were talking about the difficulty of—and Secretary Daley—we were talking about the importance of trying to keep these Asian markets open, with all this financial turmoil over there and their not having enough money. You know, Secretary Rubin and I, we worked very hard to keep the financial crisis in Asia from spreading to Latin America. Thirty percent of our growth has come from exports.

Now, we don't know what's going to happen beyond our borders. But I know this: No matter what happens, we'll be better off. Interest rates will be lower; there will be more money to spend on new plant and equipment; there will be more money to invest in American economic growth if we pay down this debt and we keep your interest rates low. Then if the world takes off again—and we're working for it—we'll do even better. And if there are problems in the world, we won't get hurt nearly as badly as we otherwise would have been.

So I implore you, if we want more and more stories like the ones we celebrate today, I hope you will support our efforts to save a substantial portion of this surplus until we have secured Social Security, stabilized Medicare, and guaranteed low interest rates for another 15 years. It's important for America.

The second thing I'd like to say is that just as you make investments in your employees, we

must make more investments. America has had for many years a budget deficit and an investment deficit. While we have cut the deficit, we've almost doubled our investment in education and training. But 88 percent of the companies—listen to this—88 percent of the companies in manufacturing today are having trouble finding qualified applicants to fill at least one kind of job. One in five companies report that they cannot expand because they have not been able to have workers with the right mix of skills to support the expansion.

That's why I'm so grateful, as I said before, for the example that you were setting in your workplace and why our administration, the Vice President and Secretary Daley, Secretary Riley, and others, have worked so hard to set up a system of lifetime learning, to open the doors of college to all with tax credits and scholarships and much lower cost student loans, and many, many other things.

In this budget of mine, we are proposing a big new investment in our worker training system so we can support training and re-employment for every person who loses a job in America. We want to help millions more whose first language is not English, learn it. We want to help many more people come back and finish their GED and then go on to college. And you are setting a good example.

We also, in this budget, have tried to provide the private sector with the necessary incentives to reach the biggest group of new markets that we haven't fully tapped, and those are the markets for employees and consumers in the inner city and in rural areas that still haven't been part of our recovery. Now, this is very important.

In America today, in the urban and rural neighborhoods where unemployment is high and growth is low, there is a consumer market of \$85 billion in those areas, bigger than the consumer market of Mexico, which is our second-largest purchaser of American products and trading partner. So what I have asked the Congress to do is to pass laws providing tax credits for people who invest in these designated areas, and also setting up a model, sort of like our Overseas Private Investment Corporation, which many of you in this room have used before, to guarantee a portion of investments in an inner city, so that, for example—suppose that in a big urban census area that had a 15-percent unemployment rate, you were willing to go in

and set up a plant with 300 people and train them and do all that, and the initial investment was \$300 million. If you took full advantage of this proposal of ours, you could have 2 of that \$300 million guaranteed in the "American Private Investment Corporation." The other \$100 million, you'd get a 25 percent tax credit for the investment. So if we put together \$300 million of investment in an underdeveloped area, you would actually have only \$75 million at risk. That's a pretty good deal.

And we can—if we can't take free enterprise into these urban and rural areas that have had no recovery now, with our lowest peacetime unemployment rate since 1957, with a high growth rate, and with safer investment opportunities at home than many of those abroad we pursued—if we can't fix America now, when will we ever be able to do this? So again, I hope you will support this.

The last thing I'd like to ask you to do is to support the continued expansion of trade. In the State of the Union Address, I said, "We've got to build a new consensus on trade in America and beyond our borders." We've got to be able to convince the American people and people in other countries that trade benefits ordinary citizens, that it doesn't have to tear the environment up. It certainly doesn't have to depress labor standards.

I know and many of you in this room know that 30 full percent of all this growth that we all celebrate all the time came because we've expanded trade. And so I ask for your support to make sure that the financial crisis we saw in 1998 doesn't become a trade crisis in 1999 because we don't do everything we can to continue to expand trade and support open borders. [Applause]

Just last week the Vice President announced our plan to call for a big reduction in agricultural tariffs, which now average 40 percent. We're trying to restore the traditional trade authority that Presidents since Gerald Ford have had, to create new opportunity for American companies. We are committed to doing this, and I thank you for your applause. But you know as well as I do that a lot of Americans—it's very interesting—when we had this trade debate last year, I found that there was an unusual alliance in the Congress between some of the most conservative Republicans and some of the most liberal Democrats, both of whom thought those of us who were sort of stuck in the middle

believing that we could actually create a new world economic system that would benefit ordinary people were wrong, and they thought we had to withdraw.

As I said, I'm working hard within my own party to build a consensus on this, and at the same time I'm trying to reach out to Republicans to build a consensus with them. But I do not believe we can continue to grow the American economy and raise American incomes and reach into America's distressed neighborhoods unless we continue, also, to reach out to the rest of the world.

Furthermore, I believe we can minimize the likelihood that we will ever have to send our men and women in uniform into a big conflict if we have economic and other cooperation with countries that show that there are other ways to solve your difficulties than taking up arms and robbing children of their future.

So that's what I think we ought to do. I'm glad we're doing well. I am grateful for having had the chance to serve. I am very mindful of the fact that a lot of the credit for America's success goes to companies and the people who work for them, like those we honor today. But I am absolutely certain that this is not the time to sort of sit back on our laurels and say, "Isn't this nice. We've waited for 40 years for a time like this. I think I'll take a vacation."

This is a time to take this prosperity we have and this confidence we have and expand our efforts. We can meet the long-term challenges of the 21st century. We can alleviate the loom-

ing specter that the baby boom might bankrupt our children and our grandchildren to pay for our retirement. We can guarantee a secure retirement, a compact within the generations, and we can pay down the national debt and guarantee low interest rates and a stable situation and more capital to invest in the private sector for 15 years. We can improve our education and training systems. We can invest in our inner cities. We can expand trade. That is an economic agenda that will set a framework within which more companies who follow your lead will find the same kind of success that you have.

And remember what I said when I started. America wouldn't have nearly the problems we have today if everybody was as happy on the job as you are.

Thank you, and good luck.

NOTE: The President spoke at 11:45 a.m. in Imperial Ballroom A at the Grand Hyatt Hotel. In his remarks, he referred to award foundation president Roger G. Ackerman, chairman and chief executive officer, Corning, Inc.; former Secretary of Commerce Malcolm Baldrige's sister, Letitia Baldrige; foundation chairpersons Barry K. Rogstad, president, American Business Conference, and Roberts T. Jones, president and chief executive officer, National Alliance of Business; foundation trustee Earnest W. Deavenport, Jr., chairman and chief executive officer, Eastman Chemical Co.; and Dale Crownover, president and chief executive officer, Texas Nameplate Co.

## Message to the Congress Reporting on Efforts To Achieve a Sustainable Peace in Bosnia and Herzegovina

*February 4, 1999*

*To the Congress of the United States:*

Pursuant to section 7 of Public Law 105-174, I am providing this report to inform the Congress of ongoing efforts to achieve sustainable peace in Bosnia and Herzegovina (BiH). This is the first semiannual report that evaluates progress in BiH against the ten benchmarks ("aims") outlined in my certification to the Congress of March 3, 1998. NATO adopted these benchmarks on May 28, 1998, as part of its approval of the Stabilization Force (SFOR) mili-

tary operations plan (OPLAN 10407). The Steering Board of the Peace Implementation Council (PIC) subsequently adopted corresponding benchmarks in its Luxembourg Declaration of June 9, 1998.

NATO, the Office of the High Representative (OHR) and my Administration have coordinated closely in evaluating progress on Dayton implementation based on these benchmarks. There