

Letter to Congressional Leaders Transmitting a Report on Assistance to
Opposition-Controlled Areas of Sudan
February 10, 2000

Dear Mr. Chairman:

Pursuant to section 592(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000 (Public Law 106-113), I hereby transmit to you a report concerning U.S. bilateral assistance to opposition-controlled areas of Sudan.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to C.W. Bill Young, chairman, House Committee on Appropriations, and Ted Stevens, chairman, Senate Committee on Appropriations.

Interview With the Chicago Tribune, the Los Angeles Times, and USA
Today
February 10, 2000

National Economy

Q. I guess I wanted to ask you, given the way that the economy is going—given that there's been so much growth and it's been so successful—how much credit do you think that you and your administration can realistically take, compared to the other factors that people talk about? There's been some discussion, I'm sure you know, recently, with people crediting everything, going back to President Reagan. And I'm just curious on that topic, what your views are.

The President. Well, I think, first of all, if you look at the difference in the expansions of the eighties and the nineties, we had a—the one in the eighties was funded by an old-fashioned explosion of deficit spending. But it built in a structural deficit, which guaranteed profound long-term problems for the economy, very high interest rates, and very slow job growth.

There was a lot of commentary in '91 and '92 about how, even though nominally a recovery had begun, I think some of the writers called it a "triple dip" phenomenon, that we kept sliding back and sliding back.

So I think the main thing we did was to cut interest rates by getting rid of the deficit. And I think that if you go back and read all—I remember what a boost in the bond market there was when we just—when Lloyd Bentsen announced our economic program in December

of '92. So I think our main contribution in the short run was to make it absolutely clear that we would have a consistent, disciplined fiscal approach that would cut and then eventually eliminate the deficit. And I think that played a major role in the investment boom. And it cut interest rates, which also put more money in consumers' pockets, which helped fuel the consumer side of this recovery.

But I think that the consistent policies of the Government that go back to the previous administrations, that reflected the second leg of our approach, which also deserves credit, which is keeping the markets open—you've had three administrations here in a row committed, in the eighties and the nineties, committed to open trade. And I think that that's been very good, because that's kept inflation down and spurred continuing competitiveness. And I do believe the previous administrations deserve credit for that.

Then I don't—you know, the lion's share of the credit belongs to the people in the private economy: the people who restructured in the eighties; the workers who got better training and understood the global economy and didn't press for what would have been inflationary increases in pay and benefits, that aligned them more with the real profitability of their firms.

And then finally, what I think only in the last couple of years has come to be fully appreciated is the enormous contribution of the technology revolutions, which are centered still in

the high-tech sector—they're 8 percent of our employment, but they've been 30 percent of our growth—but also are rifling through every other sector of the economy in a way that has added to productivity that is only now being measured. If you noticed, the last couple days we had a new estimate of productivity growth. My sense is that all along, the economists underestimated—understandably, based on past experience—the productivity contribution of technology and the ability of a combination of fiscal discipline, open markets, and productivity increases to prolong the growth in a way that would generate large numbers of jobs and begin to broaden the benefits of the recovery. That was another real problem for—we had 20 years where income inequality continued to increase, because of the way the recovery was structured. So I think you have to look at the whole piece.

And then, I think now we're beginning to get the benefits of the third part of our economic strategy, which was to continue to make the requisite public investments, which have, I think, made a significant contribution in education, in training. And we've got college-going up by 10 percent now, over when I took office. We've made real, continuing investments in science and technology, which I think are pivotal to the long-term health of the economy and the continuation of this productivity increase.

So I think that we've made a contribution, but the lion's share of the credit—as always, since it's a private economy—we had the highest percentage of private-sector jobs in this economic boom, I think, of any one since we've been keeping such statistics.

Q. To follow up on this, Mr. President, I notice that in your last interview with a group here about the economy a week ago or so, you were very generous with credit. There are some people, in fact, who are saying this is one long boom; we're in the 17th year of an expansion. What do you think of that account of what's going on with the economy?

The President. Well, we could say that, basically, we've been in a 30-year boom and gone back to '61, or a 40-year boom, but for the oil price problems, which led to all the inflation. I mean, you can argue this flat or round. There is a fundamental health in the American free enterprise system, which has prospered in the global economy. And in that sense, the people who set up the system at the end of World

War II deserve a lot of this credit. I don't think you can disaggregate all this.

I think the fundamental mistake that was made in the eighties was basically abandoning arithmetic. I think that we got out of that recession—and we had, you remember, we had impossible conditions in the seventies, with recession and high inflation at the same time, caused by a set of economic circumstances that were not of our own making, at least certainly mostly not of our own making.

So the idea of stimulating the economy in the early years—of the Reagan years was, even though it was masked in anti-Government rhetoric, was basically traditional Keynesian economics. But the problem is, when we had a recovery, because it was sold as a, you know, “tax cuts are good; Government's bad” package, we wound up with a structural deficit that couldn't be overcome without a series of highly difficult and controversial decisions that were embodied in the Budget Act of '93, which required both tax increases and spending restraint. And the people who shouldered the burden of that paid a considerable political price in the elections of '94, but I think there's no question that it enabled us to have a balanced, long-term, stable, not only statistical recovery but finally job-growth recovery that was more broadly shared. It seems to me that was the problem with the eighties philosophy, that we wound up with a structural deficit that was totally unsustainable. And I think it basically grew out of the ideological wrapping of what was done in 1981.

Q. Just one last question along those lines. Sometimes when I listen to you recently, in the talks that you give, I get the sense that you're trying to assure or encourage that your administration get sufficient credit for the boom that's going on now, whether for historians, whether in the next election. And I'm wondering if you have any sense of that.

The President. No, I don't have any sense of that. What I say is what I believe to be true, and I've tried to—with you, I've tried to—as I said in the State of the Union, as always, the major credit for anything good that happens in this country belongs to the American people and the people and what they do in their private lives.

I think Government plays a pivotal role, and I do not—let me flip it around. If you go—forget about what I might say. Look at what Alan Greenspan has said; look at what all the

commentators have said, going back to the '92, '93, '94 period. I do not believe that we would have had a recovery this robust, with this many jobs—I don't think we'd be anywhere close to that—if we hadn't taken serious, aggressive, and immediate action to get rid of the deficit and to bring interest rates down and to free up investment and at the same time, by getting interest rates down, to put more money into the pockets of people. They had lower home mortgage, car payments, college loan payments, credit card interest payments, which enabled the consumer side of this boom to continue.

I also don't believe that there would have been anything like the amount of business investment borrowing or consumer borrowing, if—I don't think that would have been sustainable, in this environment, unless the Government had not only eliminated the deficit but gone into surplus and begun to offset private debt with public savings.

So I simply think that's a fact. But I don't—but my view of this is different. I don't think anybody can claim sole credit. And I'm not so interested in that. I think what's happened is, America is following a balanced policy now. And if America stays on that course when I'm not President anymore, I think we'll meet with success. And then we'll have to be flexible; you know, if intervening events cause a recession, well, there will be cause for adjustment in policy. But if we had adjustment in policy, it might work. I mean, if we had continued with these deficits, then the next time we had a recession, deficit spending wouldn't have been an option to help get the country out of a recession.

So to me, the American people should look at this in terms of—I think I did my job. But I think the rest of the—I think Alan Greenspan did his job. I think the people in the high-tech sector were terrific. I think the people who restructured all of American industry and business to increase their efficiency and productivity were great. And I think the working people of this country deserve a lot of credit for understanding that they can only get wage and benefit increases that were real, and if they got out of line with economic growth, then that could contribute to inflation as well.

So I think we've had a remarkable balance here, where the American people, all of us in our own way, essentially have done what we were supposed to do. And there's more than enough credit to go around.

Technology Revolution

Q. Mr. President, can you talk just a little bit—you talked about the high-tech sector and how important that is to the economy. Can you talk about the Internet for a second and how important it is to the ongoing boom? And also, can you tell us how worried you are about what's happened over the last 3 days with these attacks on websites? If this is a growing part of the economy, should we be concerned that it's so vulnerable to attack? And is there anything the Government ought to be doing about it, beyond what the FBI is already doing?

The President. Well, let me give you a brief answer to the first question you asked, because I think we could talk for hours about that. Quite apart from the technology revolution, I don't think we have any way of measuring the contributions that the Internet is making and will continue to make, not only to the overall growth of the American economy but to the range of individual opportunities open to people.

You may have heard me say this in some of my talks, but I was amazed—I was out in northern California a few weeks ago with a bunch of people who work with eBay. And they were telling me, now, that there are over 20,000 Americans who actually make a living on eBay, not working for eBay but on eBay buying and selling, trading—and that they have enough information on their user base to know that a significant number of these people were once on welfare. And they figured out a way to stay home, take care of their kids, and literally make a living buying and selling on eBay.

Now, that's all I know about that. I don't have any more facts. It's an interesting story you might want to follow up on, but the point is that this is just one example of, I think, a virtually unlimited number of new economic opportunities which will be open. I also think it will shrink distance in a way that will make it possible for more profitable investments to be made in areas that are now still kind of left behind in this economy.

And I—you know, we've tried to do an analysis of all the areas in America which have had slow job growth or which still have higher unemployment. And we developed this new markets initiative and proposed more empowerment zones and things of that kind. But the—if we can bridge the digital divide and literally make the Internet accessible to lower income people

and to places that are not fully participating in this economy, I think the potential is staggering.

Now, to the second question, yes, I'm concerned about the latest hacking incidents. But I think that, you know, we've gotten all this incredible benefit out of a system that is fundamentally open. And as you know, I've worked hard to keep it unencumbered, to try to make sure that Internet commerce is not unduly burdened by regulation or taxation. And if you have an open system like this, you're going to have to have continuous guarding against intrusion. And people go where the money is. It's like Willie Sutton, you know? I mean, the money's in information and in knowledge about transactions and opportunities.

And so my view of this is that this—our renewed vigilance to try to deal with cyberhacking, or even cyberterrorism, is part of the cost of doing business in the modern world. We've been working hard on this for 2 years. We've proposed, I think, \$2 billion in this budget to deal with it. We've got this, you know, this proposal for a cyber-academy to train young people to try to work to help us prevent illegal intrusions into the Internet and into important databases.

And we have this FBI center, as you know, and—I think it's in Pennsylvania, near Pittsburgh—that's looking into these latest incidents. But I'm going to bring in some people next week from the private sector and from our Government team to talk about what if anything else we can do about this.

Q. Because of the incidents that just happened?

The President. What?

Q. You're going to bring them in because of these events that just happened?

The President. Yes. Yes. As a result—you know, we have a continuing ongoing consultation with them. We've had extensive conversations leading up to the proposals that we've already made and the work we've done for the last 2 years.

But I don't—I wouldn't—I think it's important that we not overreact to this. I mean, we don't want to shut off this incredible resource, which I think will be a source of great wealth and I think will have all kinds of social benefits, not only in the United States but around the world. And we just have to recognize that it's like any other new institution that's a source of ideas, information, and wealth. I mean, peo-

ple used to—it's harder to rob a bank than it used to be, and we figured out how to make it harder. And we'll figure out—we'll continue to figure out to secure the Internet without shutting it down or closing off options.

But the American people, in my view, should look at this as an inevitable negative development in what is an overall very positive trend. And there's probably no silver bullet to deal with it, but we'll keep working at it until we can prove our capacity to protect the people who are participating in it.

Q. But doesn't this set some limits on the growth of the new economy, the Internet economy? I mean, there was this poor soul who was described in the Post today—he sat there on E-TRADE and watched his stock drop 6 percent while he couldn't get on-line. I mean, if some 14-year-old kid—and we don't know who has done this, but if some 14-year-old kid with a PC can screw up the system that badly, doesn't that effectively limit how much people are going to trust it and how much people are going to use it?

The President. Unless we can solve it. But unless we can figure out how to solve the problem—but my instinct is that there are people just as clever or more clever who will be interested in making the thing work for society as a whole as there are those that want to gum up the works.

The fact that a 14-year-old did it, I don't think, should be surprising to anyone. I mean, all the rest of us—you know, you get to thinking by the time you're 35, you're too old to break new ground in this area. But it's troubling, but I don't—again, I would say that if you look throughout history, every new positive development contains within it the seeds of its own vulnerability, and then people, either for pure mischievousness or because they're trying to do something really wrong and reach some illicit benefit try to interfere with it.

So I don't think what you're seeing today is sort of anything new in terms of human nature or people trying to put their ingenuity to work for destructive purposes. And we just have to keep working until we find ways to thwart it. Because I think fundamentally, this has been an extraordinarily positive development for our country and for the world.

Biotechnology and the Human Genome Project

Q. Mr. President, can I take you from the new economy to what you may call the new new economy: biotech and the human genome. As you know and as you've said in the State of the Union, we're within months of having a first draft of the entire human genetic code. As I'm sure you also know, there is some argument about how we can best put it to use: whether we should have very broad access to it by scientists and so on, or whether we get products, new treatments and so on, faster if it's more narrowly constrained, or access to parts of it, substantial parts of it, are more narrowly constrained. Should the public and especially the research community have ready access to the underlying human code, the genome itself?

The President. Yes.

Q. You know that there are people who say that we should allow extensive, broad patenting of it, not just to use but have a compositional matter portion where people actually—companies, biotech companies—biotech companies, the drug companies actually control the underlying sequence, and that's the best route to get products out fast, get new treatments. What do you think of that argument?

The President. I basically agree with the guidance that the Patent Office has now announced, that they believe that the broad information, the basic sequencing of the genome should be made public and should be made publicly available to scientists and researchers, to all people in private sector businesses and—

Q. Why do you think the Patent Office is—do you think the Patent Office is saying that, and why do you think the Patent Office is saying that? Because there are many people, Dr. Collins, for example, who you were with 2 days ago, who say that's not what the Patent Office is doing.

The President. Let me answer your question first of all, and then—I think the patenting should be for specific discoveries and developments that have a clear and definable benefit, because you don't want to take those things, you don't want to—I think we would be making an error not to give people who develop such things the benefits of them, and you would then discourage private investment and research in that area.

Now, I think some—I believe—and I think that's the position that Dr. Collins believes that

we should have. Now, the Patent Office has been criticized for not following that, for having a policy that was too broad, if you will. But they have—my understanding is that they've announced new guidance and that this is the policy they're going to try to follow prospectively into the future. And it's the one I think they should follow. And I understand there is a debate about this.

But I think most scientists and researchers believe the basic information ought to be as broadly shared as possible. And then when people develop something that has specific use and commercial benefit and the kind of thing that has to be done and should properly be done in the private sector, then that ought to be patentable.

Q. Because, for example, Dr. Collins, who you were with a couple of days ago, and Dr. Lander talked with you and to you about this at the millennial evening last fall—have concern about this, I wonder, would you sketch what you think, in a little more detail, what you think ought to be publicly available and how you can assure that that is publicly available even when we have a very aggressive, very innovative private sector that is filing patents like mad?

The President. The thing that I'm concerned about, obviously, the thing that I'm concerned about is the capacity of the Patent Office to make the judgments and to make them at a timely fashion and to draw the lines in the right way. And you know, I certainly don't feel, for example, that I have the level of knowledge to know how to split the hairs there. And I think what we've got to do is to make absolutely sure if we've got the right policy. Then we have to make sure that the Patent Office has the capacity to implement the policy not only in the right way but in a timely way.

The worst thing would be to have these things all bogged down for years and years and years. And I think that's one of the things we're going to have to assess this year, to really try to make sure that we have the capacity to make the right judgments and to make them in a timely fashion.

National Economy

Q. If I could take the discussion back to a little bit of a more broad approach, things are going so well now economically speaking, and you regularly recite figures that are very impressive, I'm wondering if there is any particular

thing or set of things that you regard as possible threat on the horizon that we need to look out for, that we need to be paying attention to. There's been some discussion of high oil prices, for example, and they've talked about the trade deficit. What would you see as the things we need to be watching?

The President. The thing that bothers me about the high oil prices, primarily, is the disproportionate effect it has on people who are excessively relying on oil. We still have, mostly in the mid-Atlantic and New England, we still have too many people who still rely on home heating oil. They're the ones that have really been hurt.

The country's overall reliance on oil is much less than it was 25 years ago when we had the big oil price problem. And we're on the verge of real, new breakthroughs in fuel efficiency. Our ability to build our buildings with far less energy use per square foot is dramatically increasing, both residences and office buildings. There are all kinds of advances in factory efficiency now.

So the real problem I have with the oil prices is the very old-fashioned problem of the people that are just too dependent on home heating oil, and it's a real, serious problem. But I don't think that will sink the overall economy or threaten it.

I think it's far more likely that we have to be vigilant about the size of our trade deficit and the amount of American obligations held by people in other countries, combined with a very high level of debt in this country.

One of the reasons—right now, we're in good shape on that, because the debt-to-wealth ratio of Americans looks very, very good indeed, even though the per capita debt is high. I also think the individual savings rate is somewhat understated because I don't think we calculate the impact of homeownership as well as we should, and we have the highest homeownership in history.

But for me, that's another argument for our economic strategy. That's why we ought to be trying to—not trying to, we ought to be actually paying down the debt and be very disciplined about it and say that we're on a track to eliminate the publicly held debt over the next 13 years. I understand there's a lot of problems with people who think that would be bad for the bond market and interest rate settings and

all that. That's an arcane decision we could have on another day.

But I think basically, one of the reasons that I have been so adamant about paying this debt down is that it tends to stabilize a system that requires, if you're having a lot of business expansion, requires a lot of business borrowing for new investment, and where you have a lot of personal borrowing from people who feel the security to do it because they have more assets, but the value of the assets is dependent in part on the overall stability of the economy, the confidence of the American people, and the confidence of investors around the world.

I don't think we made a mistake to leave our markets open, for example, during the Asian financial crisis, even though it exploded our trade deficit, because I think it helped the Asians to recover more quickly, and it helped to stabilize the global economy.

But if you ask me the only things that I'm concerned about, I'm concerned about those things. And I think the way to deal with them is to do what we're doing, which is to keep paying the debt down, so that the overall fiscal health of the American economy, when you look at public and private debt, against assets and wealth and growth potential, continues to be robust and strong and the confidence remains high.

Japan's Economy

Q. Speaking of the trade deficit, Japan looks like it's sliding back into recession. I know that this Government has been jawboning the Japanese for years now to try to get them to change policies. How worrisome is it that after all their effort, they're going backwards at this point, in terms of our trade deficit?

The President. I think that—let's just talk about Japan a minute. First of all, it's a very difficult case, because you've got this country of people who work very hard, who are very well-educated, and who have an enormous technological base. My heart goes out to them, because they have tried to take—they've taken interest rates down virtually to zero and are virtually paying people to borrow money. And then the savings habits of the Japanese are so great—and for that and other reasons they've had difficulty making that strategy work. Then they've got a Government deficit now—they've tried

deficit spending, and the deficit is a higher percentage of GDP than ours was when I became President.

So I think that somehow what they have to do is to unlock the creative potential and the confidence of their people at the same time, which will be politically difficult because it will require them, I think, to keep going to in effect deregulate, open up, and make more competitive their economy. I think that somehow they've got to tap the energies of all these young people, like all these young people in America are creating all these Internet companies and doing all the things they're doing there.

They're an immensely gifted people, and they work like crazy, and they have everything they need, I think, to succeed. And they're highly efficient in their energy use. They've got a lot of things going for them. I just think that it must be so difficult for them because the traditional stimulus hasn't worked, traditional bringing interest rates down hasn't worked, because of the nature of the present economy. So I think they're just going to have to keep pushing to unlock the sort of spirit of entrepreneurialism and creativity and confidence in their economy. And meanwhile, we'll just keep working with them and do the best we can.

Yes, I'm concerned about it, but I just have to believe that sooner or later—and hopefully it will be sooner rather than later—they'll come back, because they just have so many assets, they have so much talent.

Q. Does it frustrate you at all that they refuse to change some of the structural policies that we have tried to get them to change over the years?

The President. Yes, but it just takes time. I mean, look at how long the rest of the world beat up on us before we finally had the—in the eighties—look how long the rest of the world hit on us before we finally did something about our deficit. For all of the talk about the globalization of the world's economies, nations are still governed by their people, their own institutions; they deal with their own impediments as well as their own promise. And I think they'll get there.

I think the Prime Minister of Japan is an able man and a man who has shown some political courage already in making some changes, and I think what we have to do is keep pulling for them and do our best to share what we believe will work. And we all need a little humil-

ity because they—you know, what works in one decade is not always great in the next decade. And all these countries had to—they worked on us for a long time before—you know, telling us we had to do something about the deficit.

But I just hope that they will—I wish that they had the confidence in themselves right now that I have in them. I wish that they believed that they could make this sort of leap into the 21st century economy and still be able to maintain their social fabric. And I think eventually they'll do it because I don't think they want to fail. I think they want to succeed. And you can't blame them for playing out these two tried and true strains of economic recovery, on the deficit spending and on the low interest rates, before getting to—because that was easier to do than to deal with the underlying structural issues. And I think eventually they'll do that.

I mean, look at the pain that was caused in America in the 1980's when all the industries had to be restructured and all the—the whole economy was topsy-turvy, and there was a lot of difficulty there for people. And countries don't willingly absorb that kind of short-term pain, even though they know the long-term gain is out there.

So I just think that—but I think they'll get to it. They'll have to. And I think they will, and I think we just need to stick with them, keep encouraging them, keep supporting the right kind of change.

Q. Thank you very much.

The President. It's an interesting time to be alive, gentlemen, don't you think?

NOTE: The interview began at 5:36 p.m. in the Oval Office at the White House. Participating in the interview were George Hager of USA Today, Peter Gosselin of the Los Angeles Times, and Naftali Bendavid of the Chicago Tribune. In his remarks, the President referred to Francis S. Collins, Director, National Human Genome Research Institute, National Institutes of Health; former Senator Lloyd Bentsen; and Prime Minister Keizo Obuchi of Japan. An interviewer referred to Eric Lander, director, Whitehead/MIT Center for Genome Research. This interview was released by the Office of the Press Secretary on February 11. A tape was not available for verification of the content of this interview.