

marks were translated by an interpreter. A tape was not available for verification of the content of this exchange.

The President's News Conference With Prime Minister Tomiichi Murayama of Japan

January 11, 1995

The President. Good afternoon. I am delighted to welcome Prime Minister Murayama here for his first official visit. It comes at a very important time, a time when we are beginning to mark the 50th anniversary of the end of World War II, a time when we must move to strengthen the vital partnership between our peoples for the 21st century.

We are starting this year in exactly the right way, working together as representatives of two great democratic nations, committed to solving the problems we face together. We know America has no more important bilateral ties than those with Japan. In a dramatically changing world, we look to Japan as an unwavering friend, one devoted, as are we, to promoting peace and advancing prosperity.

Recently, the vitality of our relationship has been illustrated again by our cooperation to diffuse the danger of nuclear weapons on the Korean Peninsula. Working together with our South Korean allies, we have confronted the nuclear threat and stopped it. The agreement we reached with North Korea already has frozen their nuclear program in a way that is verifiable. North Korea will be giving up control of nuclear materials that could be used in bombs. Construction of new and dangerous reactors has stopped. Ultimately, this program will be dismantled. And all of this is being done, as I said, with strict outside monitoring and verification.

Prime Minister Murayama and I talked about our two countries' roles in implementing the North Korean nuclear agreement, including some activities each of us will undertake. I want to express my appreciation for Japan's strong support for this agreement, including its willingness to play a significant financial role. I reaffirmed my intention to Prime Minister Murayama that the United

States will also continue to play a leading role in implementing the agreement.

This year, the United States and Japan will also work together to develop a comprehensive blueprint for liberalizing trade among the rapidly growing Asian-Pacific economies. We're confident that during its chairmanship of APEC, Japan will show the leadership necessary to chart the course and fulfill the goals of the agreements announced in Indonesia in November. Free and fair trade in Asia will deliver more high-paying jobs for American workers, and those are exactly the jobs that will give more Americans a chance to pursue the American dream.

The Prime Minister and I discussed our bilateral economic relationship. Under our framework agreement, I'm pleased to announce that this week we reached an accord that will open up Japan's financial services sector to American businesses. Over the past 4 months, we have also forged agreements to open Japanese Government procurement as well as Japan's glass and insurance markets to American companies. These agreements must, of course, be fully implemented to ensure that real results are achieved, and more remains to be done. But in the last calendar year, we have reached 8 separate agreements and a total of 14 in the 2 years I have been in office.

Still, Japan's current account surplus is too high, largely because it is just coming out of a period of recession. But further progress must be made, especially in the areas of autos and auto parts, which make up the bulk of our trade deficit with Japan. Negotiations there are set to resume soon. I am firmly committed to opening the market in this and other areas. We must redouble our efforts to assure further progress.

Finally, let me say that the Prime Minister and I will release today the first report detailing the tremendous achievements that have been made in a range of joint projects on global issues. In programs that address such problems as explosive population growth and AIDS, the eradication of polio and the battle against the drug trade, our common agenda for cooperation is making great strides in confronting issues that know no national boundaries.

These are just a few of the projects that our nations are working together on, and they are proof of a relationship that no one could have dreamed of 50 years ago or perhaps even 20 years ago. Today, we have every confidence that the extraordinary bonds between Japan and the United States will only grow stronger in the years, the decades, and the new century to come.

Mr. Prime Minister.

Prime Minister Murayama. At the beginning of the year marking the 50th anniversary of the end of World War II, President Clinton and I confirmed the importance of Japan-U.S. relations today, which have been built by the peoples of Japan and the United States over 50 years. And we agreed to further develop Japan-U.S. relations towards the future.

I took this opportunity to express my gratitude for the magnanimous assistance which the United States had provided Japan after the war. Both our Governments share the view that it is important for Japan and the United States to firmly maintain the Japan-U.S. security arrangements. We reaffirmed that both our countries would further advance cooperation for the peace and prosperity of the Asia-Pacific region.

Japan will cooperate with the United States towards the success of the APEC meeting in Osaka to be held this autumn. We'll also further advance the common agenda which emphasizes the Asia-Pacific region. Today the joint report on the common agenda was submitted. During this summit meeting, we agreed to add women and development as a new area under the common agenda. In my talks with the President, I stressed the importance of advancing exchanges between the peoples of our countries and cited the exchange of students as a specific example.

We also exchanged our views on international issues of common interest. The Government of Japan strongly supports last year's agreed framework between the United States and North Korea. I stated that to ensure the success of the light-water reactor project, which directly relates to the security and stability of the northeast Asian region, including Japan, the Government of Japan intends to play a significant financial role in the LWR,

or light-water reactor project, under an overall project scheme in which the Republic of Korea is expected to play the central role.

As regards the economic aspects, since the end of September last year, discussions have been concluded on the flat glass and financial sectors, and agreement was reached to resume the automobiles and auto parts talks. We commended such progress and confirmed that we would continue to seriously engage ourselves in the Japan-U.S. framework talks.

During this pivotal year, I'm resolved to make efforts to advance the Japan-U.S. creative partnership together with President Clinton, building on today's meetings as a good starting point. Furthermore, I look forward to welcoming President Clinton to Japan as a state guest this autumn.

Thank you.

The President. Thank you. We'll alternate between the American and the Japanese press. Terry [Terence Hunt, Associated Press], go ahead.

Japan-U.S. Trade

Q. Mr. President, Japan's trade surplus is running at more than \$60 billion. Last year at this time, you said that you'd rather admit failure than accept an empty agreement or try to paper over differences. Where do things stand now? Do you think that you've made any breakthrough with these agreements that you've mentioned, or are things pretty much about where they are?

The President. I do. I think I would point out two things. First of all, in the last calendar year, we have reached eight agreements. If they're all implemented fully and in good faith, there's going to be a timelag between the time those specific market sectors are opened and we begin to feel the benefits of it here in the United States.

The second point I would make is that at any given time, the trade relationships between two countries will depend upon the state of the economies in those two countries. We had the good fortune of coming out of our recession more quickly than did Japan. Our growth rate has been higher for the last 2 years. Theirs is now picking up again. I would expect it would be very strong.

One thing I can say to you is that imports and exports increased equally in the last 2 years, that is, by the same percentage. It was an 11 percent increase—I mean, excuse me, in this last year there was an 11 percent increase in imports from Japan and an 11 percent increase in exports to Japan. If we can implement these agreements that we have reached and if we see the Japanese economic growth rate coming up to about the American rate, then I think you will see a tightening of that trade deficit.

The final point I would like to make is that it will never be in rough parity unless we continue to strengthen and discipline our own economy and, most important, unless we make some progress on autos and auto parts, because that's about 60 percent of the trade deficit. So that's a part of our framework agreement. We're about to start the talks again there. That's all in the private sector in Japan, but that's what's going to be necessary to finally get this relationship where it ought to be.

But I don't think you can overread the figures from this year because of the impact of the recession and because of the time delay in implementing the eight agreements we made in '94 and their impact. We're clearly making progress, but not enough, and we have to move on auto parts and autos.

World War II Commemorations

Q. Mr. President, how are you going to commemorate the 50th anniversary of the end of the war? Did you, or are you going to invite the Prime Minister to some ceremony which will be held later this year?

The President. Well, there will be a number of commemorations, as you probably know, throughout the Pacific. But we have not yet decided precisely what I will do and how we will do it.

Let me say this: I know there's a debate going on in Japan about this whole issue now and how it should be handled. I can only say that the last three leaders of Japan have expressed in the sincerest terms their regret about the war. We have had a remarkable relationship, a partnership, and a growing friendship with Japan. And I would hope that we could mark this year by saying this is something that civilized nations can never

permit to occur again. But looking toward the future and what our responsibilities and what our opportunities are in the future by working together to change the world for the better, that is what I think we should do. And I hope that all these areas of cooperation that the Prime Minister mentioned that will be in the report we're mentioning today, we're releasing today will be at the forefront of what people in the world think about the United States and Japan in the years ahead.

Mexico

Q. Can you tell us something more about what the United States is doing to help stabilize the Mexican economy, what effect the crisis there is having on the U.S. economy or what effect it may have? And can you answer people who are beginning to say that this proves that getting involved, further involved with Mexico and Latin America in treaties like NAFTA may have been a mistake?

The President. Let me—there's two separate questions; let me answer them both. First of all, let me say again I have confidence in the long-term future of Mexico. What we have now is a short-term liquidity crisis. There was inevitably going to be some correction in the Mexican currency value because they had run a rather high budget deficit. But they have had stable political leadership, a good economic direction, a commitment to the right kind of future. And they have shown real discipline. President Zedillo's latest moves will require genuine sacrifice from the Mexican people.

And so the United States is committed to doing what we can to help Mexico through what I believe is and should be a short-term crisis. We have considered a number of options. We have consulted with people in our Government and, obviously, among the leadership of Congress. I spoke with President Zedillo myself last evening again. And we are watching this closely and may have more to say specifically in the days ahead.

But I think it's—this is very important to us. Mexico is our neighbor and has been a constructive partner, has tried to work with us on issues ranging from the drug trade to immigration, as well as on our economic issues. Mexico is sort of a bellwether for the

rest of Latin America and developing countries throughout the world. So we have to work on the confidence and the liquidity crisis. And I think that it's in our interest to do so.

Now, let me say on the second question, the people who were opposed to NAFTA made exactly the reverse argument. What they said was that the Americans would be taken to the cleaners, and Mexico would get rich off NAFTA, and America would be greatly disadvantaged. As it turned out, because of our high levels of productivity, the recovery of our economy, and the particular needs of the Mexican economy and the Mexican people now, we did quite well under NAFTA for the last 2 years.

And what has happened is something that no one really foresaw. But I would think this should reaffirm our determination to try to have both democracy and progress, not only in Mexico but throughout Latin America. And for those who can remember what it was like for the United States when Latin America was in depression and when Latin America did not have democratic governments, I think there's no question that it is better for us to have the sort of atmosphere and the sort of reality we saw at the Summit of the Americas. So I just disagree with those who make the second assertion.

Anyone have a question for the Prime Minister?

Q. Mr. President, following Mexico, I want to know if you can tell us the amount of the increase in the credit facility you're going to announce and when, and second, if you plan to keep your support for the candidacy of President Salinas for the WTO over this international criticism for his role in this grand monetary crisis in Mexico?

The President. The answer to the first question is no, I can't give you a specific answer. The answer to the second question is yes, I still support President Salinas.

Is there a Japanese journalist who has a question, a Japanese journalist, a question for the Prime Minister?

North Korea

Q. [Inaudible]—support for the light-water reactor project, the President mentioned there was a strong support by Japan,

and the Prime Minister mentioned Japan intends to play a significant financial role. I wonder what specific commitment you gave to the President? Also, since you've mentioned Japan intends to play a significant financial role, I wonder if there was any specific ratio indicated, any number given to that financial role? And now there is some criticism with regard to the rather ambiguous solution reached in that agreed framework, and I wonder if there was any comment on that?

Prime Minister Murayama. Well, with regard to the resolution of the North Korean nuclear issue, I would like to say that this issue has a bearing not just on Japan and the neighboring areas but for Asia-Pacific region as a whole. And we've watched very carefully the progress in the U.S.-North Korean talks. And thanks to the tenacious efforts made by the United States, agreement has been reached, and we appreciate that very highly.

In relation to that nuclear issue, we're now discussing the light-water reactor project. As I mentioned earlier, the Government of Japan intends to play a significant financial role in relation to that LWR project. That is what I told the President. However, we have not decided on the specifics of that financial role. For example, we have not commented on how much that financial role is going to be. It is not merely that the Government of Japan intends to cooperate; rather we take this issue as a matter of—for itself as well. And I think it's with that very engaged attitude that we have to address the problem.

The President. Rita [Rita Braver, CBS News]. We'll take, I think, one more each.

Minimum Wage

Q. Mr. President, your aides have said that you are definitely considering a raise in the minimum wage in this country. Have you signed off on that? What's the area in which you're talking about raising it, and when do you think you'll have a final decision? And are you worried about Republican opposition already building?

The President. Well, I have not—let me say, number one, I haven't received a recommendation yet on that from my economic advisers. So I don't want to comment on it until I do.

I think we should look at three things, basically, in making this decision. First of all, the minimum wage is at a 20-year low. Second, inflation is at a 30-year low. And then we need to analyze whether—so there's an argument—and thirdly, the number one mission of the country in this recovery is to raise incomes.

Now, you can argue, well, there are a lot of people on the minimum wage who are actually young people who live at home with parents, and they're not low-income people, and they don't need it. You can argue, there are also a lot of people who are contributing to the support of their children.

Two years ago we attempted to do something really significant about this through the dramatic increase of the earned-income tax credit, which was made refundable, so that today working families in America with an income averaging \$25,000, \$26,000 a year or less will get an average of a \$1,000-a-year tax cut below what their tax rates were before I took office. For those on the low end of the wage scale, that was in part designed to offset the fact that the minimum wage had fallen so far behind inflation and had not kept up with wage growth. There are those who argue that the structure of the American economy has changed so much that this would be burdensome. That's what my economic advisers are evaluating now. They will give me a recommendation.

But my goal, the reason I focused on the earned-income tax credit and the reason I've said we ought to pass the middle class bill of rights, is that we have to raise incomes. Ultimately, the way to raise incomes in America is to increase the skills of the American work force, which is why the most important thing we can do, more than anything else, is to pass the bill of rights: the education tax deduction, the IRA with education withdrawals, and the training voucher program I've proposed to let all the training programs be collapsed and let American workers have up to \$2,600 a year in just cash money to get training. That will raise their incomes.

But I will seriously consider this recommendation when I get it. I have simply not received it yet.

Q. Any idea what the—[inaudible]—rate would be?

Japan-U.S. Security Arrangements

Q. On Japan-U.S. security arrangements, I understand that you reaffirmed the importance. Now, with regard to host-nation support, I wonder how Japan intends to address that issue? What did you tell the President? And also, with regard to the future, was there any discussion of the possibility of cooperation between the two countries on PKO under the United Nations?

Prime Minister Murayama. The necessity, the need for Japan-U.S. security arrangements was discussed, and we see eye-to-eye with each other completely. Although the cold war structure has disappeared, regionally there still remain numerous unresolved issues. And we believe we should look at the Japan-U.S. security arrangements not simply as something for Japan and the United States. The role that the setup plays for the security and stability of the Asia-Pacific region as a whole is very significant. And therefore, we have to continue to maintain that relationship.

And we should take that security relationship or security setup as the pivot and not simply build on that in the security area but also in the other areas as well. And I think that is very important. And we would like to, therefore, continue to strengthen that relationship from that vantage point.

Your second question was on peacekeeping operations. As you know, Japan is a country that has a constitution, a peace constitution, and therefore we cannot provide cooperation that involves the use of arms. However, we have already sent our self-defense forces to Rwanda and other parts of the world for humanitarian purposes. And for such humanitarian purposes and within the extent that the Japanese Constitution will allow, we have been saying consistently that Japan is willing to cooperate with the world. And I think there is full understanding between the two countries on that.

Japan-U.S. Trade

The President. Let me say that the Prime Minister has to leave. And before he does, I want to make a presentation. Yesterday for the first time, the Japanese market was opened to apples from the United States. And as the Prime Minister left, he was telling

me the marketplaces were being filled with the apples, but he didn't have a chance to get any. Now, shortly, the American market will be open to apples from Japan. And we're looking forward to them. I personally like them a great deal. But since the Prime Minister left before the markets opened, I want to give him a basket of Washington State apples to take home to Japan with him. [Laughter] This is the symbol of our progress.

Prime Minister Murayama. The Japanese people are enjoying the taste of American apples, and I hope that American people will enjoy the taste of Japanese apples.

Thank you very much.

NOTE: The President's 83d news conference began at 2:05 p.m. in the Grand Foyer at the White House. Prime Minister Murayama spoke in Japanese, and his remarks were translated by an interpreter.

Remarks to California Flood Victims

January 11, 1995

Good afternoon. I want to speak to you today about the ferocious floods now battering California.

In recent times, unrelenting rains have ravaged many places across our great country, rains that have destroyed people's homes, devastated families, carried away the fruits of many, many years of hard work. There can be no greater challenge to a community than facing down these terrifying tides. Yet that is what Americans can do so well. And that is what you, the people of California, are doing at this very minute.

I want you to know that you have my support and the support of our administration to fight this battle the way it has to be fought. Late last night, I declared a major disaster across California and asked James Lee Witt, the Director of the Federal Emergency Management Agency, to oversee our efforts to quickly provide the necessary assistance and to get you moving on the road to recovery. At 1 o'clock our time last night, he assured me that that is exactly what he would do. We're working closely with Governor Wilson, Senator Boxer, and Senator Feinstein, with all the local, State, and Federal officials to fight the flooding.

Let me say a special word of thanks to all the young volunteers from AmeriCorps, our national service program, and the other volunteers for the quick and good work they have done and are doing. Californians have proven over the last few years they have a very resilient spirit. And in a great sense of community, with the earthquakes and the fires, you have shown that you're a people who can come together in times of crisis and overcome those crises.

Our administration has stood with you. Almost a year ago, those of you in the Los Angeles area were awakened by that terrible quake. We stood by you then, by making available billions of dollars and thousands of workers to help in the rebuilding effort, and we'll stand with you again.

Hillary and I send our thoughts and our prayers to the families whose loved ones have died and the thousands of you whose lives have been disrupted. We wish you well. We'll get through this in good American style.

NOTE: The President spoke at 3:02 p.m. by satellite from the Roosevelt Room at the White House.

Statement on the Economic Situation in Mexico

January 11, 1995

I have spoken with President Zedillo and conveyed our continued support for Mexico.

The Mexican President has outlined a comprehensive economic program, which has won the support of the International Monetary Fund.

We have a strong interest in prosperity and stability in Mexico. It is in America's economic and strategic interest that Mexico succeeds.

We are in close touch with the Mexican authorities. I have instructed the Treasury, working closely with the Federal Reserve, to continue to take appropriate steps to help Mexico get through these short-term financial pressures and build on the strong foundation for economic growth created in recent years.

If appropriate, I am prepared to authorize the extension of the maturity of our existing credit facility and to increase those commit-