

NOTE: The President spoke at 9:16 a.m. in the Indian Treaty Room at the Old Executive Office Building. In his remarks, he referred to Blenda Wilson, president, California State University, Northridge, and Eamon Kelly, president, Tulane University.

Remarks to the World Economic Forum

January 26, 1995

Good evening, and thank you, Professor Schwab, for that introduction. I'm pleased to join all of you, especially Secretary-General Boutros-Ghali, Councillor Cotti of Switzerland, and Prime Minister Carlsson of Sweden. And I'm delighted to have this opportunity to speak to the World Economic Forum.

Let me begin by saying I've very much enjoyed listening to the questions you asked the Secretary-General and to his answers. I was profoundly moved by the wisdom of his answer about the media. I wrote it down, and now I will use it in the next press conference. I noted you also talked about the academic wisdom and the media power represented in your group. I hope also there is academic power and media wisdom in your group.

The thoughts that you shared and the projects that grow out of your meetings clearly are going to play a vital role in determining the issues that dominate all of our international agenda. Your opinions will play a key part in shaping the debate on some of the most important issues of our time.

Two years ago, I took office with the strong conviction that the American people, as all the people of the world, were facing a new and rapidly changing global economy. I believed then, and I believe more strongly now, that the incomes and living standards of Americans are tied directly to what happens outside our borders. It is now impossible to separate international and domestic economic concerns. As soon as our administration began its work, we devised a detailed strategy to set a new direction. And during the last 2 years, we have devoted ourselves to preparing our country and our people for this global economy and to creating an international system of free and expanding trade

that benefits not just the American people but all the world's people.

We've made good strides. The essential first step for us was to put our own house in order. Let's not forget that, 2 years ago, it was a very open question whether the United States could summon the political will to cut our deficit significantly. But as many of you who specialize in global economics had urged for years, we changed that dynamic. We did the hard work. We cut the deficit dramatically, more than \$600 billion, or about \$10,000 for every family in our country.

This year, the deficit will shrink for the third year in a row, for the first time since Harry Truman was the President of the United States. Cutting the deficit has helped us to create almost 6 million new jobs in the last 2 years, to keep the inflation to 2.7 percent and to boost our exports by 11 percent. The combined measure of unemployment and inflation is at its lowest point since 1968. In fact, a survey of your own members last year concluded that the United States is now the most competitive economy on Earth, and we appreciate that, and we're going to do our best to keep it that way.

To ensure that, we know we must continue to invest in our own people, to empower individuals to take advantage of the opportunities of the global economy and to make the most of their own lives. Today, when exports account for so many of our high-skill, high-wage jobs and when what we earn depends so directly on what we know and what we are capable of learning, education is more important than ever before.

That's why I proposed as part of my middle class bill of rights, that we make education and training more accessible than ever before in the United States, through a range of tax cuts for students of all ages and through a system of cash vouchers for people who have been laid off and must be retrained. Another part of our strategy has been to lay the foundation for a new era of global growth and open markets in the century to come.

Already, after 7 years, we've made some real progress by adopting the GATT treaty. Those negotiations were begun here in the United States under Presidents Reagan and

Bush. They were completed, they were approved by Congress, and I was proud to sign them into law last year. That's the most ambitious trade agreement ever.

We also brought the NAFTA treaty into force with support from both Democrats and Republicans, and since then, trade with our NAFTA partners have accounted for 100,000 new American jobs. On the basis of the agreement forged at the Summit of the Americas last month, we've begun to create a free trade zone for our own hemisphere. And finally, we've extended our efforts to the booming economies of the Asia-Pacific region. At the APEC summit in Jakarta, we forged an agreement to create a vastly more open trade area there by 2020. All told, these 2 years in the United States have been one of the most intense and productive periods of economic innovation, both domestically and internationally, in recent times.

But while the promise of these new arrangements is clearly enormous, their benefits will not simply fall into our lap. Indeed, with the completion of this array of trade agreements, we're entering a new and difficult phase of the global economy. Now, we face the challenge of turning visions into concrete realities, a time for painstaking efforts, for dismantling the old barriers and creating the new arrangements, brick by brick, for implementing these new trade pacts and completing the architecture of the international economy.

It's also a time for careful reform. We must reexamine the international institutions that have played such an important role in the post-war era and consider how they are adapting to the new realities. These institutions have served us well for nearly half a century. In many respects, they still do. They have evolved with the changing world economy, discarding old missions and assuming new ones.

But as all of you know, change in the world economy has taken on astonishing dimensions. Globalization has met the growth in interdependence on a scale that would have been inconceivable a decade ago, that richly rewards good decisions and good policies. But we've also seen that 24-hour markets can respond with blinding speed and sometimes ruthlessness that the statesmen of the

Bretton Woods era never would have imagined.

And for that reason, at last year's summit in Naples, my G-7 colleagues and I saw the need to review our international economic institutions, identifying new needs and evaluating how best to adapt the institutions to meet the tremendous challenges of the 21st century. This review will be a central part of our discussions at the Halifax summit in June.

In just the last few weeks, the crisis in Mexico has reminded us that the road ahead will have its difficult stretches. Mexico today has an economy with strong fundamentals and a capacity to grow and to meet its obligations. But partly because Mexico relied on too many short-term foreign loans, a fallen market confidence turned into a dangerously self-fulfilling prophecy.

I am confident that the guarantee program we are putting together to put Mexico back on track will win approval in our Congress and will make a difference in the world economy. The combined leadership of the U.S. Congress, the Chairman of the Federal Reserve Board, and the Secretaries of Treasury and State are constructing a creative and unprecedented package. Some have said it's just foreign aid and a bailout. Well, they're not right. It's the kind of response to address a problem before it spreads that the new world economy demands.

Failure to act could have grave consequences for Mexico, for Latin America, for the entire developing world. More important, our approach will safeguard hundreds of thousands of Americans whose livelihoods are now tied to Mexico's well-being. So it's the right thing to do for the rest of the world, but it's also the right thing to do for America.

The crisis in Mexico has helped to show us again just how much smaller our world has become and how our stake in what happens in other countries has dramatically increased. This is not just true for economic affairs but also for a whole range of other problems, like attacking the capital movements by drug cartels and organized crime, dealing seriously with the interconnection of global terrorisms or environmental policies that have regional impact or social policies that bear on the global population issue.

The challenge before us is to adapt our international institutions, to deepen the cooperation between nations so that we can confront a new generation of problems that know no national borders. Indeed, the job of constructing a new international economic architecture through our trade agreements and the revitalization of our institutions is, for our generation, as pressing and important as building the postwar system was to the generation of the Marshall plan and Bretton Woods, the heroic generation of Dean Acheson and Jean Monnet. Then they had the immense job of proving that democracy and capitalism could provide for fulfilling and meaningful lives in the aftermath of war and in the face of the rival system of communism.

Today our job, again, is to persuade people that democracy and free markets can give all people the opportunity to live out their dreams, but we must do so without the prod of a rival political system to contend with or the fresh memory of war to spur us on.

Today, as never before, we can see the extraordinary possibilities that lie before us in the 21st century. It promises to be an era in which free people, working across open borders, will have a chance to create growing prosperity, economic security, to fulfill their God-given potential and their dreams as never before in human history.

But it won't happen without hard work, real dedication, and clear vision. I am glad to be speaking to this group at Davos because you are exactly the kind of people who must help make certain that the international system we build works fairly and safely. We must rise to the example of our predecessors. We must forge a system that will benefit the people of all walks of life and all parts of the globe, not just those for whom the global economy now holds the very richest opportunities.

We must do it because it's the right thing to do, because it's the fair thing to do, and because, ultimately, it is clearly in all of our best interests.

Thank you very much.

NOTE: The President spoke by satellite at 12:47 p.m. from Room 459 of the Old Executive Office Building to the meeting in Davos, Switzerland. In his remarks, he referred to Klaus Schwab, World Economic Forum founder; United Nations

Secretary-General Boutros Boutros-Ghali; Falvio Cotti, Chief, Department of Foreign Affairs, Switzerland; and Prime Minister Ingvar Carlsson of Sweden.

Interview with Tom Brokaw of NBC Nightly News

January 26, 1995

State of the Union Address

Mr. Brokaw. Mr. President, your Chief of Staff, Leon Panetta, said that your State of the Union speech the other night was the most important one of your Presidency. When you got back to the living quarters and you were alone with Hillary, how did the two of you critique it?

The President. Well, I thought it was effective in the sense that I got a chance to get back to the basic values and the basic ideas that got me into the race for President in the first place, really that drove my whole public service career before I became President. It was a little longer than I wanted it to be, partly because I was frankly not anticipating that the Congress and especially the Republicans would respond as positively as they did to some of the things that I said. And I appreciated it, but it lengthened the speech some.

That was a good problem to have. That was what my friend Mack McLarty calls a high-class problem.

Mr. Brokaw. Well, I always get the impression, though, that once you get up there and get into a roll, so to speak, it's pretty hard for you to sit down; you love art of political oratory so much.

The President. Well, I like—the State of the Union I like because it really gives the President an opportunity that's not there at any other time of the year to talk both to the Congress and to the American people in a way that goes way beyond ordinary politics and partisanship and at least gives the opportunity to go to the heart of the problems and the challenges and the opportunities of the country.

President's Popularity

Mr. Brokaw. Mr. President, we did a poll that began really shortly after the State of the Union speech. Good news and bad news