

America's steel industry a world class competitor.

Our goal in this comprehensive action plan is clear: we seek to ensure that competitive American steel companies and steel workers have the opportunity to compete fairly and that they not be asked to bear an unfair share of the burden of a global financial crisis they did not create. The plan outlined in this report details our actions to vigorously and expeditiously enforce our own trade laws, engage major steel exporting and importing countries to enforce fair trade and fairly share the import burden, work with the IMF and our foreign partners to address the financial crisis that has contributed to the current surge of steel imports, and provide American steel communities, workers, and companies with the resources they need to adjust to the forces of globalization.

I will continue to make clear my deep personal concern about the steel situation, as I have done in recent statements. I will continue to engage leaders of Japan, Russia, the Republic of Korea, and the nations of Europe with the goal of ensuring that they follow fair trading practices, fairly share the burden of absorbing additional steel imports, and respect established international rules, including prohibitions on subsidization.

The solution to the financial crisis and the crisis facing our steel industry is not for us, or for any other nation, to go backward or turn inward. The solution is, instead, for America to continue to lead the world in stemming the current financial crisis and creating an open, rules-based trading system. At this critical juncture, it is essential that all nations remain committed to open markets.

Open and fair trade is absolutely essential for both global economic recovery and continued U.S. prosperity. It is essential that all nations respect international trade rules to ensure that the trading system commands the confidence of the American people. Maintaining strong trade laws and vigorous enforcement will continue to be a critical element of my trade policy, just as I will continue to lead efforts to open markets around the world.

My Administration will continue to monitor developments in the steel industry and to consult with representatives of steel-pro-

ducing and -consuming industries and labor, Members of Congress, and our trading partners, and we will consider additional actions as circumstances warrant. We will continue to work closely with Members of Congress in ensuring an effective response to this serious matter.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to J. Dennis Hastert, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate. An original was not available for verification of the content of this letter.

Remarks and a Question-and-Answer Session at the Economic Club of Detroit in Detroit, Michigan

January 8, 1999

The President. Thank you. Ladies and gentlemen, even though the mayor's promised warm welcome to Detroit turned out to be a bit of false advertising today, I am delighted to be back. I've had a wonderful time. The Auto Show made me feel like a kid again. I wanted to leave with 10 of the cars myself, but I was embarrassed to say, you know, I haven't bought a car in 6 years so I had to go around and ask what every one of them cost. [*Laughter*]

I liked the concept cars. I liked the orientation toward the future. It was a wonderful thing. And we have some people here associated with the Auto Show, and I'd really like to thank them for making me and the congressional delegation and our guests feel so welcome today.

I want to thank the mayor for letting me be his stand-in. We've been friends a long time. Mayor Archer's friendship is one of many thousands of things I owe to my wife. They were friends in bar association work. I knew Dennis Archer when he was just a mild-mannered judge with no political opinions. [*Laughter*]

I'd also like to thank your Attorney General, Jennifer Granholm, for being here; my good friend, Ed McNamara, to my left. Thank you, Jennifer. Thank you, Mr. McNamara, for being my friend. And City Council President Gil Hill, Frank Garrison, President

of the Michigan AFL-CIO. And I want to thank my good friend, Governor and former Ambassador to Canada, Jim Blanchard. I think he was the best American Ambassador we ever had to Canada, and you can be very proud of what he did there.

He also brought me here the first time—maybe there was this many people when I spoke in August of '92, but I don't remember it. This is the longest head table I've ever seen. *[Laughter]* I got up at 6 o'clock this morning; I didn't do my normal workout. It doesn't matter—I ran all the way down—*[laughter]*.

I'd also like to thank the unusually large delegation from Congress who came with me today. And I'd like to ask them to stand and be recognized: Congressman John Dingell and Debbie; John Conyers is here with his son; David Bonior; Sandy Levin and Mrs. Levin; Jim Barcia; Bart Stupak and Mrs. Stupak; Carolyn Kilpatrick and Debbie Stabenow. They're all here, and I thank them for coming with me from Washington.

Here in Detroit nearly a century ago, as all of you know better than me, Henry Ford set history in motion with the very first assembly line. He build not only a Model T but a new model for the way America would do business for quite a long while. He said he was looking for leaders and thinkers and workers with, I quote, "an infinite capacity to not know what can't be done." People like that came together in Detroit and all across America; they forged America's transition from farm to factory. Detroit led the way and America led the world.

Today, as Mayor Archer just documented, Detroit is still leading the way and America continues to lead the world. Indeed, we gather today at a time of an American economic renaissance. Our budget is balanced for the first time in a generation. We are now entering a second year in an era of surpluses. This week I announced that our economists project we will close out the year and the century with a surplus of no less than \$76 billion, the largest in the history of the United States for the second year in a row.

Today we received the December unemployment figures. Unemployment was 4.3 percent, the lowest monthly rate since February of 1970. For the year, it was 4.5 per-

cent, the lowest annual rate since 1969. It's the lowest peacetime rate of unemployment since 1957. There were 378,000 new jobs last month, for total of 17.7 million. The welfare rolls are the lowest they've been as a percentage of our population in 29 years. Home-ownership is the highest in history, and in the last 6 years, 7 million Americans have bought new homes and another 18 million have refinanced them at lower interest rates.

We also know now with this last month that this peacetime expansion is the longest economic expansion in peacetime in the history of the United States. And equally important to me, this one is different from the ones of the last several years. It is inclusive, not exclusive. We have seen, for example, the highest real wage growth in over two decades, growing at twice the rate of inflation; the lowest African-American and Hispanic unemployment rate ever recorded since we began keeping such statistics in 1972. And average family income up after inflation by \$3500. This is a rising tide that is lifting all boats.

Closer to home, for many of you, we learned that this week was also quite a remarkable year for U.S. automakers, 15.5 million cars and light trucks sold last year, the most in 12 years. Ford had its best year since 1978. The sales of the former Chrysler Corporation—I met with the Daimler people again today, and again I asked them to sell me a Mercedes at the price of a Chrysler. *[Laughter]* And I'm working on making that deal for all Americans, I want you to know. *[Laughter]*

But anyway, we're excited about this merger, and their brands hit a record high, 2.5 million vehicles. GM ended the year on a strong note with great momentum for 1999.

Now, let me compare just for a moment how far we have come these last 6 years. The last time I spoke here—and Governor Blanchard brought me as a nervous candidate for President in August of 1992—it seemed America had lost its way in the strong headwinds of economic change. In August of 1992, I said we had a choice to make, whether to create a high-growth, smart-work, high-wage economy, or to continue to drift into a low-growth, hard-work, low-wage future.

In August of 1992, the unemployment rate for this entire area was almost 9 percent, the same for the State as a whole. In August of 1992, Michigan had lost more than 60,000 jobs in the previous 2 years; businesses were folding; residents were losing jobs and hope; crime and poverty were hitting record levels.

The new world of high technology and greater global competition threatened to bypass America's heartland. Foreign competitors actually described America as another great power in a state of inevitable decline. On our own best-seller list, there was a remarkable book that asked a question with its title, "America: What Went Wrong?"

Well, 3 months after I was here, in my inaugural address I said that I believed there was nothing wrong with America that cannot be fixed by what is right with America. And today we can, thankfully, ask the question: America, what went right?

The answer is a lot of things. In fact, most things are going right for our country. Our real recovery began when we returned to a principle as old as our Republic: "We, the People." We have pursued a vision of 21st century America with opportunity for all, responsibility from all, a community of all Americans. We have married old ideals to new ideas, to fit our new economy and our new society. We have moved beyond the false choices of using Government to hold back the tides of change or leaving people to sink or swim all alone.

We believe the role of Government is to empower people, to ride the tides of change to greater heights. We believe in a Government for the information age that is progressive, creative, flexible, and yes, smaller. You might be interested to know that the Government that you have today has more than 300,000 fewer people than it did when I last came here to speak in August of 1992. Indeed, it's the smallest Federal Government since John Glenn first orbited the Earth.

For example, under the Vice President's leadership, we've cut more than 16,000 pages of Federal regulations; streamlined or simplified 31,000 more; committed to work with those who bear the burden, as well as those who receive the benefit, of future regulations in drafting them. In areas from workplace safety to the partnership for new generation

vehicles with your automakers, which I'll discuss more in a moment, to climate change, we are working with business to use technology, research, and market incentives to meet national goals.

Some have called this political philosophy "the third way." It has modernized progressive political parties and brought them to power throughout the industrial world. Here in America it has led us, I believe, to a new consensus, making the vital center once again a source of energy, action, and progress. That, I believe, is the only way for any advanced industrial nation to thrive in the new global economy.

Our new economic strategy was rooted in a few basic ideas—first, in fiscal discipline. In an era of worldwide capital markets, nations purchase prosperity by saving and investing and being prudent, not by running big deficits. So we cut the deficit, balanced the budget, sent interest rates down, helping people to buy new homes, helping more entrepreneurs to start new businesses.

Also, the reduction of the deficit and the ultimate balancing of the budget has freed up more than \$1 trillion in capital for private sector investment. Unlike past expansions where Government bought more and spent more to drive the economy, during this expansion Government spending as a share of the economy has actually fallen. And over 90 percent of those 17.7 million new jobs are private sector jobs.

The second part of our strategy has been to invest in our people. In 1992, we had two deficits—one in the budget, but another in our investment in our people and our future. A high-tech economy that places even greater demands on skills must put people first, as the mayor said. Therefore, even as we cut spending and eliminated hundreds of programs to balance the budget, we nearly doubled our annual investment in education and training. Even as we closed the budget gap, we have expanded the earned-income tax credit for 15 million low-income working families, giving them hope and lifting over 2 million working people out of poverty.

Even as we cut Government spending, we have raised investments in our welfare to work jobs initiative, and invested \$24 billion in a children's health initiative to bring health

insurance to 5 million young people who do not have it.

Third, building a new American economy has meant making the world economy work for us. Until last year, when we had all the turmoil and trouble around the world, fully one-third of the strong economic growth we had enjoyed in the nineties came from expanded trade. For every country engaged in trade, for every market open to our products, the base of customers for American goods and services expands.

That is why it matters to all Americans that we have negotiated 270 trade agreements in the last 6 years. Not all of them have met all of our hopes, and a lot of them have been limited by the economic problems faced in particular countries. I think those here associated with the auto industry know how hard we have worked on the auto trade agreement with Japan. We will never make the kind of progress we intend to make there until the economy begins to recover, which brings me to a point I will return to in a moment.

Nonetheless, if you look at our approach—fiscal discipline, investment in people, expanded trade—it has enabled the United States, the businesses and the people working here, to create a truly new, global, high-tech economy. More than 7 million Americans today work in technology-related industries, earning two-thirds more than average worker salaries. Technology has not just built the computer industry; it has transformed existing industries from high-tech research and development, in real estate, in construction and, as I saw today, to transportation.

A lot of these cars now that I saw today have more computer power in them than Neil Armstrong had to steer *Apollo 11* to the Moon. It's an interesting time in which we live and we should feel fortunate to be here.

The question for all of us today and the thing I want you to think about is, okay, we feel good—and Dennis reeled off the statistics, and you clapped, and I was pleased. [Laughter] And I like it even better knowing that there are real families now that have work and a stronger future for their children and safer streets for them to live on. But the question for us today is the question you have to face every day you get up, whether it's a good day or a bad day: What are you going

to do today? And what do you intend to do tomorrow? What are we going to do with this prosperity? We can rest on our laurels or press ahead.

In a sentence, here's how I assess our present condition. America is working again. It's working. Not just the economy, the crime rate is the lowest in 25 years. A lot of our social problems are receding. It's working again. That is the good news. But no serious analyst of our condition could seriously say that we have met the long-term challenges that our people will face in the 21st century. And there will never be a better time to meet them than a time when we have a surplus in our budget and a strong surfeit of confidence in ourselves and our ability to meet the challenges ahead.

So I say this is the time to press on with the big challenges of the 21st century, not just to have America work but to know that it's going to be working for decades ahead. What are those challenges? They are many, but I will mention just three; I'd like to ask you to think about in the context of the mission of the Economic Club.

First, we must maintain our prosperity and spread its benefits to people and places that have not yet felt it. And we must deal with the challenges of the global economy, for without a successful global economy, our ability to continue to grow and prosper will be dramatically limited.

Second, we must deal with the challenges of the old and the young in America. We have to face the fact that the baby boomers are about to retire, and when they do, there will only be about two people working for every one person drawing Social Security; that more and more we are living longer—the average life expectancy in America today is over 76 years; in 20 or 30 years it will be well over 80 years. That will impose great new challenges to meet in long-term care. And we must face the fact that we have a challenge of the young, because more and more, our children tend to have higher poverty rates than our seniors; and more and more, our children come from very diverse populations in race, in religion, in culture, in income, in condition. And yet, every one of them needs to have a world-

class education and a world-class opportunity to make the most of his or her life.

And third, we have to grow the economy while meeting the challenges of global responsibility, including global environmental challenges. And if we are ever forced to really choose between one or the other, then our children and grandchildren will be the losers.

So let's deal with these things briefly. In the economic arena I think we have to do the following things. First, in the next year and beyond we must maintain our hard-won fiscal discipline, keeping our budget balanced, saying that no tax cuts or spending programs, no matter how attractive, can put our prosperity at risk by driving us back into deficits.

Second, since all respected prognoses tells us that we are, in fact, entering an era of sustained surpluses, we should use this as an opportunity to address the challenges of an aging Nation. As I said, soon the number of elderly Americans will double. This represents a seismic demographic shift for the United States.

I am grateful that last year the Congress agreed with me to set aside the surplus until we save Social Security. Now it is time to actually save Social Security for the 21st century and to strengthen and secure Medicare for many more years. Medicare is a great legacy of Congressman Dingell's father. It is a great program. A lot of people depend upon it. It needs some support. And there will be some money involved.

We have the ability now to deal with the challenges of the aging population. And as you know, I also proposed a few days ago a tax credit to help people pay for long-term care. If we can save Social Security for the 21st century, if we can strengthen and secure Medicare for the 21st century, if we can help families to deal with the challenges of long-term care, we will have gone a long way not only to make sure that the older years of people will be more secure but to alleviate one of the principal worries that people of my generation have, which is that our retirement, because we're such a big group, will be so costly that it will undermine our children's standard of living and their ability to raise our grandchildren. None of us want that, and we have to take this surplus and

this opportunity and deal with these challenges. And we ought to do it right now, this year, with no excuses.

Now thirdly, we must do more to continue to close the investment gap for our young people and our people in their working years. For more and more, the income gap in America is a skill gap. We've made dramatic progress in opening the doors of college to all Americans, in hooking our classrooms up to the Internet, in raising standards in our schools and promoting more school choice and charter schools, in putting 100,000 new teachers in our schools to deal with the growing student population, which we began to do last year and we must continue this year.

In my upcoming State of the Union Address, I will propose further reforms and improvements in our public schools, and I will also advance a new training agenda to give the American people the assurance that they will be able to get the skills they need for a lifetime of competition in the global economy.

Fourth, at this time of turmoil in the international economy, we must do more to make the world economy work for all our people and, indeed, for ordinary citizens throughout the world. I want to press forward with open trade; I have always believed in it. It would be a terrible mistake at this time of economic fragility for so many of our friends and neighbors and democratic allies, for the United States to build walls of protectionism that could set off similar responses around the world and lead us into a sustained global recession. That would be a mistake. On the other hand, if we expect the American people to support open trade, we must be prepared to bring the full force of our trade laws to bear upon any and all unfair trade practices.

Just yesterday I addressed such a practice when I sent a comprehensive action plan to Congress outlining our response to the dramatic increase in steel imports into the United States, especially in the area of hot-rolled steel, where the prices are below what anyone believes the reasonable cost of production is anywhere in the world.

Let me be clear: I am especially concerned about the dramatic surge of steel imports

from Japan. But there are problems elsewhere, too. If these imports do not soon return to their pre-financial crisis levels, my administration is willing to initiate forceful action, under our section 201 surge protection laws and under our antidumping laws. An open, fair, rule-based system is essential to American prosperity. I cannot go to the Congress and ask for expanded trading authority, for an Africa trade initiative, for a trade initiative for our neighbors in the Caribbean, unless the American people know that whatever the rules are, we intend to play by the rules, and we expect others to play by the rules, as well.

I would also tell you that this question of whether ordinary working people are benefited by expanded trade is an even more deep question in other countries than it is in the United States. I went all the way to Switzerland a few months ago on the 50th anniversary of the World Trade Organization, to argue for changes in the world trading system for the 21st century, changes that will make sure that the competition never becomes a race to the bottom, changes in labor protection, consumer protection, environmental protection.

We should support more free trade, and we should support more input from and consideration of those sectors. We should be leveling up, not leveling down. Strengthening the foundations of trade also means we have to stabilize the architecture of international finance. Now, I'd like to just talk about this for a moment.

All of you know in the last year how the global financial crisis has hurt our farmers, our ranchers, our manufacturers. You've seen it in the steel industry. One of the problems we have with the import of steel from Russia is that the currency value has collapsed as the money has flown the country. One of the problems that they had in a lot of the Asian countries, from Indonesia to Korea to Thailand to other countries that have been troubled, is that money flees the country. Money moves across the globe in volumes and at speed far greater than ever before. And it has created a situation which permits enormous increased investment almost overnight but also can trigger a collapse. All these financial mechanisms, the derivatives and

hedge funds and all that, very often have investments that are guaranteed by only 10 percent margins, far lower margins than people can buy stock, for example.

And the real danger has been, as you have seen all this happen, is, number one, that a problem in one country can spread to another and a problem in one region can spread to another region. And then if all of our trading partners are affected, then we are affected because there aren't any markets for our products anymore. Now, we can't have a global trading system unless people can move money around in a hurry and at great volumes. No one wants to interfere with that.

So the question is, how can we do that and still avoid running the risk of having these huge boom/bust cycles in the world economy of the kind that caused domestic depression in the United States and elsewhere in the late twenties and throughout the thirties. And we are working very hard with other countries to come to grips with this, to try a way—find a way to facilitate it.

But to give you some idea of the magnitude of the problem, every day about \$1.5 trillion crosses national borders in currency transactions—far, far, far—a multiple times more than the daily value of trade and goods and services and daily investments. So the trick is that we've been struggling with the Europeans, struggling with the Asians, struggling with people on every continent who understand this.

How can we modernize the financial architecture, which was created 50 years ago, to facilitate trade and investment so that it also supports this global economy and the movement of money in ways that never could have been imagined? I think we're making progress, but I expect it to be a major focus of my international efforts this year. And I hope, even though it's a fairly obscure process, it will be clear enough to everyone that we will have support for the United States leading the way.

Let me say, finally, we have to do more to renew our greatest untapped markets so that we can continue growth without inflation. They are not around the world; they are in our underinvested, urban, and rural areas here at home.

You heard Mayor Archer say that the unemployment rate in Detroit proper had gone from 16 to 6 percent. I hope the empowerment zone had something to do with that. We have done everything we could across a whole range of policies to help our cities and our rural areas to attract more investment and opportunity. My budget in the next few weeks, which I'll submit to the Congress, will include more initiatives to have more opportunities.

Next week at the Wall Street Project in New York, convened by the people who run the Stock Exchange, major companies, and Reverend Jackson, I will talk about how we can do more to bring growth to emerging markets here at home.

And lastly, let me just say a brief word about the environment. Last May here at the Economic Club, the Vice President spoke and asserted that we believe we can achieve economic growth along with cleaner air and cleaner water and meeting the challenge of global climate change. That is, after all, the idea behind the partnership for the next generation vehicle, which we started 6 years ago with those of you in the auto industry here, developing cleaner, more fuel efficient cars and hoping to make American car companies even more competitive in the global economy.

I was pleased to see some of the fruits of that partnership along with the fruits of other governmental-funded investment at the Auto Show today. And I'm looking forward to seeing the concept cars from each of the companies in a year or so.

Now, let me say these are some of the big challenges. You may not wake up every day worried about the global financial markets. You may not wake up every day worried about the Social Security system. And if you're anywhere near drawing it, I hope you don't, because it's fine for the next few years. But it has been a generation since we have had the combination of economic and social circumstances which give us the emotional and financial space to think about the future. And this country is changing in dramatic ways. I didn't talk about the challenges of immigration today and our obligations to children and to our new citizens. There are lots of things that we didn't have time to talk

about. The main idea I want to leave you with is that the temptation to rest on our laurels and relax because times are good must be resisted.

Every business here subject to competition knows that good times today can become bad times tomorrow if you don't stay ahead of curve. The same is true for a nation. We will never have, in all probability, in the lifetime of the people in this room, a better opportunity to take the long view, to imagine how our children will live when they're our age, to imagine how our grandchildren will live when they are our age. These are the challenges we should be dealing with today. And as we deal with them, because they will inspire further confidence and further investment, they will strengthen the American economy and the American society in the near term, as well.

Henry Ford said, "Coming together is a beginning. Keeping together is progress. Working together is a success." That is the question for us. Will we rest on our laurels, become diverted in our energies, or keep working together? If we work together there are no limits to 21st century America. And that's what we owe our children: No limits.

Thank you, and God bless you.

New European Currency

Q. Mr. President, we work until 1:30 p.m., and with that in mind, we have some questions that have come from the audience. They are a series of questions, but I'll boil them down on this issue: What are your thoughts about trade and finance after the launch of the euro, and what effect will the euro dollar have on the United States economy?

The President. I have supported the economic and political integration of Europe for a very long time now. As it proceeds and as people begin to see Europe as a single entity, we will all come to understand that they have more people in the aggregate and a bigger economy in the aggregate than we do. There may come a time in the future when, instead of the dollar being the accepted standard of international currency, it will be the dollar and the euro. No one really knows.

But I believe that anything that facilitates growth and opportunity for our friends in

Europe has to be good for us, as long as they don't build walls around the European community. That is, if Europe continues to be a more open trading environment, if this gives them the confidence and security to take down even more barriers—because our economy is still more open than Europe—this will be a very good thing.

We need to support their success. We should hope that this will lead to a more rapidly rising standard of living in the European countries that don't have such a high standard of living. We should hope that this brings them great new opportunities. And we should believe and have enough confidence that if they'll keep their doors open, that we'll get more than our fair share of opportunities.

We should also hope that it will bring more political self-confidence and that we will be able to work with them even more rapidly and more comprehensively in dealing with other challenges, like the challenges we face in Kosovo, or the one we faced a few years ago in Bosnia that we're still working on.

So on balance, I have to say I think this is a good thing and I think it's an inevitable thing. And I don't think it would be worth a moment's attention by anyone to rue the day it happened. They are the masters of their own fate; they are going in this direction. I think, on balance, it's positive, and we need to figure out how to make it a good thing for America and a good thing for the world.

Steel Imports

Q. Mr. President, you touched on this in your remarks, but perhaps you could amplify. The question is: Dumping of steel by foreign producers is hurting American steel industry severely. What is the administration going to do about dumping of steel in the American market?

The President. Well, first of all, let me say there are—my judgment, this steel dumping problem—I have to be careful about this—the Secretary of Commerce is examining the dumping facts and that's a term of legal art, so I shouldn't be characterizing it before he has made his actual factual determination. I know of no place in the world, however, where steel can be produced at the price that it's been sold in the United

States in recent months, over the last year, by Japan and Russia and, to a lesser extent, by Korea and others.

The Secretary—the first thing that we're doing is that the Secretary of Commerce, Bill Daley, under the law, is responding to the American steel companies who have asked for an antidumping determination against Japan, Russia, and Brazil. And he is looking into that and he will make findings. And if he finds that the legal definition is triggered, then he will be able to impose offsetting duties.

The second thing is what I said in my speech. I went to Tokyo not very long ago, you may remember, after—I went to Korea and to Japan, along toward the end of last year. And I have made it very clear that while I am very sympathetic with Japan's economic problems and I want to do everything I can to support the Government there in getting out of them, bankrupting the American steel industry—that went through so much to become competitive through the 1980's and has already given up a huge percentage of its employee base in modernizing—is not my idea of the way to achieve it. And quite simply, we expect those with exports from Japan in the hot-rolled steel area to return to pre-crisis levels. And if they don't and don't do it soon, then we are prepared to go forward with this antisurge section 201 action I mentioned, as well as to look at antidumping action and other steel products.

I should tell you that the preliminary indications are that the exports have dropped quite a lot in the last month since that message was made clear and unambiguous. But I think that's important. I offered, yesterday, a tax change in the law on a five-year basis only, to increase the loss carry-forward capacity of our steel companies, because this is unprecedented, at least in the 6 years I've been President, I've never seen anything like this happen to one sector of our economy so quickly with such obvious consequences.

We are also negotiating with the Russians to return to pre-crisis levels there and deal with the problem. Again, I'm very sympathetic, the Russians need to earn all the money they can. They've had all kinds of people taking money out of their economy. And

we want a democratic Russia to stay democratic and free and open. But we took last year roughly 20 times the hot-rolled steel from Japan, Russia, and other countries that Europe did, and their market is 30 percent bigger than ours. So I hope none of you will think that I've gone stark-raving protectionist by simply trying to enforce our laws and keep a fair system here.

Defense Spending

Q. Mr. President, you recently proposed boosting the defense by about \$100 billion over the next 6 fiscal years. What is it that you hope to accomplish? And another question was asked, among several—what is the policy that you have implemented to attempt to keep so many key military men and women from leaving their positions?

The President. From leaving their positions?

Q. Aging out or—

The President. Well, first of all, the military budget peaked in the late eighties and has been going down either in absolute terms or relative to inflation ever since, until a couple of years ago when we stabilized it. We have dramatically reduced the size of our Armed Forces. We have dramatically reduced the civilian work force supporting those armed forces.

But we now have downsized our force almost to, I think, the point where we shouldn't go lower. We can't go any lower and maintain our present military strategy, which among other things, calls upon us to be able to fight in two separate regional conflicts at roughly the same time and enables us to fulfill our responsibilities from Bosnia, where we're keeping the peace and have saved Lord knows how many lives, to Central America, where today and for the last several weeks, ever since Hurricane Mitch, the worst hurricane in well over a century, devastated Central America, you've had several thousand of your fellow Americans in uniform who have been down there working every day to help rebuild it. And we have people on the seas, people in foreign countries, all over the world, on every continent.

I visited in Africa, when Hillary and I went to Africa this year, I visited the young Americans that are part of the Africa Crisis Re-

sponse Initiative, training African soldiers to deal with civil wars and other problems there. We are everywhere.

And what's happening is, as we've downsized the military, the following problems have arisen, and you should all be aware of them. Number one, the deployments overseas are lasting longer and the breaks between them are shorter. Number two, we haven't had the money to replace and repair our equipment as rapidly as we should. Number three, married people in the military who have families and children and who need to live in military housing have not seen any significant improvements in their military housing. Number four, we have not done as much as we could have done, and as much I think we'll have to do in the years ahead, in modernizing the weapons that we have. And as you saw in the recent military action in Iraq, where we did a terrific amount of damage to the military infrastructure and the weapons of mass destruction infrastructure, while causing the deaths, the unintended deaths of far, far, fewer civilians than were lost even in the Gulf war a few years ago. The technological edge the United States has is very important.

Finally, in certain critical areas, we just can't keep up with recruitment. We have a lot of pilots leaving because the airlines are doing very well, and they can get jobs making a lot of money working for the airline companies. And I don't blame them, but it would bother you if you knew I needed the American Air Force and there weren't enough people to go fly the planes.

So when I say we're going to spend \$100 billion over 10 years, you should know that some of that money is coming out of savings the Defense Department has achieved. And when inflation is lower than we thought, when fuel costs are lower than we thought, normally they'd have to give up that money—we're just letting them have money that they were budgeted for anyway. Some of that money will be new money. But we have to raise pay, we have to improve living conditions, we have to make sure that people are on safe equipment.

You know, not a single one of those planes that flew in Iraq came down, not a single bolt came loose, because people that you will

never see worked like crazy, maintaining those planes in tip-top shape condition. They should—no American pilot, no man or woman that flies those airplanes should ever have to worry about getting into an airplane, worrying about whether it's been properly maintained, whether the equipment was there and all of these things.

So that's what this is all about. And we are going to invest some more money in modernized equipment. I hope you will support this. I know everybody would like to see more money spent everywhere else, but they deserve it.

Nelson Mandela

Q. Mr. President, we are out of time, but as a presiding officer I always attempt to try to reach to our young people who have tried to ask—and they do ask some very interesting and challenging questions. I close with these two combined, one written by a person who is age 13 and the other by the age 12.

Mr. President, are there horses and a horse barn at the White House? If so, could you please send me a picture? And who is the most interesting person you have met during your Presidency?

The President. There are no horses or horse barns in the White House. There is a place where Socks and Buddy sleep. However, the President can ride horses either in Rock Creek Park or up at Camp David, and the National Park Service keeps horses, wonderful horses, which my family and I sometimes ride, and if we have friends come spend the weekend with us, we can ride. So we do have access to horses, but they're not right there on the premises.

It's very difficult to answer who is the most interesting person I've met since I've been President because I meet all different kinds of people. For example, some of you know I love music very much, and one of the big perks about being President is that if you ask somebody to come perform, they'll pretty well do it. *[Laughter]* So it's been a real kick, you know. *[Laughter]*

And I've met a lot of very fascinating people in public life. But among the most interesting people I've met are the President of China, who is a fascinating man; Boris Yeltsin, who is a fascinating man. Remember,

he got up on a tank alone when they tried to take democracy back in Russia, and he said to all the soldiers all around him in the threat to take democracy away, "You may do this, but you'll have to kill me first." And he was standing on that tank all by himself.

The late Prime Minister of Israel, Yitzak Rabin, who was assassinated by one of his own citizens for working for peace with the Arabs, after he'd spent a lifetime protecting the people of Israel in uniform.

But I think among the politicians, the political leaders I've met, I could mention many more, but I think the most interesting one I've met, for me, for a particular reason, is Nelson Mandela, the President of South Africa. And I say that for this reason—to the young people—you should think about this the next time something bad happens to you, and you get discouraged.

Bad things happen to kids, you know, people they like don't like them; gang members try to push them around, maybe threaten them, maybe even hurt them; they make grades that they don't think are as good as they ought to be. You know. Disappointments happen in life.

Nelson Mandela was in prison for 27 years because of his political beliefs. And we talked once about it. And he walked out of there with enough mental and emotional strength to take all the support that he had generated by becoming the symbol of South African freedom and to win in a landslide the first free election they had had in 350 years and to do it in a way that brought people together across racial and political lines instead of driving them apart.

When I went to South Africa, Nelson Mandela, for example, arranged for me to have lunch with legislative leaders. And one of them was the leader of the most militant right-wing, white party there who had once threatened to restart a civil war if Nelson Mandela got elected President. And Mandela sat down and talked to him and convinced him he ought to be part of the political system. And then when I came to South Africa, instead of having me eat lunch with all of his allies, he had me sit down and eat lunch with this fellow.

I have a minister friend who ran into President Mandela at the airport in Johannesburg,

and he came up to a little 5-year-old white girl, and he asked the young girl if she knew who he was, and the young girl said, "Yes, you're President Mandela. You're my President." And he looked at this little child now, after all his life, and he said, "Yes, young lady," and he said, "If you study hard in school and you learn a lot about things, you, too, could grow up to be President of South Africa."

Hillary and Chelsea and I have all become friends of President Mandela but also fascinated by how he survived 27 years in prison. There was over a decade in which he didn't have a bed in his cell. A dozen years of breaking rocks, an experience which cost him seeing his children grow up, ultimately cost him his marriage and subjected him to all sorts of physical and emotional abuse. And he walked out of prison, got elected President, invited his jailers to his inauguration.

So I asked him one day, I said, "How did you do this?" I said, "How did you go without hating them?" And he said, "Well, you know, I did hate them for a long time, about 12 years." And he said, "One day I was out there breaking rocks in prison, and I thought, look what they've taken away from me. They've taken the best years of my life. I can't see my kids grow up. They brutalized me. They can take everything. They can take everything from me but my mind and my heart. Now, those things I will have to give to them. I don't think I will give them away." You think about that—I don't think I will give them away.

The morning Nelson Mandela got out of prison, it was an early Sunday morning in America, in the Central Time Zone. And I got my daughter up, and I took her down to the kitchen and turned the television on and sat her up on the counter—she was a little girl—and I said, "I want you to watch this. This is one of the most important things you'll ever see." And some of you remember when Mandela took that last long walk to freedom, when he was coming out of the prison.

So I asked him, I said, "Now, when you took that last walk, tell me the truth, didn't you hate them again?" He said, "Yes, I started to." And he said, "I was also scared because I hadn't been free in a long time. I was actually scared. And I was filled with anger. And then I thought to myself, when I become free, I want to be free. If I still hate them, I won't be free. They've had enough of my time. I'm not giving them any more, not another day."

This is a very long answer to a child's question, but it's an important answer. That's why he's the most interesting person I've met because I don't know another human being that suffered so much for so long and came out so much stronger and richer and deeper than he went into his period of suffering.

And so I ask the children here and the parents here to think about it when times get tough. And I ask America to think about it when we have all these racial and religious and political divisions that we think are so big—we spend all of our time trying to solve the problems in Northern Ireland, the Middle East, and other places in the world. None of the people—practically none of the people that are involved in any of this stuff around the world and nobody here in America has ever been through anything—anything—like what he went through.

And so when we call for a spirit of reconciliation and unity and community and mutual respect in America, we ought to think about Nelson Mandela. If it was good for him, it would sure be good for us.

Thank you, and bless you all.

NOTE: The President spoke at 12:48 p.m. at the Cobo Conference Center. In his remarks, he referred to Mayor Dennis W. Archer of Detroit; Wayne County Executive Edward H. McNamara; former Governor and former Ambassador to Canada James J. Blanchard; Representative John D. Dingell's wife, Debbie; Representative John Conyers, Jr.'s son, John Conyers III; Representative Sander M. Levin's wife, Vicki; Representative Bart Stupak's wife, Laurie; civil rights leader Rev. Jesse Jackson; President Jiang Zemin of China; and President Boris Yeltsin of Russia.

Digest of Other White House Announcements

The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

January 2

The White House announced that the President exchanged letters with President Jiang Zemin of China celebrating the 20th anniversary of the establishment of diplomatic relations between the two nations.

January 5

In the morning, the President met with King Hussein I of Jordan.

In the afternoon, the President briefly attended a meeting concerning the pork industry.

The President announced his intention to nominate Armando Falcon, Jr., to be Director of the Office of Federal Housing Enterprise Oversight at the Department of Housing and Urban Development.

The President announced his intention to nominate Joseph A. Cari, Jr., to be Chair and Steven Alan Bennett to be Vice Chair of the Board of Trustees of the Woodrow Wilson International Center for Scholars.

January 6

In the morning, the President met with his foreign policy team.

The President announced his intention to nominate Robert A. Seiple to be Ambassador at Large for International Religious Freedom.

The President announced his intention to nominate Wayne O. Burkes to be a member of the Surface Transportation Board.

The President announced his intention to nominate Regina Montoya to be U.S. Representative to the 53d session of the General Assembly of the United Nations.

The President announced his intention to nominate Carolyn L. Huntoon to be Assistant Secretary for Environmental Management at the Department of Energy.

The President announced his intention to nominate Melvin E. Clark, Jr., to be a mem-

ber of the Board of Directors of the Overseas Private Investment Corporation.

January 8

In the morning, the President traveled to Detroit, MI, where he toured the North American International Auto Show.

In the afternoon, the President returned to Washington, DC, arriving in the evening.

The President announced his intention to nominate James Roger Angel to the Board of Trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation.

The President announced his intention to nominate Myrta K. Sale to be Controller, Office of Federal Financial Management at the Office of Management and Budget.

The President declared a major disaster in Illinois and ordered Federal aid to supplement State and local recovery efforts in the area struck by snow beginning on January 1 and continuing.

Nominations Submitted to the Senate

The following list does not include promotions of members of the Uniformed Services, nominations to the Service Academies, or nominations of Foreign Service officers.

Submitted January 6

J. Brian Atwood,
of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil.

Wayne O. Burkes,
of Mississippi, to be a member of the Surface Transportation Board for a term expiring December 31, 2002, vice Gus A. Owen, term expired.

Melvin E. Clark, Jr.,
of the District of Columbia, to be a member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1999, vice Gloria Rose Ott, term expired.