

that's the way it's going to be during my administration.

And we've got such a good friendship and such a strong alliance that we're able to overcome occasional problems that might arise. We can do so in the spirit of friendship. So I'm honored that the Prime Minister is here. We're going to have a—we'll discuss a lot of issues: we'll discuss our economies; we'll discuss trade; we'll discuss our alliance and how best to work together to keep the peace. I'm looking forward to a very fruitful and important discussion.

Mr. Prime Minister.

Prime Minister Mori. I have spoken to President Bush over the phone three times, but I am delighted today that I am able to have a face-to-face meeting with the President. In today's meeting, as the President just said, I would like to reaffirm the strong alliance between Japan and the United States and would like to discuss a very—a broad range of issues, including various issues in international affairs, and would like to set out the fundamental direction in which the Japan-U.S. alliance should head in the 21st century.

I would like to explain the various measures which our Government has taken so that the Japanese economy will have a fully sustainable economic growth. And I'd like to express my strong determination to pursue necessary policies for that. I'd also like to express to the President my hope that United States will take appropriate macroeconomic policies to deal with the U.S. economy that is slowing down.

Bank of Japan's Zero-Interest-Rate Policy

[At this point, a question was asked in Japanese, and no translation was provided.]

Prime Minister Mori. I, of course, will be explaining to the President the decision made by the Bank of Japan yesterday, and I sincerely hope that it will have—and I am certain that it will have a positive effect on our economy.

National Economy

Q. Mr. President, with both the Japanese and the American economies in such fragile states, could you explain how you see the interrelationship between the economies and

what you'd like to see the Japanese Government do to address its problems and particularly in the financial sector?

President Bush. First, we've got to get our own economy growing the way I know it can. That's why I'm advocating tax relief and free trade regulatory relief. And I look forward to explaining to the Prime Minister that we do have a plan to give our economy a second wind. I'm very confident about our economy. I know it can beat expectations. I will explain that to him, as clearly as I can, about when our policies are in place, how optimistic I am about economic growth.

And secondly, I look forward to hearing Japan's view of reform, internal reform. I'm confident that's going to be a large part of our discussions today.

The interrelationship between our two economies is important. When you combine our economies, we represent about 40 percent of the gross domestic products of all the nations added up. And that's a very important—and therefore, our economies are very important to the world. And the stronger we are, the more likely it is there will be prosperity in other parts of the world. And so this is going to be a very important part of our discussion.

NOTE: The President spoke at 10:55 a.m. in the Oval Office at the White House. Prime Minister Mori spoke in Japanese, and his remarks were translated by an interpreter. A tape was not available for verification of the content of these remarks.

Joint Statement With Prime Minister Yoshiro Mori

March 19, 2001

President George W. Bush and Prime Minister Yoshiro Mori today reaffirmed the strength of the bilateral relationship between their two countries. The two leaders expressed their conviction that the U.S.-Japan relationship is rooted in friendship, mutual trust, and shared democratic values. They also concurred that these solid ties enable the two countries to deal with problems, such as the regrettable Ehime Maru accident. They noted that the U.S.-Japan alliance is the foundation of peace and stability in the Asia-

Pacific region. Agreeing that the U.S. presence remains vital to regional security, the leaders pledged to work together to further strengthen the alliance.

The two leaders, noting that the United States and Japan together account for roughly 40 percent of the world economy, reaffirmed the importance of working together to promote prosperity in their two countries and around the world. The leaders recognized the need to address the challenges facing their two economies. The Prime Minister reiterated his determination to continue pursuing appropriate economic policies and to promote vigorously structural and regulatory reform to revitalize the Japanese economy and strengthen the financial system, including through effectively addressing the issues of corporate debt and non-performing loans. The President reaffirmed the importance of taking appropriate policies to support sustainable growth in the United States, which will benefit both countries and the world economy. They agreed on the importance of promoting deregulation, restructuring, and foreign direct investment. They agreed to work together to seek new ways to enhance the U.S.-Japan dialogue to address global, regional, and bilateral economic and trade issues, and recognized that bringing views from outside the two governments into this effort would strengthen the bilateral relationship and improve economic performance in both countries. Both leaders also agreed to work together closely for the launch of a new WTO round this year.

President Bush and Prime Minister Mori recognized the growing threat from the proliferation of weapons of mass destruction and ballistic missiles. As part of a comprehensive strategy to meet such threats, they agreed on the importance of stepping up diplomatic efforts, including in the field of arms reduction. They also reaffirmed the need to take effective measures to address such threats, including defensive systems, strengthened proliferation controls, and counterproliferation measures. The two leaders noted with satisfaction that the United

States and Japan are already conducting cooperative research on ballistic missile defense technologies. They agreed on the importance of close consultations on missile defense among allies and with other interested parties.

The two leaders noted that uncertainty in the Asia-Pacific region necessitates close bilateral cooperation, including a dynamic approach to bilateral defense consultation and planning. The two leaders reaffirmed the need to continue to carry out commitments under the 1996 U.S.-Japan Joint Declaration on Security and related undertakings, such as the new Guidelines for U.S.-Japan Defense Cooperation and the SACO process, that strengthen the alliance, and they agreed to continue to work closely on issues related to Okinawa. The leaders also agreed that strategic dialogue will be an important step in defining how the alliance can best promote stability and address new challenges that may emerge. They pledged to coordinate closely on pressing regional issues, and reaffirmed the particular importance of maintaining close consultations and coordination regarding North Korea, both bilaterally and trilaterally with the Republic of Korea.

The President and Prime Minister recognized the need for the United States and Japan to continue cooperation on global issues, taking note of the important achievements this cooperation has produced thus far. Noting that their two countries are the world's largest aid donors, the leaders agreed to strengthen joint efforts to address the transnational challenges of the 21st century. The two leaders expressed their commitment to promoting United Nations Security Council reform with the goal of strengthening its effectiveness. In this context, they agreed to continue to work together to obtain for Japan a permanent seat on the Security Council.

The President accepted with gratitude the Prime Minister's invitation for an early visit to Japan.

NOTE: An original was not available for verification of the content of this joint statement.

**Remarks to the United States
Hispanic Chamber
of Commerce**

March 19, 2001

Well, thank you very much, Abel. I don't know what you said, but—[laughter]—it worked.

I want to thank you very much for being here. I appreciate Mitch and Margaret and Ruben and Mark to be here to talk to you all and brief you about what we're trying to do here in the administration. And thank you all for your interest.

Before I begin, I do want to say hello to Hector, who is the designated nominee to the Small Business Administration. And George Herrera, thank you very much, *Jorge*. for your—[applause] And thank you all for what you do to make America a unique and wonderful place.

I don't think enough people in our country pay attention to the role of the small-business person, the incredible impact the Hispanic small-business person has on the country. I remember campaigning in California and Hector said, "You know, you've got an amazing statistic. There are thousands of Hispanic-owned small businesses in our State." And I said, "Oh, really, by thousands, what do you mean?" He said, "Would you believe 600,000?" And I said, "I do," because this is what America is all about, the idea of somebody having a dream. It doesn't matter what your background is, where you're from, if you work hard and dream big, you can realize your dream.

And that's what good public policy is all about, too. It firmly recognizes that the role of Government is not to create wealth but an environment in which the entrepreneurial spirit can flourish. And I want to talk to you about that today in terms of the U.S. budget.

But first, I want to confirm our commitment to free trade in this administration. I believe free trade is an incredibly important part of making sure the environment is hospitable to the formation of small businesses. And trade with Mexico is an integral part of making sure that our hemisphere is safe, secure, and prosperous.

I had a chance to reiterate that face to face with Vicente Fox, who is—he's going

to provide good, strong leadership for Mexico. And I told him that a strong Mexico is in our Nations' best interests. It's in our Nations' best interests that Mexico be prosperous and vibrant. And the best way to do so is for there to be free and fair trade between our countries. This is a message I hope the Congress hears.

Our hemisphere, by the way, is not going to be an afterthought for this administration. It's one of the most important parts of our foreign policy, will be to promote prosperity and peace and freedom throughout this hemisphere.

And so part of making sure the environment is hospitable to a capital formation and the entrepreneurial spirit is trade. But another part is to make sure the Federal Government does not squash opportunity by being—overspending taxpayer money.

It's important that we budget wisely. And I want to talk a little bit about our budget, and I want to thank you all for paying attention to the debate in the budget, because it directly affects your lives.

First, the fundamental question a lot of people ask is, "Are we spending enough money to meet the needs of the Government?" And the answer is: Yes, we are. The budget I submitted to Congress increases discretionary spending by 4 percent. Now, keep in mind, that's greater than the rate of inflation; it's greater than, generally, the pay raises that the people who are paying the bills have received. In other words, we're spending quite a bit of money. And that 4 percent, when you look at the budget in terms of trillions, is a lot of money. It's a lot of money.

It allows us to set priorities. I mean, I have set priorities, which allows us to be fiscally responsible with your money. Education is a priority. Funding the defense budget, making sure our folks are paid better, who wear the uniform, is a priority. Medicare and Social Security are priorities. We doubled the Medicare budget, and we say to the Congress that the payroll taxes for Social Security will be only spent on Social Security. We've set priorities.

We've made it clear that education is important. We made it clear that health care is important. We made it clear that retirement systems are important, and we grew