

people ought to be *constantly* awake; since history and experience prove, that foreign influence is one of the most baneful foes of republican government. But that jealousy, to be useful, must be impartial, else it becomes the instrument of the very influence to be avoided, instead of a defense against it. Excessive partiality for one foreign nation and excessive dislike for another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other. Real patriots, who may resist the intrigues of the favorite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

The great rule of conduct for us, in regard to foreign nations, is, in extending our commercial relations, to have with them as little *political* connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith:—Here let us stop.

Europe has a set of primary interests, which to us have none, or a very remote relation. Hence, she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics, or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon, to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation, when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalry, interest, humor, or caprice?

It is our true policy to steer clear of permanent alliance with any portion of the foreign world; so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronizing infidelity to existing engagements. I hold the maxim no less applicable to public than private affairs, that honesty is always the best policy. I repeat it, therefore, let those engagements be observed in their genuine sense. But in my opinion, it is unnecessary, and would be unwise to extend them.

Taking care always to keep ourselves by suitable establishments, on a re-

spectable defensive posture, we may safely trust to temporary alliances for extraordinary emergencies.

Harmony, and a liberal intercourse with all nations, are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand; neither seeking nor granting exclusive favors or preferences; consulting the natural course of things; diffusing and diversifying by gentle means the streams of commerce, but forcing nothing; establishing with powers so disposed, in order to give trade a stable course, to define the rights of our merchants, and to enable the government to support them, conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary, and liable to be from time to time abandoned or varied as experience and circumstances shall dictate; constantly keeping in view, that it is folly in one nation to look for disinterested favors from another; that is must pay with a portion of its independence for whatever it may accept under that character; that by such acceptance, it may place itself in the condition of having given equivalents for nominal favors, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect, or calculate upon real favors from nation to nation. It is an illusion which experience must cure, which a just pride ought to discard.

In offering to you, my countrymen, these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression I could wish; that they will control the usual current of the passions, or prevent our nation from running the course which has hitherto marked the destiny of nations, but if I may even flatter myself that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign intrigue, to guard against the impostures of pretended patriotism; this hope will be a full recompense for the solicitude for your welfare by which they have been dictated.

How far, in the discharge of my official duties, I have been guided by the principles which have been delineated, the public records and other evidences of my conduct must witness to you and to the world. To myself, the assurance of my own conscience is, that I have, at least, believed myself to be guided by them.

In relation to the still subsisting war in Europe, my proclamation of the 22d of April, 1793, is the index to my plan. Sanctioned by your approving voice, and by that of your representatives in both houses of congress, the spirit of that measure has continually governed me, uninfluenced by any attempts to deter or divert me from it.

After deliberate examination, with the aid of the best lights I could ob-

tain, I was well satisfied that our country, under all the circumstances of the case, had a right to take, and was bound, in duty and interest, to take a neutral position. Having taken it, I determined, as far as should depend upon me, to maintain it with moderation, perseverance and firmness.

The considerations which respect the right to hold this conduct, it is not necessary on this occasion to detail. I will only observe that, according to my understanding of the matter, that right, so far from being denied by any of the belligerent powers, has been virtually admitted by all.

The duty of holding a neutral conduct may be inferred, without any thing more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity towards other nations.

The inducements of interest for observing that conduct will best be referred to your own reflections and experience. With me, a predominant motive has been to endeavor to gain time to our country to settle and mature its yet recent institutions, and to progress, without interruption, to that degree of strength, and consistency which is necessary to give it, humanly speaking, the command of its own fortunes.

Though in reviewing the incidents of my administration, I am unconscious of intentional error, I am nevertheless too sensible of my defects not to think it probable that I may have committed many errors. Whatever they may be, I fervently beseech the Almighty to avert or mitigate the evils to which they may tend. I shall also carry with me the hope that my country will never cease to view them with indulgence; and that, after forty-five years of my life dedicated to its service, with an upright zeal, the faults of incompetent abilities will be consigned to oblivion, as myself must soon be to the mansions of rest.

Relying on its kindness in this as in other things, and actuated by that fervent love towards it, which is so natural to a man who views in it the native soil of himself and his progenitors for several generations; I anticipate with pleasing expectation that in which I promise myself to realize, without alloy, the sweet enjoyment of partaking, in the midst of my fellow citizens, the benign influence of good laws under a free government—the ever favorite object of my heart, and the happy reward, as I trust, of our mutual cares, labors and dangers.

GEO. WASHINGTON.

UNITED STATES,

17th September, 1796.

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

## EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT CONCERNING THE COUNCIL OF ECONOMIC ADVISERS—MESSAGE FROM THE PRESIDENT RECEIVED DURING RECESS—PM 123

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on February 14, 1996, during the recess of the Senate, received the following message from the President of the United States, together with an accompanying report; which was referred to the Joint Economic Committee.

*To the Congress of the United States:*

Fifty years ago, the Congress passed and President Truman signed the Employment Act of 1946, which committed the U.S. Government to promote policies designed to create employment opportunities for all Americans. I am proud that my Administration has made President Truman's commitment a reality. Over the past 3 years, we have created a sound economic foundation to face the challenges of the 21st century.

## STRONG ECONOMIC PERFORMANCE

Overall, the American economy is healthy and strong. In the first 3 years of this Administration nearly 8 million jobs were created; 93 percent of them in the private sector. The so-called "misery index"—the sum of the inflation and unemployment rates—fell last year to its lowest level since 1968. Investment has soared, laying the basis for future higher economic growth. New business incorporations have set a record and exports of American-made goods have grown rapidly. Our is the strongest and most competitive economy in the world—and its fundamentals are as sound as they have been in three decades.

This turnaround occurred because of the hard work and ingenuity of the American people. Many of the new jobs are high-wage service sector jobs—reflecting the changing structure of the economy. The telecommunications, biotechnology, and software industries have led the high-tech revolution world-wide. Traditional industries, such as manufacturing and construction, have restructured and now use technology and workplace innovation to thrive and once again create jobs. For example, in 1994 and 1995, America was once again the world's largest automobile maker.

Our 1993 economic plan set the stage for this economic expansion and resurgence, by enacting historic deficit reduction while continuing to invest in

technology and education. For over a decade, growing Federal budget deficits kept interest rates high and dampened reinvestment and productivity growth. Now, our deficit is proportionately the lowest of any major economy.

Today, our challenge is to ensure that all Americans can become winners in economic change—that our people have the skills and the security to make the most of their own lives. The very explosion of technology and trade that creates such extraordinary opportunity also places new pressures on working people. Over the past two decades, middle-class earnings have stagnated, and our poorest families saw their incomes fall. These are long-run trends, and 3 years of sound economic policies cannot correct for a decade of neglect. Even so, we are beginning to make some progress: real median family income increased by 2.3 percent in 1994, and the poverty rate fell in 1994 for the first time in 5 years.

## ADDRESSING OUR ECONOMIC CHALLENGES

I am firmly committed to addressing our economic challenges and enhancing economic security for all Americans. People who work hard need to know that they can and will have a chance to win in our new and changing economy. Our economic agenda seeks both to promote growth and to bring the fruits of that growth within reach of all Americans. Our overall strategy is straightforward:

—*Balancing the budget.* In the 12 years before I took office, the budget deficit skyrocketed and the national debt quadrupled. My Administration has already cut the budget deficit nearly in half. I am determined to finish the job of putting our fiscal house in order. I have proposed a plan that balances the budget in 7 years, without violating our fundamental values—without undercutting Medicare, Medicaid, education, or the environment and without raising taxes on working families. The plans put forth by my Administration and by the Republicans in the Congress contain enough spending cuts in common to balance the budget and still provide a modest tax cut. I am committed to giving the American people a balanced budget.

—*Preparing workers through education and training.* In the new economy, education is the key to opportunity—and the education obtained as a child in school will no longer last a lifetime. My Administration has put in place the elements of a lifetime-learning system to enable Americans to attend schools with high standards; get help going to college, or from school into the workplace; and receive training and education throughout their careers. We expanded Head Start for preschoolers; enacted Goals 2000, establishing high standards for schools; created a new direct student loan program that makes it easier for young people to borrow

and repay college loans; gave 50,000 young people the opportunity to earn college tuition through community service; and enacted the School-to-Work Opportunities Act. Now we must continue to give our people the skills they need, by enacting my proposals to make the first \$10,000 of college tuition tax deductible; to give the top 5 percent of students in each high school a \$1,000 merit scholarship; and to enact the GI Bill for Workers, which would replace the existing worker training system with a flexible voucher that workers could use at community colleges or other training facilities.

—*Increasing economic security.* We must give Americans the security then need to thrive in the new economy. We can do this through health insurance reforms that will give Americans a chance to buy insurance when they change jobs or when someone in their family is sick. We can do this by encouraging firms to provide more extensive pension coverage, as I have done through my proposals for pension simplification. In addition, we should make work pay by increasing the minimum wage and preserving the full Earned Income Tax Credit (EITC), which cuts taxes for hard-pressed working families to make sure that no parents who work full-time have to raise their children in poverty.

—*Creating high-wage jobs through technology and exports.* We must continue to encourage the growth of high-wage industries, which will create the high-wage jobs of the future. We have reformed the decades-old telecommunications laws, to help spur the digital revolution that will continue to transform the way we live. We must continue to encourage exports, since jobs supported by goods exports pay on average 13 percent more than other jobs. My Administration has concluded over 200 trade agreements, including the North American Free Trade Agreement and the Uruguay Round of the General Agreement on Tariffs and Trade, seeking an open world marketplace and fair rules for exporters of American goods and services. As a result, merchandise exports have increased by 31 percent.

—*A government that is smaller, works better, and costs less.* A new economy demands a new kind of government. The era of big, centralized, one-size-fits-all government is over. But the answer is not the wholesale dismantling of government. Rather, we must strive to meet our problems using flexible, non-bureaucratic means—and working with businesses, religious groups, civic organizations, schools, and State and local governments. My Administration has reduced the size of government: as