

July 7 / Administration of William J. Clinton, 1994

That is the lesson of the Warsaw Uprising. That is the lesson of democracy's triumph in Poland today. And that is the lesson that we as free peoples, Polish and American, must embrace.

Today we have no doubt that the children of the Warsaw Uprising won their larger war,

for the hearts of the free can never be conquered.

Thank you very much.

NOTE: The President spoke at 3:25 p.m. In his remarks, he referred to Ryszard Paclawski, Adam Bielaczki, and Magda Kierszniewska, children who participated in the ceremony.

Statement on the Flooding in Georgia *July 7, 1994*

The people of Georgia are in our thoughts and prayers as they work to recover from this devastating storm.

NOTE: This statement was included in a White House statement announcing disaster assistance for Georgia.

Letter to Congressional Leaders Transmitting a Report on Cyprus *July 7, 1994*

Dear Mr. Speaker: (Dear Mr. Chairman:)

In accordance with Public Law 95-384 (22 U.S.C. 2373(c)), I am submitting to you this report on progress toward a negotiated settlement of the Cyprus question. The previous report covered progress through March 1, 1994. The current report covers the remainder of March through May 20, 1994.

This has been a very active period for negotiations on the U.N. proposed package of confidence-building measures. I hope that in my

next report, I will be able to state that progress has been made.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Claiborne Pell, chairman, Senate Committee on Foreign Relations. This letter was released by the Office of the Press Secretary on July 8.

The President's News Conference With Prime Minister Tomiichi Murayama of Japan in Naples, Italy *July 8, 1994*

The President. Good afternoon. I am pleased to have had the opportunity to meet with Prime Minister Murayama for the first time. We had a warm and productive session in which we reaffirmed the strong relationship between our two countries.

We began our talks with a discussion of North Korea and the fresh opportunity to resolve the

situation that our common determination and diplomacy have produced.

This is an important day. The third round of high-level talks is now beginning in Geneva. During those talks, North Korea has agreed to freeze verifiably the reprocessing and refueling elements of its nuclear program. Throughout this process, we have worked very closely with

Japan and the Republic of Korea as well as with Russia and China.

I'm especially pleased by the assurances of Prime Minister Murayama this morning of the continuity of Japanese foreign policy and our security relationships. We agreed to continue frequent consultations on the Korean situation.

The Prime Minister also described his plans for increasing Japan's economic growth and his policy of working toward global growth. I support the Prime Minister's measures to spur Japan's economic growth and to pursue strong open market efforts through GATT. I urged the Prime Minister to also pursue strongly our framework talks and our common efforts to complete the GATT this year.

We discussed this weekend's G-7 meetings, agreed that in this meeting the G-7 leaders should turn to a long-term emphasis for laying the foundations for the global economy of the 21st century.

In closing, let me reaffirm my view that there is no more important bilateral relationship in the world than that between the United States and Japan. I believe that Prime Minister Murayama and I can build on the relationship that we began today to make real progress in all aspects of the Japanese-U.S. relationship, security, political, and economic. I look forward to the opportunity to turn today's constructive talks into constructive action.

Mr. Prime Minister.

Prime Minister Murayama. Thank you. For about an hour and a half I had exchange of views with the President. I very candidly explained the Japanese political situation today. For as many as four times the government changed within a year in Japan, and I believe that there are some people who take various views about the situation. I wanted the President to have a full understanding of the situation.

For 38 years, one party was in power, and now we have shifted over the days of coalition. And Japanese politics will be changing significantly. And after a change, we believe—in order to change the policy of Japan we also need a stable government. So the Liberal Democratic Party, the Japan new party, the Social Democratic Party of Japan and—organized into a coalition in order to try and find out the future course of Japanese politics. And in a word, as the President has just said, we shall continue with the foreign policy that our past govern-

ments have maintained. The Japan-U.S. security system will be maintained as well.

As for Japanese domestic politics, we shall actively pursue reforms. To that end, we absolutely need a stable government. That is what I explained to the President, and I believe the President understood it in full.

A continuation of Japan-U.S. relations in a favorable state will be very essential in making sure that Japan and the United States will be able to address important situations around the world properly. And we, therefore, I told the President, would like to maintain steadfastly the Japan-U.S. relations.

On the economic front, Japan will work to recover the economy on the strength of domestic demand and ensure sustainable growth of the Japanese economy. The U.S. economy is on the track toward expansion, and we also see that the Western European economies are gradually moving on to recovery.

So how are we to manage Japanese domestic policy, economic policy, bearing in mind such economic situations around the world? And I made three points that, first of all, we shall continue with a tax cut next year at the same level as this year. Now, as I mentioned, Japanese public investment is gradually improving, and personal consumption is gradually improving, and fiscal—is proceeding.

In order to further give strength to the Japanese recovery we should like to further review public investment, qualitative and quantitatively. We have set on 430 trillion yen over a 10-year period. We shall review qualitative and quantitatively this amount and rethink the amount. And also, in terms of public investment and distribution of that amount, we shall shift emphasis to the consumer and try to expand the Japanese economy on the strength of expanding domestic demand. And this was kindly understood by the President.

We also discussed North Korean issue and others as well. And fortunately, thanks to the tenacious efforts by the United States, now U.S.-North Korean talks are proceeding in Geneva, and soon there will be North-South Korean summit talks as well. And we very much hope that through dialog the matters will be resolved, and we should like to do our best to that end. And Japan, U.S., and South Korea will have to maintain close contact with each other in order to achieve that. And we have a common understanding on that point.

Inclusive of this, as well as other points, Japan and the United States, to the maximum extent possible, should maintain good relations with each other not only in the interest of our two countries but for the entire world. And this again we see eye-to-eye with each other.

Thanks to the meeting this time, I, at a personal level as well, I believe have been able to have the President's understanding and the President's suggestions not only in word but in deed—that is show what we can. And so in good faith we'd like to continue to promote good relations between Japan and the United States.

Thank you very much.

The President. Let me say, as we begin now, by prior arrangement we're going to take a couple of questions today from the American press and the Japanese press. And then I'm going to meet with all of you again in the news window in a couple of hours. But we'll start.

Helen [Helen Thomas, United Press International].

Japan-U.S. Trade

Q. Mr. Prime Minister, you didn't mention trade in a very strong way. And there is a perception in the United States that Japan likes to sell to us but doesn't really want to buy many of our products. And you didn't talk about widening and opening your markets, which is apparently the crux of our problem. What's your answer to that?

Prime Minister Murayama. May I? Well, as I mentioned earlier, we decided on 279 derivation items, and we shall continue to promote deregulation, for that matter. And also, we shall decisively promote market access opening, trade liberalization, so that U.S. products as well as others will flow into the Japanese market and the Japanese consumers will be able to enjoy the benefits of those products. And so we should like to promote two-way trade and not that we are disliking American products or anything.

The Yen and the Japanese Government

Q. Mr. Prime Minister, I'd like to ask two questions. First of all, the precipitous yen appreciation is shaking the Japanese industry. To what extent did you discuss that matter? And the other question, with regard to maintenance of Japan, your security—you are Prime Minister from the Socialist Party, and I wonder, do you

think that you've had the understanding of the President on your position?

Prime Minister Murayama. With regard to yen appreciation, there is—macroeconomic conditions lie behind that situation, I believe. And I don't think that they'll be stipulating an exchange rate immediately. However, if countries around the world, and especially Japan and the United States, should—or at least these two countries should—take policy that is conducive to more stable exchange rates in cooperation with each other. So we hope that those responsible for the matter will talk to each other and work at it properly. There is a common understanding on that.

With regard to the security system, there was a clear-cut understanding when we established a coalition government, and the Social Democratic Party of Japan will adhere to that understanding. This government is not led by ideology, but rather politics today is led by pragmatic policy. That policy must keep abreast of reality, and I'm sure we would have to promote policy that will be supported by the general public as well. And I don't see any contradiction between security and our policy.

Global Economy and Trade

Q. President Clinton, I'd like to ask what your impressions were of the situation involving the yen and the dollar. And also, do you feel that Japan has made sufficient progress in the year since the last G-7 on opening its markets to the U.S.?

The President. First, with regard to the yen and the dollar, I think that the relationship of the yen to the dollar is obviously a function of the movement of world currency markets, which have something to do with macroeconomic realities and something to do with perceptions and movements in the market. I think it's important not to overreact. The United States does not seek to grow its economy or change its trade balance through a low dollar; we do not want that. We want the dollar to be properly valued, not undervalued. We want to grow through productivity and economic strength.

But I think, on the other hand, it would be a mistake for us to change the fundamental objective that we all ought to have, the one we agreed to here at the G-7 last year, which is to pursue global growth. The United States was asked to bring its budget deficit down; we have

done that in a remarkable fashion and more than anyone thought we could.

Europe was asked to lower its interest rates, and they did that for a year. Now, they've gone up again in the first 6 months of this year, largely because of the signs of new economic growth. Japan was asked to expand its economy through domestic stimulation, and the Prime Minister has reaffirmed his intent to pursue that course.

Now, if you look at what's happened in the last year, we have had growth in the G-7, and we have had growth without inflation. If we continue to pursue growth without inflation and to work on generating new jobs out of that growth, then eventually the macroeconomic realities will assert themselves, and the currencies will be righted according to market conditions. I think that is what will happen. And I think it's important that we not lose sight of the real economy in which the people of the G-7 nations and indeed the people of the world live. So that's what I think about that.

On the second question, my candid answer would have to be no. But I think if you look at—the Prime Minister was very good—basically run through the last year of Japan's very interesting political history with me in a way that, frankly, increased my own understanding not only of what has happened but of the nature of this present coalition government. It is frankly difficult to imagine how the hard issues that are the subject of the framework talks could have been resolved against a background of as

much political change as the nation has sustained in the last year.

So I think what I'm looking forward to now is a resumption of the talks in good faith and continued progress. And I was encouraged by what the Prime Minister said about wanting more open markets, wanting more American sales.

There have been, I might add, some specifically encouraging developments. The United States was able to sell rice in Japan in substantial quantities this year. Even though the number is quite small, there's been a substantial increase in the sale of American automobiles in Japan partly, I might add, due to the aggressive efforts of our auto companies to build cars with the driving mechanisms on the right side of the car from the point of the view of the Japanese and to do some other things that are important, so I wouldn't say the signs are all bleak. My answer is, no, we haven't made enough progress, but I think we may be in a position now and in a more stable position to make some progress, and that's what I'm looking toward.

We agreed to stop at the three questions, so I will honor my agreement, and I'll meet with the American press again later today in a few hours.

Thank you.

NOTE: The President's 61st news conference began at 12:31 p.m. at the Hotel Vesuvio. A tape was not available for verification of the content of this news conference.

The President's News Conference in Naples

July 8, 1994

The President. Good afternoon. During this trip we are addressing three concerns that will determine whether we have a peaceful and prosperous future.

In Latvia and Poland and later in Germany, we are focusing on the aftermath of the breakup of the Soviet empire and the need to strengthen democracy and economic growth there, to work for a united Europe that can be a partner in trade and a partner for peace.

Second, we are working against nuclear proliferation. In Geneva, the third round of talks between the United States and North Korea has just begun today. Here in Naples, at my first meeting with Japan's new Prime Minister, Mr. Murayama and I had a very good discussion about the North Korean situation, and the Prime Minister praised what he called the United States' "tenacious efforts" and pledged his continuous support in our nonproliferation efforts.