

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.

Finally, as the world's leading economic powers gather tonight for our annual summit, we will act on the third and in some ways the most important issue of this trip, economic growth. I'm here to keep our economic recovery going back home by promoting economic recovery throughout the world. More than ever, what happens in the world economy directly affects our ability to create jobs and raise living standards for our own people.

For too long, our leaders ignored the economic realities. At home, our economy drifted; the deficit exploded; the middle class suffered. Now, with the strategy for renewal, we have taken action. We are putting our economic house in order, cutting our deficit in half, and reducing the Federal work force to its smallest level in 30 years. We're expanding exports by tearing down trade barriers and preparing our workers and our children through better education and job training for the jobs of the 21st century.

The economy has responded. I'm pleased to report today that in the last year and a half our economy has created over 3.8 million jobs, 380,000 in the last month alone, and the highest number of manufacturing jobs in the last 4 years. Ninety-two percent of those new jobs are in the private sector, and last year more new businesses were incorporated than in any single year since the end of World War II. Our economy is coming back on its soundest footing in decades, with more jobs and low inflation. In fact, we're leading the world.

America has 40 percent of the G-7's gross domestic product but provided 75 percent of the growth and about 100 percent of the new jobs over the last year. Growing our economy and shrinking our budget deficit from the biggest among these nations to one of the smallest gives us the authority to speak and the credibility to be heard on the matters of discussion here.

Our partners are making progress, too. The growth strategy we urged the world to adopt at the G-7 meeting in Tokyo last year is working. The economy is recovering worldwide. We produced a landmark GATT trade agreement, and Russia's economy is making progress as well, with lower inflation, a reduced deficit, and more and more people working in the private sector.

Now in our meetings this year, on behalf of all the American people, I'm urging the G-7 leaders to keep the world recovery on track.

This weekend we will take steps on four fronts: First and foremost, we will continue to work to spur growth and create jobs. One of the most important ways to do that is for all of us to actually enact the Uruguay round of the GATT agreement this year. Passing it this year, immediately, will provide a shot in the arm for the world economy. We must maintain this momentum toward a more open world economy. I'll urge my G-7 colleagues to review and analyze the remaining trade and investment barriers and to report back to us in Halifax next year. But these meetings will go beyond the traditional concerns of G-7 summits to the traditional concerns of working people and their families. We will address the education, the training, the job skills of our working people, building on the jobs conference in Detroit earlier this year. This will be an historic first for the G-7.

Second, we'll begin to build the telecommunications infrastructure of the new information-based global economy, without which we can't take full advantage of our efforts to tear down trade barriers.

Third, we'll focus on the explosive mix of overpopulation and environmental degradation that could overwhelm all of our own economic efforts.

Finally, we'll continue to help the economies of Central and Eastern Europe through long-term reforms, trade, and investment. As a priority we plan to offer our support and advice to the Ukrainian Government on economic reform and on nuclear safety. And President Yeltsin will join in our political discussions for the first time this year as a full and equal participant.

We know these issues will not be resolved overnight. But I have no doubt that for every American and for people all over the world, we must work together to build these foundations of the future.

Now, before I close and take questions, let me say a brief word about the people back home in America who are battling the fires and the floods. This is a time of particular difficulty for many of them. We've lost many lives in the fire fighting in the West and Colorado, and we have problems in other States there. And of course, we've had the terrible floods in Georgia, the problems spreading to Alabama and Florida. My thoughts and prayers are with the people back home who are battling these fires

and floods and especially with the families of those who have lost their lives in the disaster.

I have spoken with the Governors of Colorado and Georgia, and I have instructed all the Federal Departments who can help to make their most aggressive efforts to do so. I am convinced that at this time we are doing everything we can, but the situation remains difficult on both fronts.

Haiti

Q. Mr. President, more than 16,000 Haitians have fled in boats in recent weeks, giving rise to talk that it's going to require a military invasion to depose the military leaders of Haiti. Do you think that that's increasingly likely, and what is in the U.S. national interest of such a move?

The President. Well, let's divide the two things if we can. First of all, as Amnesty International has recently reported, the human rights violations in Haiti are on the increase; the use of murder, rape, and kidnaping as a means of maintaining political control has intensified; we have seen the gripping pictures of more people lying dead in the streets.

I think, overwhelmingly, the reason for the increased exodus, people looking for safety, is the violation of human rights by military dictators who overturned a legitimate election and who broke their own word to leave. And I don't think we should lose sight of that.

In the face of these continuing human rights violations and their intensification, the United States determined that its policy of direct return should be changed. I did not believe that policy was sustainable, given what we knew about what was happening in the human rights area and the fact that the government had blocked all reasonable attempts by citizens to restore economic growth and political democracy.

Now, we have interest in what happens in Haiti. There are a million Haitian-Americans. There are thousands of American citizens trying to survive and live and work in Haiti. We have an interest in promoting democracy in the area. Cuba and Haiti are the only two countries in the entire hemisphere now that are not ruled by democratic governments. We have an interest in seeing that the United Nations and its work is upheld, and there was an agreement—the Governors Island Agreement—signed in the United States in which the rulers, the military leaders committed to leave. So we have very clear and significant interests in addition to the

massive outflow of people seeking refugee status in our country, which is a significant problem.

But I want to divide what is happening there with the refugees from the question of how best to deal with it. We are working on very tough enforcement of the sanctions, and we have not ruled other options out.

Decline of the Dollar

Q. Mr. President, regarding all the progress that's been made over this past year on the economic front, many people are confused though because the dollar has dropped to almost a record low, especially in connection with the yen. How do you explain this tremendous loss of faith in the dollar when you point to these economic achievements over the past year?

The President. Well, first of all, I think it's important that you pointed out that the dollar has dropped to an historic low against the yen only. It's also dropped some against the mark but well within historic variations. And that's partly because the economy is picking up in Europe as well, something that we really want to happen, and we hope that it will continue to pick up.

I think that the main reason is a macroeconomic reason, the persistent existence of the trade debt surplus that Japan has with the United States and the fact that over the past year the Japanese economy has been flat except for a good first quarter, so that there's not been the capacity to reduce the trade deficit through buying more American products. And Japan, as the Prime Minister said today, has had a number of changes of government so that there has not been the political capacity to reach any agreements which would permit the trade deficit to narrow. And as a result of that, the currency values have changed to try to reflect that reality.

I still believe that the best thing we can do is to keep focusing on the fundamentals. If America is leading the world out of a global recession, we should be very concerned about the value of our dollar, and we should tell the world that we do not wish to have a low dollar so that we can have more American goods bought and so that we won't buy more foreign goods. We do not wish to seek prosperity through devaluation of our currency, but we do wish to continue our own growth and to promote growth in Europe and Japan. As Japan grows and engages us on the framework talks and continues to open its own economy, as those

three things happen, you will see the value of the dollar rebound because the trade situation will right itself.

We ought to follow the economic fundamentals in the real economy, and that's what I'm trying to do.

Haiti

Q. Mr. President, in the past when Presidents have ticked off, as you did just moments ago, American interests in a place where there's trouble, it has often been the precursor of at least serious consideration of military action. Would it be fair to say, sir, that you at least are seriously considering that? And could you give us some of the up side and down side of a possible action of that kind?

The President. It would be fair to say that my position has not changed since I first commented on that a few months ago. I do not believe that we should rule out any option. I believe we should continue to pursue the aggressive use of sanctions. I believe we should continue to call on the leaders of Haiti to leave now. They promised to leave. They continue to violate the international community's sense of decency and to violate human rights, and they're in there illegally, and they ought to go.

Bosnia

Q. The contact group has presented a take-it-or-leave-it plan for the party, a plan that basically ratifies ethnic cleansing in several areas. Could you explain how your thinking shifted on this, how you came to believe that stopping the war was more important than taking the moral high ground on this issue?

The President. First of all, the contact group has worked with all the parties there. We were successful, as you know, in helping to get the Croatians and the Bosnians back into a federation where they were working together. This contact group proposal would restore to that federation something over 20 percent of the land in Bosnia and would provide still for a loose federation involving all three major ethnic groups.

It seems to me that that is a fair and reasonable way to proceed and that the people who have followed this most closely believe that this is the most just result that can be obtained while bringing an end to the conflict.

The United States has spent about a billion dollars a year there, has done its best to contain

the conflict: We have our troops in Macedonia; we have used our air power through NATO; we have supported the creation of the safe zones; and we have supported the contact group's efforts as a way of recognizing what can most nearly be done to reconcile these interests with the termination of the war.

I think it's fair to say that the contact group believes that this is the fairest proposal that can be achieved to all the parties concerned and still bring a fairly rapid end to the bloodshed, which is something that's in the human rights interest to all the people involved.

Haiti and Ukraine

Q. Can you tell the Congressional Black Caucus in good conscience that Haiti is a regional issue that doesn't have a role here, but yet Ukraine is a place which deserves possibly billions of dollars in international aid and will be one of the focuses here?

The President. Well, first, let me say that both France and Canada, two other members of the G-7, have served as friends of Haiti. There are a lot of Haitians in Canada, and France has historically had an interest in it. So I think we will be discussing it.

Secondly, we have intensified our humanitarian assistance to Haitians, both to feed more Haitians and to provide more medical assistance there, so as to offset the impact of the embargo. So I do think it's an important thing.

But the difference is that Ukraine is part of our historic mission to try to unify Europe around democracy and market reforms and a new sense of common respect for national borders and common commitment to mutual security. There are 60 million people who live there, and their fate and what happens to them is of immediate and pressing concern to the rest of Central and Eastern Europe as well as to Western Europe.

I might say that when I was in both Latvia and Poland the first subject which came up after the interest of the countries that I was visiting, on their initiative, was the future of Ukraine. I think it is very important, and I don't think one should be used to denigrate the other.

Andrea [Andrea Mitchell, NBC News].

Panama and Haitian Refugees

Q. We've spent our lives, American lives, and many dollars to restore democracy to Panama. Can you explain to the American people how

an ally such as Panama could now be refusing to help us out of this crisis? And does the increasing flow of refugees, if it continues, make it more likely that you will have to resort to some military option because we have no place to put these unfortunate people?

The President. I believe we will be able to develop a network to deal with them. The Panamanians will have to explain their own actions and their retraction of their former position. That is not for me to do. But I will say this: I appreciate what Grenada, Antigua, Dominica have done in agreeing in principle to help us with this. And Mr. Gray is working hard with them and with others to develop a network which will permit us to deal with those who are seeking safety. And I think we'll be able to do that.

Q. How do you feel about what Panama has done?

The President. Well, I'm disappointed. But my concern right now is to build a network of friends in the hemisphere who agree that the Haitians are entitled to consideration here and who want to help us to do it. And I'm grateful for the three nations who do want to help us to do it.

The Economy

Q. Mr. President, a strong unemployment report today in the States has given rise to concerns that the economy might actually be overheating. Do you think that the Fed should raise interest rates again to counteract that possibility?

The President. I don't think I should depart from my past policy of not commenting on the Fed's actions. But let me say, the evidence, if you read it, is encouraging on the inflation front. While 380,000 new jobs came into the economy in the last month—and we're now up to 3.8 million in the first 17 months of our administration—the wage levels did not go up a great deal, the working hours did not increase a great deal. It appears that, among other things, you've got a lot of young people coming in for summer jobs and more robustly than normal, and you also have some employers switching from using more overtime to actually hiring more workers as they have greater confidence that we're going to have a sustained recovery.

I don't think we should do anything to undermine the recovery when we have still Americans who need jobs, we have still Americans who are working part-time who wish to work full-

time, we have parts of America that have not felt the recovery, and we have no evidence of inflation.

The real key is, is the economy generating real genuine substantiated fears of inflation? The answer to that is, no. If you look at the wage levels and the other indicators, we're having a growth with low inflation, really for the first time in 30 years an investment-led growth. We're leading our partners in the rate of investment, in the rate of productivity growth, in the rate of export increase. And I think we ought to keep it on that track. I don't think we should reverse course.

Russia

Q. Mr. President, what are you going to tell President Yeltsin when you see him about the extent of the U.S. ability to help him when in Russia right now there is great concern that the U.S. has reached, essentially, the extent of its ability to help, and it isn't felt to be very much?

The President. I think we've done quite a lot. But let me say, we just had a new energy deal signed there as a result of the work of the Gore-Chernomyrdin commission, which is a multibillion-dollar energy deal. I think that Russia always felt that most of our help to them would come through private investment in their country, not through tax dollars.

Given the commitment we have made to reduce the deficit in this country and the fact that I've presented a budget that eliminated over 100 Government programs and cut 200 others, we've been, I think, quite generous in our governmental assistance to Russia. But what we really want to do is to help them to grow their economy through the private sector and to make Russia more attractive for private American business and individuals to invest and to help them grow in that way.

And I think the work that we're doing with them on energy and on privatization and, frankly, on housing for the soldiers that are coming home, a lot of these things will help to generate more private sector development over the long run. And that is a long-term commitment of the United States that we're not going to weaken on.

Decline of the Dollar

Q. You're putting economic growth at the top of your list of priorities. Does that account for

the fact that you do not want any sudden action at this G-7 summit with regard to the dollar; that you feel that if there were international concerted intervention currency markets or a common strategy to raise or lower interest rates to stabilize currencies, that that, in fact, would hurt the recovery and the growth that you're talking about?

The President. Well, first, let me answer the first question. We have participated twice recently in interventions, and what we see is that sometimes they work for a little bit and sometimes they can make a real difference. But over the long run, the economic fundamentals will have to work themselves out. And I think that the best thing to do to stabilize the dollar and the other currencies because, as you know, in the last few years we've had some terrible problems with other currencies which massive interventions have not reversed—the best way to do that is to send a signal to the markets that we are working on the economic fundamentals; that we are trying to build the economy, not just the economy of the United States but the economy of Europe, the economy of Canada, the economy of Japan and the global economy, that we're seriously working on Central and Eastern Europe and Russia.

These things, it seems to me, together offer the promise of strengthening the dollar over the long run in a realistic way but also strengthening other currencies as well. Keep in mind what I wanted the United States to do when we drove the deficit down and we got our interest rates down for a time—very low, and they're still modest by historic standards, recent historic standards—was to be able not only to generate more jobs here in the United States, or back in the United States, but to also spark growth in Europe, Japan, and elsewhere. So what I want our trading partners to consider and some of them have already mentioned to me is, we don't want to adopt a strategy in the short run that is just a short-run strategy and could choke off growth in the other G-7 countries and in other parts of the world.

I very much want a reasonably priced dollar. I'm not for a weak dollar. We have not done this intentionally. No one has tried to talk down the dollar. But I think it's important not to overreact to these movements. We need to work on the economic fundamentals. Markets that involve some amount of speculation and calculation about the future need to, as far as possible,

reflect long-term fundamentals. And that's one of the things I was encouraged about in my conversation with the Japanese Prime Minister today, when he reaffirmed his commitment to economic growth in his country, because that will help a lot.

Russia

Q. There are elements in Russia who are not happy with the current borders, and they could come to power in our lifetime. When you say that there's no gray area in Europe, are you saying that the tripwire for war for the United States is now the eastern border of Latvia, Poland, and other former Soviet satellites?

The President. I do not believe that we should be discussing the matter in those terms when Russia has recently signed an agreement to join the Partnership For Peace, which means that it has recognized the integrity of the borders of its neighbors, and when it has already signed an agreement to withdraw troops from Latvia by August 31st, has already withdrawn troops from Lithuania, and when we're on the verge of getting an agreement for withdrawal from Estonia.

It seems to me what we ought to be doing is making it clear that we support the integrity and the independence of these countries and that we have embraced them in the Partnership For Peace but that we are working toward a positive outcome. And I don't believe that it furthers the debate to conjure up a future that we hope we can avoid and that we believe we can avoid.

Economic Summit

Q. Some State Governors think that this extravaganza of the G-7 is too expensive and doesn't really produce much. Now that you're President, do you think that the personal contact is worth it, and does lead to things that affect working people?

The President. Absolutely. But let me answer you with two points, if I might. First of all, last year, we, the leaders of the G-7, agreed that the conference had become too stilted, too formal, too bureaucratic, and in a sense, too expensive. We decided to pare it back some and make it more informal. So we begin tonight with a leaders-only dinner, with no set agenda, that is not dictated by staff work and driven toward a final statement that often has been the lowest common denominator. And through-

out this meeting we will have more flexibility, more informality, and I think it will work very well.

The former Prime Minister of Italy, Mr. Ciampi, very much wanted this kind of meeting, and when Prime Minister Berlusconi took office, he was eager to embrace this as more consistent with his own background in business. So I think you will see that this will be the beginning of something that will become a lean and more efficient operation.

Now, secondly, does it affect Americans back home or Italians back home or Germans back home? I believe it does. If you look at what we did last year, we made a commitment, first, that we would try to finish the GATT round; we did that; second, that we would do everything we could to try to help integrate Russia and the other former Soviet republics into the mainstream of the world economy, and we are making progress on that. That has made a significant difference. And just since then, we have started working on things that world leaders never talked about with each other before, like education and training systems and how to have adaptable work forces. All these things have a direct bearing on the livelihoods of our people back home. So I think this is a very important and valuable forum. And I hope we will continue it but continue to make it as lean and efficient and as economical as possible.

Haitian Refugees

Q. President Endara complained about miscommunication. Is there any validity to that complaint, and is there not a risk that the reversal in Panama will lead peoples of the other countries you're dealing with to decide they don't want to participate, either—to put more pressure on their governments?

The President. Again, I can't comment on that. All I know is what was said to me and what was clear. But the other countries have been quite steadfast, and I think that, again, right now what we have to focus on is building a network of support for the Haitians who are entitled to protection. And that's what we're doing, and I think we'll be able to do it.

Algeria

Q. Mr. President, eight Italians have been brutally murdered in Algeria yesterday. The situation seems to be growing politically and towards instability over there. What is the position

of your government toward the government of Algeria and towards the situation over there and towards this atmosphere?

The President. Well, we're very concerned about the developments in Algeria. When I was in France recently, the discussion of Algeria occupied a fair amount of my time with Prime Minister Balladur and with President Mitterrand. And I'm actually looking forward to having the opportunity to discuss this matter with the other G-7 leaders.

What we have hoped to do is to support the government of Algeria in its attempts to restrain terrorism and destructive and illegal conduct and still hope to help it and to find a way of accommodating legitimate forces of dissent so that a democracy, or at least a functioning government, could occur that would reduce the amount of violence and destruction there. It's a very troubling thing, particularly given Algeria's history and strategic location and its enormous potential for good in that part of the world. And I look forward to discussing it more.

Haitian Refugees

Q. Mr. President, back in 1980, as Governor, I think you learned firsthand that the refugee problem can be especially politically volatile. Does that help you appreciate a little more President Endara's decision? And how does your personal experience weigh into your deliberation now, especially given the political situation in places like Florida?

The President. Well, there were two problems with the 1980 situation in our State, which I'm very mindful of, which do not apply in this case. If you will remember, a lot of the people who were released from Cuba in 1980 had either serious mental health problems or criminal backgrounds.

And the two problems that existed there that the United States does not face now with the Haitians in any kind of general terms were that the refugees that were brought to my State, number one, weren't screened in advance, which is something that had been done with the Vietnamese refugees, for example, when we took large numbers there in our State with no problems and with open arms.

And number two, the military authorities who were charged with maintaining order denied that they had the capacity to maintain order. So one of the things that I have done is to reassure all the leaders of the countries with whom I

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have talked that if they were willing to help us with the safe havens or with processing centers, depending on which country we're talking about, that they would bear no cost and that they would not have to worry about the security problems. Those are the two things that, I think, that are legitimate concerns.

Now, in Florida the main problem there is the cost problem. And since I have been President, I have worked very, very hard to increase the allocation of Federal assistance to States that have disproportionate refugee or illegal alien burdens. That's not only Florida but also California, Texas, New York, New Jersey—they are the major ones, and some other States. And we've increased that aggregate assistance by, oh, about a third, by several billion dollars since I have been in office.

Q. You said that, first of all, you referred to the lifting of the policy of direct return. Can you explain why you think it's appropriate, given the human rights deterioration that you cited in Haiti, to force people between choosing the right to political asylum in the United States and leaving Haiti? And second of all, you say your position has not changed on whether military invasion is an option, but has the deterioration and conditions in Haiti made that option more likely to pursue?

The President. I think the conduct of the military leaders will have more than anything else

to do with what options are considered when. And their conduct has not been good.

Now, secondly—but let me answer the first question. What we owe the people of Haiti is safety. There is no internationally-recognized human right to go to a particular place and to have a particular response. We have increased our processing in-country. We still know that's the safest and best way to get out. And we know that people are able to get to those processing centers. We've increased our processing in-country, and as the human rights situation has deteriorated; the percentage of people in-country qualifying for refugee status has increased as based on the objective conditions in the country.

So we are still doing what we said we would do, and we are going forward. There is a limit to how much the United States or anybody else can do given the facts that now exist. We are spending a lot of money to manage this problem. We asked some of our neighbors in the hemisphere—as I said last May when I announced this policy, we asked some of our neighbors in the hemisphere to help us when we needed it, and some of them are doing so, and we are very, very grateful to them for doing that.

Thank you.

NOTE: The President's 62d news conference began at 5:30 p.m. at the Zi Teresa Restaurant.

Statement on the Resignation of National AIDS Policy Coordinator Kristine Gebbie

July 8, 1994

Kristine Gebbie, the first National AIDS Policy Coordinator, served ably and with dedication as a member of our administration. With her help, the Federal Government finally began exercising real leadership in response to this terrible epidemic. Working together, we boosted funding for the Ryan White Care Act, increased resources for prevention and research, sped the research and approval process for new drugs, and required every Federal employee to receive comprehensive workplace education. While more needs to be done—and more will be

done—to fight AIDS, Kristine Gebbie's service as the Nation's first AIDS Policy Coordinator gave this vitally important battle a lift when one was desperately needed and long overdue.

NOTE: A statement by Kristine Gebbie was also made available by the Office of the Press Secretary.