

Message to the Congress Transmitting a Report on the Loan Guarantees to Israel Program February 25, 1998

To the Congress of the United States:

The attached report to the Congress on the Loan Guarantees to Israel Program was completed on December 31, 1997. Since then there have been several key, positive economic developments in Israel that I wanted to communicate to the Congress.

The Israeli Knesset passed its 1998 budget on January 5. The final budget adhered to the deficit target of 2.4 percent of gross domestic product (GDP) set by the Israeli Cabinet in August 1997, and established a spending target of 46.3 percent of GDP (down from 47.3 percent in 1997), without resorting to additional taxes. Furthermore, due partially to the mid-year spending cuts discussed in the report, the Government of Israel over-performed the 1997 deficit target of 2.8 percent of GDP by a significant margin; the 1997 budget deficit came in at 2.4 percent of GDP. These events dem-

onstrate the commitment of the Israeli government to fiscal consolidation and reform.

Second, the Israeli consumer price index (CPI) for 1997 rose by only 7 percent, at the bottom of the 7–10 percent 1997 target range and a 28-year low. This indicates that the battle being waged by the Bank of Israel and the Israeli government against persistent inflation is succeeding. The Israeli Ministry of Finance is reportedly considering lowering the 1998 inflation target (currently set at 7–10 percent) in order to consolidate the strong inflation performance registered in 1997.

This information will be included in the 1998 report to the Congress on the Loan Guarantees to Israel Program.

WILLIAM J. CLINTON

The White House,
February 25, 1998.

Remarks at a Democratic Congressional Campaign Committee Reception in San Francisco, California February 25, 1998

Thank you very much, ladies and gentlemen, first for the warm welcome and second, and very importantly, for your support for these fine candidates for Congress.

I think I should begin by expressing my profound concern and support for all the people in California who have been suffering from the effects of El Nino. And tomorrow I'm going to Oakland to have a meeting with a lot of the folks about that. I also want to express my gratitude to the people of California and especially the people of San Francisco for the incredible support that Hillary and I and the Vice President and Tipper and our administration have received.

When Nancy Pelosi almost drank my water—[laughter]—I thought to myself, she has carried so much water for me, she ought to drink some of it. The thing I find—I really admire Nancy Pelosi, and I like her a lot, even when she

disagrees with me—but the thing I find remarkable—and I think this is important—is that after all these years in Washington, every time I talk to her about anything, if I didn't know, I would have thought she came yesterday because her passion, her energy, her intensity never fails. And believe me, even from this far distance, you've seen enough about how Washington works to know that anyone who can work there as long and as hard as she has and never become cynical and never lose their passion or their idealism is a truly remarkable public servant.

Senator Thompson, first, thank you for running. Thank you for running. And thank you for being willing to give up what must be an immensely rewarding career in the California State Senate, and certainly, almost certainly a more congenial lifestyle than the one you are

about to embrace—[laughter]—for your willingness to be part of this great national adventure as our country goes through these profound changes into a new century and new millennium. Congratulations on getting your main opponent not to run. I never was very good at that myself—[laughter]—but I certainly am impressed.

And to my good friend Lois Capps, thank you for running. It took a lot of courage and a lot of depth and a lot of conviction. I was standing up here listening to Lois talk about the issues that I'm pushing in Washington in terms of the people who live in her district. That's another thing we need more of in Washington; we need a lot more concern about people and less concern about power. Power is the instrument through which you do things for people, but the power belongs to them. All of us, every single one of us, we're just hired hands for a fleeting period of time in the broad sweep of our Nation's odyssey. And apart from the love and affection I felt for Walter Capps, the enormous admiration that Hillary and I have for Lois, the love we have for Laura who now has the longest leave of absence in history from the White House—[laughter]—I'd like to see her in Congress because she understands that politics is about people, and power is a temporary, limited instrument through which they can advance their dreams. Believe me, we need more of that in Washington.

And I think she's going to win. She has a big fight, she's being out-spent, but she will never be out-worked. And there will be no one who will connect with people that they seek to represent, not a single person, as well as Lois Capps. And I'm thrilled at the prospect of her victory.

Let me just say very briefly, we know in America that our country is having good times. We see that even California, with all the troubles you had in the years of the late eighties and the nineties, has made an astonishing comeback which will not be deterred by the natural disasters that you seem to face on a regular basis here. [Laughter]

But what I want to say to you is, I come here grateful for the fact that we have the lowest unemployment in 24 years, the lowest crime rate in 24 years, the lowest welfare rolls in 27 years, the lowest inflation in 30 years, the highest homeownership in the history of the United States. But that imposes on us a special obliga-

tion, because we know, looking to the future, that the country and the world in which we will live both are changing very rapidly in ways that are quite profound, not all of which we can fully understand but many of which we do clearly know.

And at times like this, when it's easy to sort of relax, that's the last thing we ought to do. And the purpose of my State of the Union Address this year was to say, "Don't relax. Bear down. Look to the future. Let's be confident. Let's be happy." Yesterday the indexes of consumer confidence came out, the two main ones, and one of them was the highest in 30 years; the other one was the highest ever recorded. That confidence should not be grounds for complacency; it should be a spur to action.

And we have a lot to do. Yes, our economy is in good shape, but if we want to keep it there, we have to more broadly share the benefits of it. That's not only why I favor raising the minimum wage but why I want to do more to bring the spark of enterprise and jobs to the neighborhoods in this country, principally in inner cities and in rural areas, which have not yet felt it. And that's a big part of our agenda.

We have an education agenda because we know that is the key to broadly shared prosperity and the key to America's future. I think 30 years from now, when people look back on the last 5 years, they may well say that even more important than balancing the budget was the work we did to open the doors of college education to all Americans, with the tax credits, the IRA's, the Pell grants, the work-study positions, all the things that have been done—the interest deductibility on student loans.

We can literally say for the first time in our country's history that if you're willing to work for it and somebody will take you, you can go. But now we know that while—the one reason we're so happy about it is that we really believe, and we're right, that America has the best system of higher education in the world. Indeed, our colleges and universities and graduate schools are filled with people from all over the globe because of that. No one believes we have the best system of elementary and secondary education in the world, but we know we can have, and that must be our next goal. That's why I want the smaller classes. That's why we want the smaller classes and the better-trained teachers and why we're working with the people

from California to hook up every classroom in the country to the Internet by the year 2000.

We have to have a children's agenda. The crime rate has dropped dramatically in America for 5 years but not nearly so much among juveniles and only began to go down among juveniles a year or so ago. We now have the biggest group of young people in our schools in the history of the country. Finally, we've got a group, as of last year, bigger than the baby boom generation.

Now, that's good news for us in many ways, but it's troubling news unless we keep more of them out of trouble. We have to begin by helping more parents to succeed at home as well as at work. That's what this child care initiative is all about, not only to provide millions of more people the chance to access child care but to make it better child care, with a stronger education component, and safer, so that parents can feel more secure and their children will do better.

That's also why I think it's very important that our initiative to provide more funds for schools to stay open and for community centers to stay open after school are important. You know, we've been filling our jails in this country for the last 15 years with younger and younger people. Most juvenile trouble starts when school lets out and ends when the parents get home at night. So if we would just spend a little money to help our schools and our community centers stay open after school until the parents get home so kids would have something to say yes to, we wouldn't have to worry about their tomorrows, and we could keep them out of trouble in the first place. And I hope very much—[applause].

Lois talked about our health care agenda. It is important; we're trying to insure 5 million more kids in this country. We've still got a lot of work to do on that, but the funds have been set aside. I want to let people between the ages of 55 and 65 buy into Medicare if they can afford it or their children can help them, because there are hundreds of thousands of people in this country who through no fault of their own have lost their health insurance. And if they buy in at the cost of the program, it will not do anything to undermine the stability of the Medicare program, which is now secure for more than a decade. I think it's important.

The Patient Bill of Rights is important because we've got 160 million now in managed

care programs. And on balance, it's done a lot of things we like. The inflation rate in health care has finally come down, almost to the inflation rate of the economy generally. But people are still entitled to certain rights, which when you boil them all down, you take all the specifics—the right to have a specialist, the right to know what the options are for your care, the right to get emergency room care regardless if you need it—all those things, and the other things in the bill, when it comes right down to it, people have a right to know that they're not sacrificing quality to save money. We have to maintain that.

We do have an environmental agenda and it has many parts. But the most important I would mention for this coming year are the new clean water initiative and our attempts to do America's part to meet the challenge of global climate change. Now, when you see the El Nino and you see that it's particularly severe this year, what it—it should give you a glimpse of what could happen if we permit the temperature of the globe to rise one or two or three degrees more than is absolutely necessary over the next few decades. And we can do this and grow our economy.

Every time we take on an environmental challenge, the naysayers say, "Oh, my goodness, it's going to bankrupt the economy." And every time we have raised our environmental sights and cleaned our environment and preserved the Earth for our children, it has generated untold numbers of new, high-tech jobs that actually diversified and strengthened the American economy because we were doing the right thing to try to preserve the Earth, the water, the air, and our natural resources for our children.

We have an agenda for the future. It begins with saying quite simply, as Nancy said earlier, that both Republicans and Democrats should resist the temptation to try now to spend the surplus we think we're going to have. We had 30 years of deficits. We'll almost—unless the Asian economic problems slow our economy so much that the next half of the year is different from what we think the first half will be, we'll probably have a balanced budget this year, if not, certainly next year. And we haven't had one since 1969. The last thing in the world we need to do is to start spending the surplus that hasn't materialized on tax cuts or on spending programs we would like.

The Social Security Trust Fund is all right until 2029; that's the year that basically all the baby boomers will be in. And when all the baby boomers get in, which is a troubling thought to me—[*laughter*—as I am the oldest of the baby boomers, we'll only have about two people working for every one person drawing Social Security if we continue to retire at present rates and if immigration continues at present rates and birth rates continue at present rates. That's basically the estimate. Now, if we begin now, we can make modest changes that will secure that program as an important backstop for people's retirement.

Keep in mind, it's only been a little over a decade that the poverty rate among senior citizens has been lower than the overall poverty rate in the country. It was an astonishing achievement of the World War II generation, an astonishing achievement. And what we have to do now is to modernize that system so we can preserve it. We also have to say very few Americans can maintain their present lifestyle on Social Security alone, so we not only have to secure Social Security, we have to find more and better ways to get the American people also to save for their own retirement.

And finally, looking toward the future, I would just mention two other things. Hillary—with whom I talked right before I came here tonight, by the way—she said to me—she said, “You know, I will never love politics as much as you do, but I am actually jealous that you're going to be there tonight, and I'm not.” [*Laughter*] So that's a great compliment to the people of San Francisco.

I want to say two things. She came up with this idea that we ought, as a nation, to have gifts to the millennium this year and that there ought to be two parts to it: first, honoring our past, and second, imagining our future. So we have this project. The first thing we're trying to do is to save the relics of the country. And they actually need a lot of work, the Constitution, the Bill of Rights, the Declaration of Independence, the documents themselves need some work to be saved, and the Star-Spangled Banner, which needs \$13 million to be preserved. And it would be a tragedy if we let it go. But in San Francisco, in every other community in this country, there are important parts of our national story that we hope every community will save.

And looking to the future, we have proposed the largest increase in research and development in the country's history, concentrated, but not exclusively, in medical research, but with a doubling of the National Cancer Institute, a huge increase to the National Institutes of Health. This is important.

And the last thing we have to do for the future is to make sure that we have more crowds like this one that all get along. [*Laughter*] We have the most diverse democracy in human history. There are other countries that are equally diverse if you look at them from statistical points of view. India, for example, has even more diversity if you look at it from a statistical point of view. Russia has phenomenal diversity. But this is the only place where we actually all live together. [*Laughter*] I mean, physically, we all live in the same places, and we rub elbows, and we work in the same places, and we have this idea that no matter what our differences, we can, if we adhere to a certain set of values, get along together.

Nancy mentioned Jim Hormel. I have just one question, the only question the United States Senate should ask, and there is only one answer: Will he, or will he not, be a good Ambassador? And any member of either party that might be considering voting against him, I ask you to ask a second question: Have I ever voted for anybody I thought was less qualified? That is all we should ever ask. [*Laughter*]

And let me close with this point. I've spent a lot of time and been criticized in some quarters for trying to modernize the Democratic Party, for trying to break the old logjam of the eighties between the pro-Government and the anti-Government debate. We now have a smaller Government than we had when President Kennedy was in office, but it's very active and very progressive.

And we proved that you could grow the economy and have a social conscience, that you could be tough on crime but intelligent and humane as well; that if you reduced the welfare rolls, you had to give people education and child care and give them the chance to succeed at home as well as at work because that's what we want for everybody else.

And I say that to close with a word for the political party to which I proudly belong. Ideas are important, and it's very important to be modern and to be right, and you have to get it right. People can demean the importance of

the economy, but when people don't have economic opportunity, it's hard to get them to think in broader terms about their fellow men and women. But in the end, it is the core ideas and values that we believe and live by that really count.

Today, when I was in Florida touring the tornado damage, the last man I came to was sitting in a chair, and he had his arm in a sling, and he stood up and saluted me. And he told his name, and he said, "Retired Master Sergeant U.S. Air Force, 21 years." And this man now lives alone. He spends half the year in Pennsylvania, where he works at a trailer park, and then comes down to Florida for the winter. He lives with his little dog; he has a dog—he and the dog. And he lost everything in the world he had in that tornado, including the bicycle with the basket that he took the little dog around in, except his little dog. But he's still got his country. And, thank God, we've still got him.

To me that's what politics is about. You think about all the people who came over here and started this country; they had a lot of problems by modern standards. You had to be a white male property owner to amount to much. Given my family's background, I probably couldn't have voted in the beginning. We probably wouldn't have had enough to own any property. But we had the right ideas.

The people who started this country said that power can only be good if it's limited and accountable. They came here fleeing the arbitrary exercise of absolute power. They said, "We have a different idea. We think freedom is good." Freedom for what? Freedom, first of all, to pursue happiness. Not a guarantee, but the freedom of the pursuit of happiness, along with the obligation to form a more perfect Union.

Now, if you think about freedom, the pursuit of happiness, and a more perfect Union, and then you think about every important period in this country's history, I think you would have to say that it always involved one or more of those three things. At every time of challenge

and change we have been called upon to deepen the meaning of freedom, widen the circle of opportunity, and strengthen the bonds of our Union.

Now, in the 20th century, I don't believe anyone could say that the Democratic Party had not stood for those things. We may not have always been right, but we have always been on the right side. And the reason I want these folks to succeed is that we have shed ourselves of the shackles of things people said were wrong, all the things they used to say about the Democrats—they can't manage the economy; they're weak on crime and welfare; they tax and spend; bad on foreign policy—all that stuff, you know. That's all just rhetoric now, yesterday's rhetoric.

Now, our challenge is to take this country into a new century in which we deepen the meaning of our freedom and extend to everybody who lives in this country, widen the circle of opportunity, and strengthen the bonds of our Union. I don't think you have a doubt—a doubt—about which party is more likely to fight for those things, day-in and day-out, year-in and year-out.

So I want you to try to help Lois Capps a little more before March 10th. [Laughter] I want you to see that Lois and Mike succeed in November. And I want you to remember that it's part of a great national enterprise. A lot is riding on it, and it is very much worth the effort.

Thank you, and God bless you.

NOTE: The President spoke at 7:25 p.m. at the Fairmont Hotel. In his remarks, he referred to State Senator Mike Thompson, candidate for California's First Congressional District; Lois Capps, widow of the late Representative Walter H. Capps and candidate for California's 22d Congressional District, and her daughter, Laura; and James C. Hornel, nominee for U.S. Ambassador to Luxembourg. A tape was not available for verification of the content of these remarks.