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The challenge before us is to adapt our international institutions, to deepen the cooperation between nations so that we can confront a new generation of problems that know no national borders. Indeed, the job of constructing a new international economic architecture through our trade agreements and the revitalization of our institutions is, for our generation, as pressing and important as building the postwar system was to the generation of the Marshall plan and Bretton Woods, the heroic generation of Dean Acheson and Jean Monnet. Then they had the immense job of proving that democracy and capitalism could provide for fulfilling and meaningful lives in the aftermath of war and in the face of the rival system of communism.

Today our job, again, is to persuade people that democracy and free markets can give all people the opportunity to live out their dreams, but we must do so without the prod of a rival political system to contend with or the fresh memory of war to spur us on.

Today, as never before, we can see the extraordinary possibilities that lie before us in the 21st century. It promises to be an era in which free people, working across open borders, will have a chance to create growing prosperity, economic security, to fulfill their God-given potential and their dreams as never before in human history.

But it won't happen without hard work, real dedication, and clear vision. I am glad to be speaking to this group at Davos because you are exactly the kind of people who must help make certain that the international system we build works fairly and safely. We must rise to the example of our predecessors. We must forge a system that will benefit the people of all walks of life and all parts of the globe, not just those for whom the global economy now holds the very richest opportunities.

We must do it because it's the right thing to do, because it's the fair thing to do, and because, ultimately, it is clearly in all of our best interests.

Thank you very much.

NOTE: The President spoke by satellite at 12:47 p.m. from Room 459 of the Old Executive Office Building to the meeting in Davos, Switzerland. In his remarks, he referred to Klaus Schwab, World Economic Forum founder; United Nations Secretary-General Boutros Boutros-Ghali; Falvio Cotti, Chief, Department of Foreign Affairs, Switzerland; and Prime Minister Ingvar Carlsson of Sweden.

Interview with Tom Brokaw of NBC Nightly News

January 26, 1995

State of the Union Address

Mr. Brokaw. Mr. President, your Chief of Staff, Leon Panetta, said that your State of the Union speech the other night was the most important one of your Presidency. When you got back to the living quarters and you were alone with Hillary, how did the two of you critique it?

The President. Well, I thought it was effective in the sense that I got a chance to get back to the basic values and the basic ideas that got me into the race for President in the first place, really that drove my whole public service career before I became President. It was a little longer than I wanted it to be, partly because I was frankly not anticipating that the Congress and especially the Republicans would respond as positively as they did to some of the things that I said. And I appreciated it, but it lengthened the speech some.

That was a good problem to have. That was what my friend Mack McLarty calls a high-class problem.

Mr. Brokaw. Well, I always get the impression, though, that once you get up there and get into a roll, so to speak, it's pretty hard for you to sit down; you love art of political oratory so much.

The President. Well, I like—the State of the Union I like because it really gives the President an opportunity that's not there at any other time of the year to talk both to the Congress and to the American people in a way that goes way beyond ordinary politics and partisanship and at least gives the opportunity to go to the heart of the problems and the challenges and the opportunities of the country.

President's Popularity

Mr. Brokaw. Mr. President, we did a poll that began really shortly after the State of the Union speech. Good news and bad news

for you in it. Your job performance rating is 51 percent positive, 40 percent negative. Those people who agreed with the goals of the State of the Union Speech, 58 percent; only 9 percent disagreed. But then this question: Bill Clinton, do you think that he's a man of strong convictions, or is he easily swayed? Those who felt that you had strong convictions, 31 percent; easily swayed, 61 percent. That's a continuing problem for you.

The President. It is, but it's obviously a problem of perception rather than reality. If you look at all the strong opponents I've got, I wouldn't have them if I didn't have strong convictions. No other President, while sitting in office, has ever taken on the NRA. I did, at great cost. We reversed 12 years of trickle-down economics and reversed this deficit in a brutal fight where we prevailed by only one vote in each House, largely because the Members knew they would be angering the wealthiest and most powerful people in our society by raising the income taxes in the top 1.2 percent.

I took on the strongest constituencies in my own party, including my friends in the labor movement, to pass the Brady bill. I took on the banking interests of the country to reduce the costs of the student loan program and lower the cost of it. So I clearly am a person of strong convictions who has taken on brutal, tough fights. I went forward with the Haiti mission when nobody was for it.

So it's clear that, (a) I'll take on unpopular things; (b) I'll make enemies; and (c) I'll fight until I win.

But we live in an environment in which I think maybe because of the way it's covered and maybe because of my style, because naturally I don't talk in ways that try to threaten people; I like to try to bring people together. Maybe I've contributed to my own problem.

But the historic record is that we have taken on tough fights others ignored and walked away from; we got results because we fought through to the end. And that, it seems to me, if you just take the four examples I gave you, will be the enduring truth. And my job now is to show the American people as this new Congress meets that I will work with them in a reasonable way. I don't think they want to be hard-headed and totally uncompromising, but there are some things that I will draw the line on and fight for.

New Covenant

Mr. Brokaw. But with all due respect, Mr. President, you used that phrase the other night—the New Covenant was a phrase that you used in your acceptance speech, but then once you took office, you didn't put many of those issues front and center and until the Republicans just beat your brains in on November 8th, like the middle class bill of rights, for example, talking more about leaner Government, a higher minimum wage, school prayer you even made some references to.

The President. Now wait a minute, let's go back. That's simply not true. What did I do when I first got here? What was in the first economic plan? I said to the American people, ''We've got to bring the deficit down and get the economy going first. So I cannot afford to give all the middle class a tax cut. We're going to start with a working families tax cut that this year will lower taxes $1,000 a family, for every family with an income of under $26,000.''

Now we did something miraculous. In the whole history of American politics, nobody has ever given a tax cut to 15 million American families and kept it a secret. But somehow I succeeded in doing that. We made 90 percent of our small businesses eligible for a tax cut. We gave a tax cut to people who start new businesses. We made a good first step, and I said, ''In '93, let me get the deficit down. Let's get the economy going. Let's give these people a tax cut. Then we'll come back and do the rest.''

In terms of reducing the Government and the bureaucracy, they didn't start that, my goodness, we did. When the Republican administrations were here, we've now got 100,000 fewer people working for the Federal Government than we did on the day I became President. If the Republican Congress passes no other bill, we will have 250,000 fewer people working here at the end of my 4-year term. We'll have the smallest Government since Kennedy was President. Now that's stuff we did. We did that. I may be a poor communicator of it, but that was at the centerpiece.

I sent welfare reform legislation to the Congress last year, and when they didn't pass it, we just kept on giving States permission to get around the Federal rules to move people from welfare to work and to support responsible parenting, 24 States, more than were given waivers from the Federal rules in the previous 12 years combined.

So I believe what I said in the State of the Union Address is consistent with what I've been trying to do. I think a lot of people, in all candor, thought that the health care program was against that because they were convinced it was a big Government program. I don't think it was a big Government program, but I did bite off more than I could chew. I tied to do too much too quick.

But if you look at what we've done, it's consistent with the New Covenant message all along.

Presidential Initiatives

Mr. Brokaw. Part of the case against Bill Clinton that will be made even by your friends from time to time is that you talk the talk, but don't walk the walk. Take minimum wage. Our polls shows that there is an overwhelming majority for it. But you've made it clear from the White House that you're not going to go up and make the fight to the last breath on Capitol Hill for minimum wage.

The President. That is not at all what I have done. First of all, who reversed 12 years of flagrant deficit spending? We did by one-vote fights in both Houses in the most brutal fight anybody can remember. We did that. We walked the walk and took a lot of grief for it.

And one of the reasons the Democrats lost this last session in this last election is because the Republicans convinced the voters that we raised everybody's taxes when what we did was raise taxes sharply on the top 1.2 percent, and a lot of those folks funded those campaigns.

We took on the NAFTA fight. It was deader than a doornail when I became President, and we brought it back to life. We took on the NRA on the Brady bill and the assault weapons ban. You may agree or disagree—no other sitting President had ever done it. So this ''walk the walk'' business is a bogus charge.

On the minimum wage, Senator Kennedy, clearly a big supporter of the minimum wage, suggested to me before the State of the Union Address, he said instead of putting a number in there, why don't you challenge the Congress in a bipartisan fashion to come up with a reasonable number. If you say a specific number on your own, even though everybody knows you want to go to $5, if you say it, then the Congress, the Republicans may feel that they have to be for something else. Let them take credit for it.

Now, I don't know who told you in this White House that I'm not going to push for it, but I'm going to push very hard for it. But I think—if you look at realistically where we are, we have a majority in both Houses in the hands of the Republicans. We have leaders in the Republican Party—the Republican majority leader says we ought to abolish the minimum wage altogether.

I have to create the conditions in which we can raise the minimum wage if I possibly can. I want the Congress to do it in a bipartisan fashion. I want them to have a full share of credit for it. I will work very hard for it. But I don't want to waste a lot of time making strong posturing and undermining the chance that we can raise it. I want to raise it. I want it to get done.

And I think in the end—Theodore Roosevelt said, who was a very good speaker, that in the end the measure of what we do should be what we do not what we say. So I'm doing my best to actually get it raised.

Entitlement Programs

Mr. Brokaw. It seems to me, Mr. President, that one of your greatest challenges in the next year or so is to reconnect to those middle and working class families that have traditionally voted Democrat that have strayed now from the fold. Their children are going to be saddled with great debt as a result of the entitlements that are building up year after year. Why don't you take on entitlements, including Social Security and Medicare, in terms of getting the cost under control, by not eliminating them and not reducing the benefits, but maybe cutting back on the COLA's, the cost of living increase, taxing

the wealthy more for Medicare, and saying to the country candidly, we have to do something about this?

The President. Well, let's look at the record. First of all, in 1993, in that budget battle that passed by one vote, we did take on Social Security. We asked upper income Social Security recipients to pay a little more on their income to bring them in line with private pensions. And it was a big issue in the last election. The Republicans ran against us on it. They said we were wrong. It was the responsible thing to do.

We lowered the rate of Medicare increases by taking disciplined steps to bring the cost under control. And I said all along that I thought that upper income Medicare recipients, people with incomes of $100,000 a year or more, might have to pay more for it in order to fund health reform and bring the cost under control over the long run.

But I do not believe that we should mislead the American people. Let's just take Social Security. Social Security has produced a surplus for this budget for years and years, ever since the Social Security reform in the mid-eighties. We take in more every year than we pay out in Social Security. Social Security payments are the same percentage of our income today that they were in 1972.

Now, it is today not a problem for the deficit. Medicare and Medicaid, the medical programs, have been a big problem. We have got to them down. We have got to control the inflation rate there. And we are working on it. And I think that it has to be taken on. I met with Senator Kerrey the other day, and I told him we would have to continue to work on these things. But I think it's very important that we understand what we're doing and what we're not doing. I don't think we have to hurt the vast number of Medicare recipients. I don't think we have to pretend that Social Security is contributing to the deficit when it's not.

Mr. Brokaw. Yes, but it will be if we continue at the projected rate.

The President. That's right. It will be by the year 2019 or something. And we will have to have at some point in the future another effort like we had in 1983 to take a hard look at it and deal with it. And we have to preserve the integrity of the system, and the American people plainly are willing to see us do some things.

We're now raising the retirement age gradually, as you know, under the law passed years ago from 65 to 67, and we'll look at that.

Mr. Brokaw. But it's——

The President. But the main thing we have to do—let me just say this—the main thing we have to do is to get health care costs more in line with inflation and continue to control other spending. We have brought the deficit down a lot. We can bring it down some more, but we need to do in a way that is really—that is fair and disciplined. That's why I've challenged the Republicans; let's work together on this. Let's try to—you want to help now. We had to do it all alone with one party for 2 years, now we can do it in a two-party way, and I think it will be good.

Mr. Brokaw. But in your speech the other night and most remarks from the Republican side as well, they say, ''Well, Medicare will be off the table. Social Security will be off the table.'' We've learned in the last couple of weeks about what a hot button, for example, veterans' benefits are.

We can't get to where we need to get to without dealing honestly with these entitlements, can we?

The President. Well, first of all, we're dealing dramatically where we need to get—the deficit of this country, as a percentage of our annual income, is much lower than it was when I took office. We've taken $10,000 in national debt off every family in the country. We're moving in the right direction.

The issue is not, do we have to deal with health care costs in Medicare and Medicaid, the issue is, how do we deal with it. How do we deal with these other problems, and what is the fair way to do it.

What I said was that I didn't think we should have Medicare cuts to pay for tax cuts. I thought that was wrong. I think the American people think that is wrong.

You know, we are working very hard, and we'll have some more proposals to control the rising costs of Medicare. But I think the American people want us to do it in a way that doesn't take benefits away from needy senior citizens who have paid into this pro-

gram and are entitled to be taken care of. And I think we can do it. You know, we're moving in the right direction. The economy is coming up. The deficit is going down. We're moving. The basic components of the deficit now are interest on the debt accumulated between 1981 and 1993 in rising health care costs. And so we have to understand that it's going to take a while to get that down. Most of the burden we're paying now on the deficit is because of those two things. And we can solve them. We have to solve them with discipline.

We can also continue to cut other programs. We're cutting a lot of other Government spending in this budget: $140 billion in spending cuts.

Balanced Budget

Mr. Brokaw. Your Labor Secretary, Robert Reich, says that a balanced budget is not a high priority for your administration. Is that a fair statement?

The President. Well, it's not a high priority maybe for the Labor Secretary. What is a high priority is continuing to control the deficit and moving it down, driving it, driving it. What he meant, I think, was that no one believes you can do it overnight or in the next year or two, and that if we adopt a balanced budget amendment before the people vote on it, they're entitled to know, does this mean their taxes are going up, does this mean they're going to cut Medicare and Social Security across the board, what is the price of it, will you get the same economic benefit if you take the deficit down to two percent of our annual income, or one percent? What are we trying to do?

The Kerrey commission itself said that the long term goal of the country should be to at least have the annual deficit down at about two percent of our income because we're investing that much every year and we'd be more or less like a State government or a private business running their books and balancing them.

Education and Retraining

Mr. Brokaw. Mr. President, in the course of your administration, it is indisputable that more than 5 million new jobs have now been created; but, unfortunately, once you get just below the senior management level, purchasing power has stayed flat at best. It has not declined.

The President. Absolutely.

Mr. Brokaw. You've put a big emphasis on job retraining and so on. But given the new technology of the workplace, aren't we going to get to a situation in this country where we are fixed? Those who are extremely well educated will do well, the rest are going to have to scramble for their working lifetime.

The President. I wouldn't characterize it quite that way, but you've put your finger on the biggest problem of the economy. If your goal is what my goal is, which is to open the American dream to all Americans who are willing to work for it, and you recognize that in a knowledge-based economy as opposed to the old industrial economy, education is the key to income, then it becomes more understandable how we could have had 5.6 million new jobs in 2 years, the lowest inflation in 30 years, the lowest combined inflation in unemployment in 20 years, the lowest African unemployment in 20 years, and still, no income increases for most people.

It's because, in the global economy and with all of this technology changing, it tends to depress wages except for those who are educated. That's why I think the middle class bill of rights is the right answer: Encourage people to get a tax cut by investing education in theirs and their children, and take these Government training programs and collapse them and just give a check or a voucher to people to go back to school.

I think—you know, I've been going to these community colleges, these other colleges that are community-based. I think that you're going to see the educational institutions of the country become the focal point for business and labor and small business people getting together to train and educate and raise incomes. That is the only thing we can do, over the long run, to restore the American dream. So my view is, give people the tools they need to take care of themselves by lowering their tax burden now and raising their income in the long run.

It is going to be a challenge—this by the way is going on in every industrial country—but we have the capacity to do it, because

we've got so much grassroots strength in these community educational institutions if we can get people to take advantage of it.

Mr. Brokaw. But isn't this whole problem of job creation in America going to ultimately prove to be a great frustration for welfare reform, because we've talked so much about making welfare recipients go to work and learn to get a job when there are not jobs out there for people right now that pay a living wage who are not even on welfare?

The President. Well, but there are two issues here, and let's separate them, because for the first time in our country's history in this new age, they are separate. There's creating jobs and raising incomes. We're creating jobs and more high-paying jobs, but the income levels generally are not rising.

What we have to do is to raise the basic income level, which is what the working family tax cut and the minimum wage increase is all about, get people from welfare to work, but we also have to raise incomes knowing that creating jobs won't necessarily raise everybody else's income. They're two separate things. That's why we need both welfare reform and the minimum wage increase and the middle class bill of rights to pass. They're two different things. We can do them. Is it going to be easy? Of course not. If it were easy, it would already be done. But if we work together, we can make a difference. We can change the course of our future if we work at it.

President's Safety

Mr. Brokaw. Let me ask you about a couple of other issues. Another man has been arrested today for making a threat on your life. There have been all kinds of incidents here at the White House, a plane crashing into it, a man firing off rounds from Pennsylvania Avenue. Has this made you more uneasy as, essentially, the target who lives here?

The President. No.

Mr. Brokaw. Really?

The President. No. I think—I have two reactions to all of it. First of all, some of it may be coincidental. These things happen from time to time and may run in waves. Secondly, throughout our history, any leader who raised strong hopes and wanted to make big changes has tended to spark an adverse reaction too, just almost like a law of physics. If you're moving strongly in one direction, you will have an equal and opposite force in the other direction.

And I do think as I said the other night in the State of the Union Speech, there is a certain level of frustration and anger in the country that is being channeled in ways that often makes us see each other as enemies rather than just opponents in a certain sense. And I think that's bad. I think that—what I have to do and what I tried to do in the State of the Union Speech, is to say, "We're all Americans. We've go to look at each other in ways that enable us to build people up. And I hope we can change the atmosphere and make it more positive."

But for me, personally, I don't ever think about it. You can't afford to think about it. You realize that—I mean, every day I just have a certain number of hours in the day. I have this job for a certain amount of time. I've got to focus on what I can do for the American people. And the Secret Service is very good. They do a terrific job. They're better at it today than they were last year. They get better all the time. And you can't have perfect protection. You can't be perfect. So I don't think much about it.

Hillary Clinton

Mr. Brokaw. Will Hillary have as active a role and as public a role in the second half of the first term as she has had in the first half?

The President. I think she will plainly have an active role and a public role. In many ways today as we speak she's out at the University of California at San Diego dedicating the Eleanor Roosevelt College there and visiting again a hospital to emphasize her concern about having more women take advantage of mammographies under Medicare, something that is a big concern to both of us, not only because of what happened to my mother but because so many women suffer from breast cancer. And she can't not do that.

You know, when I met Hillary, she was already involved in the problems of families and children. When we were in law school she took an extra year to work on children and family problems. And when we went

home to Arkansas we always worked together on these family problems and these health care problems. It's the work of her life, and she'll keep on doing it, and I would encourage her to do it.

Speaker of the House

Mr. Brokaw. Mr. President, what do you think of Newt Gingrich?

The President. I think he's a very interesting fellow. I think he's got a lot of good ideas. I think he's open to looking at things in new and different ways.

Mr. Brokaw. Do you think he plays fair?

The President. Well, you know, let me say I think for right now what I want to say is, we need to focus on playing fair with the American people in the future. And we differ on some things, and I'm sure we'll have our fights and arguments, but my commitment to him is a commitment to the American people. The American people gave the Republicans the majority in the House and Senate. The people who were there elected their leaders. He has made some clear statements that he wants to change the country in ways that are positive and in ways that I think we can work together on. So I'm going to get out there and try to work with him.

Where I disagree with him, I will disagree. I am strongly committed to national service. I don't want to see us do away with it. I hope I can change his mind on that, and if not, I hope I can prevail. There are other areas where we disagree, but if we're going to work together to reduce the bureaucracy and expand opportunity in this country, then we ought to do it, and we ought to look to the future, not to the past.

Baseball Strike

Mr. Brokaw. Mr. President, is there anything that you can do about the baseball strike?

The President. I'm certainly trying. You know, I have named Mr. Usery the mediator, and I talked to him this morning. I asked him to get the parties back together in the strike and to give me a report by February the 6th, and if he couldn't get them to agree, he should actually make a proposal and tell them what he thinks they should do based on having heard all sides.

Mr. Brokaw. Would you throw out the first ball on a game that was being played by so-called ''replacement players''?

The President. Well, I believe the players and the owners ought to come back together and give us a baseball season. I think they ought to give us spring training. You know, they have this feeling that baseball is always a game, not just a business. There are communities in spring training areas all over the South that are dependent on them for income and opportunity. But there are people—there's still a significant percentage of the American people, probably you and I among them—who really believe baseball is something special. And you know, there's a few hundred owners and a few hundred more players, and baseball generates $2 billion worth of revenues every year; about a thousand people ought to be able to figure out how to divide that up and give baseball back to the American people, and I hope they'll do that.

Mexican Loan Guarantees

Mr. Brokaw. You've also been working very hard this week on Mexico, pressing for a $40 billion fund to help prop up the peso. Even the most casually informed American taxpayer is going to say, ''Wait a minute. Why do we want to risk $40 billion of my money for Mexico, when you look at the experience of the last 15 years in South America when some very sophisticated banks and other investors simply got burned by putting dollars down there?''

The President. Well, they did, but we're not going to risk it. That's the difference. And I want to point out, one, we should help Mexico because it's in our interest. They're our third biggest trading partner. We've got $40 billion at risk and three quarters of a million jobs in America. Secondly, we have other interests at risk. We have the prospect of a new flood of illegal immigration if there's an economic collapse in Mexico. Thirdly, if Mexico has an economic collapse, we know, from what we've seen already that it will bleed off into Argentina and all these other countries that are supporting our move to support more democracy and more free market economics in Latin America. So we have interests there.

Now, this is not foreign aid. It's not a loan. It's not a gift. We are cosigning a note. That's what the loan guarantee is. And we will only do it if we have good collateral. Mexico has never failed on any of its financial obligations to us in the past, and this will be something where we will cosign a note with good collateral. I think it's in our interest. I know it's not popular, but it's in our interest clearly and we should do it.

Russia

Mr. Brokaw. Do you think that Boris Yeltsin is in charge of Russia every day?

The President. I think he is in charge of Russia.

Mr. Brokaw. Every day?

The President Well, if he's in charge, he's in charge every day. I think he's running the government. He's the elected President. He's been much more vigorous in the last few days in his assertion of policy with regard to Chechnya. The United States supports the territorial integrity of Russia and all of its neighbors, but we want to see an end to the violence there and a political reconciliation. I do believe he's in charge, and he's the elected President, and we've worked with him and our country is better off. There are no Russian missiles pointed at America now for the first time since the dawn of the nuclear age. We're destroying 9,000 nuclear weapons and ways of delivering them. We're moving in the right direction there.

Super Bowl XXIX and the 1996 Election

Mr. Brokaw. Mr. President, I want to conclude with two scorecard questions. Who do you like in the Super Bowl, and who do you most want to run against in 1996?

The President. I want the Republicans to decide who I'm going to run against, and I'll abide their judgment and gladly receive them. And I'm for the team from California.

Mr. Brokaw. Now, Mr. President, there's northern California and a southern California. [*Laughter*] One has a lot more votes than the other.

The President. They do.

Mr. Brokaw. You're not going to get off by just saying California.

The President. Both those communities voted for me. And I'm going to be for them. [*Laughter*]

NOTE: The interview began at 11:42 a.m. in the Roosevelt Room at the White House and was embargoed for release until 4 p.m. A tape was not available for verification of the content of this interview.

Statement on the Baseball Strike

January 26, 1995

America has been living without baseball for far too long. Now, as the strike drags on, it threatens the start of the 1995 season. It could well damage the economies of the spring training States. It is imperiling the livelihoods of tens of thousands of workers whose jobs depend on baseball. And it is trying the patience and depressing the spirits of millions of baseball fans—including me. It is time for this strike to end.

It has always been my belief—and it continues to be—that the baseball strike, like any labor dispute, should be settled through good-faith bargaining between the parties. It was with this principle in mind that I endorsed the Secretary of Labor's proposal to appoint the best mediator around—former Labor Secretary Bill Usery—to help the parties sort out their differences.

Over the last 2 days, I have spoken with Secretary Reich and with former Secretary Usery about the status of the strike negotiations. We discussed all of the alternatives. I remain convinced that the best way to get baseball back for America is for the parties to reach their own settlement. But we cannot wait indefinitely.

This morning, I asked Bill Usery to bring the owners and the players back to the table, and to step up the pace and intensity of his mediation efforts.

I have asked him to report back to me by February 6 with the progress they have made. If the parties have not reached an agreement by then—or are not on track towards a speedy settlement—I have asked Mr. Usery, if he believes it appropriate, to put forth his own recommendations for a proposed settlement between the parties.