in consultation with the U.S. industry, to transmit to me a set of substantial adjustment assistance measures that would improve the competitiveness of the U.S. industry and facilitate efforts by the industry to adjust to import competition.

I further determine, pursuant to section 312(a) of the NAFTA Implementation Act, that imports of lamb meat produced in Canada and Mexico do not account for a substantial share of total imports of lamb meat and are not contributing importantly to the threat of serious injury. Therefore, pursuant to section 312(b) of the NAFTA Implementation Act, the safeguard measure will not apply to imports of lamb meat, whether fresh/chilled or frozen, that are the product of Canada or Mexico.

Similarly, the safeguard measure will not apply to imports of lamb meat that are the product of Israel, beneficiary countries under the Caribbean Basin Economic Recovery Act or the Andean Trade Preference Act, or other developing countries that have accounted for a minor share of lamb meat imports.

I have determined that the actions described above will facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs. These actions will provide the domestic industry with necessary temporary relief from increasing import competition as well as assistance from existing U.S. Government programs, while also assuring our trading partners continued access to the United States market. The over-quota tariff rates I have established will provide substantial certainty to the domestic lamb industry regarding import levels.

Pursuant to section 204 of the Trade Act, the USITC will monitor developments with respect to the domestic industry, including the progress and specific efforts made by workers and firms to make a positive adjustment to import competition. The USITC will provide to me and to the Congress a report on the results of its monitoring no later than the date that is mid-point of the period during which the action I have taken under section 203 of the Trade Act is in effect. In this regard, I instruct the USTR, in consultation with the Secretary, and the Director of the Office of Management and Budget to transmit to the USITC no later than 30 days from today a list of benchmarks that the USTR recommends that the USITC use in connection with its monitoring and in preparing its report. These benchmarks are to be focused on industry efforts to adjust to import competition and on price trends for domestic and imported lamb meat.

The United States Trade Representative is authorized and directed to publish this memorandum in the *Federal Register*.

William J. Clinton

[Filed with the Office of the Federal Register, 8:45 a.m., July 9, 1999]

NOTE: This proclamation was published in the *Federal Register* on July 12.

Letter to Congressional Leaders on Imports of Lamb Meat

July 7, 1999

Dear Mr. Speaker: (Dear Mr. President:)

I am pleased to provide to the Congress documents called for by section 203(b) of the Trade Act of 1974, as amended, pertaining to the safeguard action that I proclaimed today of imports of lamb meat.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to J. Dennis Hastert, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

Interview With Ron Brownstein of the Los Angeles Times

July 6, 1999

2000 Election

Mr. Brownstein. I enjoyed being out there today after spending so much time in the last few weeks with the Vice President and the Governor. And we have so much 2000 going on already, it seems a little odd, you know, in some ways. I mean, you've got—you and the Congress both have 16, 17, 18 months left, and you know, it's almost like we're in a fall—it just seems somehow premature to me, I don't know.

The President. It is, but I think part of it is the—that's—I think we're doing what we should do, which is to keep plugging at the policy stuff, because in fairness to all the candidates, the States, in their rush to maintain maximum influence, have continued to move these dates up. So I don't really see that they had any choice. And when they're out there doing it, you've got to cover them. But I think——

Mr. Brownstein. Is it harder to get things done in Washington?

The President. I wouldn't—that depends on how—the attitude of Congress—I think that—in both parties. Not necessarily. I think in some ways, it may play to the desire of every person in public life, including the Members of the House and the Senate in both parties, always to be relevant and to say, hey, I'm here, too. So in a funny way, it could increase our ability to act, both this year and next year. And as I tell the Republicans all the time—and the Democrats—if we solve everything, if we reached an agreement on Social Security, Medicare, if we committed to pay the debt off in 15 years, which is something that I think is a huge, still, sleeper opportunity for the American economy—think of all the things that would still be there for them to disagree about.

Working With Congress

Mr. Brownstein. Do you think you can reach an agreement? What do the prospects feel like to you now—agreement on entitlement and taxes?

The President. Prospects feel, to me, better than conventional wisdom would hold they are. What I have to be able to do is to convince both parties that doing the right thing is usually the best politics. The people have hired us to work, and they expect us to work, and that there will still be this huge array of things over which they have genuine disagreements, you know? We have big disagreements that are important on education, so that no matter what we do on education, a lot of the disagreements will remain. And a lot of the opportunities will remain, you know, for fertile debate.

We have these massive disagreements, on guns, that are huge, where there seems to be no reasonable prospect that the divide can be bridged. But to go back to what I'm doing now, it would seem to me that this is, from my point of view, with the whole New Democrat philosophy I try to articulate, the embodiment of everything I believe. But it also is consistent with what entrepreneurial Republicans believe, because this is not a Government program in any conventional sense, and it is designed to spawn private sector growth.

New Markets Initiative

Mr. Brownstein. What is the principal thing you're hoping to accomplish on this tour? Is it to push forward the legislation, or is it something else?

The President. I think the principal thing I'm hoping to accomplish, which I think will help to push forward the legislation, is to convince the critical mass of the economic and political decisionmakers in this country that there is both an opportunity and an obligation in the underdeveloped parts of this.

You'd be amazed. When I talk to businesspeople, I say, look, forget about the moral obligation and the people that deserve a chance in life, although surprisingly, a lot of these business executives feel that. They feel that they've benefited in their own personal holdings, their businesses have. The stock market more than triples; the economy's got the most peacetime expansion in history. If we get fortunate, it'll be the longest expansion in history, including wartime expansions, if we keep it going, you know, if we're lucky and prudent. So I've been very touched that a lot of them feel the moral pull of this.

But what I say to them is that when I started thinking about this economy, seriously, probably 12 years ago now, and thinking about what it would take to make America work again. And then I tried to put the ideas together a decade ago, in 1989 and '90 and then in '91, I gave those speeches at Georgetown. Most conventional economists believe, even my own economists—Laura Tyson, who did a fabulous job for me—I remember sitting around the table at Little Rock in December of '92 and having her say, ''Mr. President, most economists, including most Democrats, believe that if you get the unemployment rate much below 6 percent for very

long"—do you remember that, Gene? We were at the Governor's mansion——

National Economic Council Director Gene Sperling. I remember Bob and I brought in Laura and Larry so that we could all tell you at once, and this was when we were in the——

The President. If you create more than 8 million jobs in your first term, and we get this unemployment rate much below 6 percent, we'll have inflation. The Fed will have to really raise interest rates; it'll break the back of the recovery. And I argued to the contrary because of two things. I thought if we had open markets and maximized the impact of technology, that it would tend to dramatically increase productivity and hold down prices, and, of course, you know, that's what's happened.

And all over the country today, if you look at the most sophisticated labor unions, you don't see a bunch of strikes here because we're having good times, people are saying we remember the bad times, we know we're in the global economy, we want wage increases, but we want them to be consistent with the profitability and the productivity of the firm we're in. It's very interesting.

There's a whole—and I think part of this is reinforced by the fact that all the worker pension funds are in the market and, you know, there are a lot of reasons for all this. But I think that what's happened is we're now down to unemployment below 4.5 percent, with no substantial inflation. We've had some oil spikes and other spikes, but basically things are rocking along here.

But now we've reached a point where people are saying, "Well, at this level of labor force participation, is there a way to continue to grow the economy without sending inflation up so much that the Fed will have to raise interest rates and we'll break it?" So as a pure economic perspective—and I have argued repeatedly that there are only three options here—you either have to find new markets abroad, which I strongly favor, and I'm still working on trying to get our party together on a trade position—that's option one.

Option two is to take discrete but dispersed populations that are out of the labor force and bring them in. That's still people on welfare, but the welfare rolls have been cut in half, so the ones left are the hardest to place—and the disabled. And we're going to do that—presumably, we are going to have a big bipartisan agreement on that, to let them keep their Medicaid health insurance when they come in.

I don't think you went to New Hampshire with me when I did the forum on this, but there's this former Olympic skier in New Hampshire who is now confined to a wheelchair, and I think he's quadriplegic. Anyway—but he's seriously injured. He's got $40,000 in Medicaid bills. But he's got a job and makes $30,000 a year. You and I as taxpayers, we're going to pay the Medicaid bills regardless, so we're better off with him making $30,000, and it's a better society with people like that working. So you can do that.

Mr. Brownstein. That's the second way?

The President. Yes, that's the second way. But the third way is, by far, the biggest way, and that is to go into these areas where the whole economic base eroded sometime over the last 30 years; principally, the inner-city areas and the rural areas and the Native American reservations where we're going now, where, arguably, there never was any really indigenous independent economic base. And try to actually do what is necessary to put in place a private sector. It cannot be done with Government spending alone, because there are a lot of things that governments can do—you know, the Head Start, the health care, the education, all that stuff, the infrastructure. But you have to get some free enterprise in there. There are not enough Government jobs to do that.

On the other hand, with Government neglect, it'll never happen. So we started this back in '93 with the economic plan, with the empowerment zones, doubling the earned income tax credit, doing those things within the enterprise communities, both giving people tax incentives to go into those areas and then tax credits to hire people. And then we had the community development banks, which have had, like all such things, mixed records of success, but on balance have done well.

Then we began to vigorously push the Community Reinvestment Act, which has probably had the biggest aggregate impact

but that tends to be more widely dispersed. So how we got to this new markets proposal and——

Mr. Brownstein. Can I ask right there, how does this—I mean, I was going to ask you about, building on that record, the things that you have already done, what do you see this adding to what you have already done? What is the specific increment you're trying to bring here?

The President. I think it does two things. Number one, it is available nationwide and not just where the empowerment zones or the community development banks are, or where there has to be a particularly committed community banker who loves the Community Investment Act. It's nationwide available. That's the first thing. That's a big deal. If you look at the one in New York we've got, it goes into Harlem, in the Bronx—there are probably a million people in New York City alone living in neighborhoods with unemployment rates above 10 percent, untouched by the empowerment zone. I don't know, maybe there's more. But at least a million.

Mr. Brownstein. It broadens your reach.

The President. Nationwide. And we don't have to keep going back to Congress over and over and over again saying, ''Give us 10 more empowerment zones and then everybody's got different spending priorities.'' Or Republicans say, ''We like tax cuts; we don't like the spending you do, and you don't have to do any of that.'' You put it out there and you say, ''Here it is, nationwide.''

Secondly, what it is, is, particularly a heavy emphasis on venture capital, because you get up to a 25 percent tax cut for investing in vehicles that make direct investments to put up the venture capital. And then you also lower the relative risk of bank loans by saying that for every dollar you put up in venture capital, you're eligible for $2 in borrowing, Government guaranteed, which cuts the interest rate way down.

And keep in mind, all this stuff would be available within the empowerment zones, too, so everywhere, you're lowering the relative risk of investment enough to make it more appealing. But the reason I said that the most important thing was to impact the economic and political links to the opportunity here is. I mean, that's why we've taken a lot of these businesspeople, and we're having all these announcements about what we're doing with the—you know, right now—is that it is very important that people see these opportunities as they are and also see the problems. But at least see that there really is opportunity.

Now, if you believe, as I do, that there are a lot of people in business and in politics who think as well as we're doing now, we have a moral obligation to try to finally get some sustaining free enterprise into these areas, and you show that it's good business, and then you lower the relative risks, you've really done something. But the first thing you have to do is to make sure that there is enough accurate knowledge and communication out there to make the market work.

Any economist will tell you that all markets work based on—still work through human beings based on adequate knowledge. And I would argue that there is far less than perfect knowledge within the American investor community about the opportunities in these developing areas.

Mr. Brownstein. It sounds like what you're trying to do this week is almost a trade mission within your own country.

The President. I'm taking a trade mission to America this week. Which is why, you see, my one sure-fire applause line in all these speeches is, we're going to give American business investors the same incentive to invest here they have in developing economies overseas. It's like a trade mission.

Community Investment Act

Mr. Brownstein. You mentioned Community Investment Act having the broadest impact—financial services bill going to conference. You have threatened to veto over the CRA provisions.

The President. Don't we have good CRA provisions now——

Mr. Brownstein. In the House.

The President. ——in the House?

Mr. Brownstein. The Senate provisions you said you would veto?

The President. We're going to work hard for those House provisions. I don't see how—look, I know sort of ideologically where Phil Gramm is, but you cannot look at the fact

that we have the strongest economy in a generation, maybe ever. During the same period of time, when—this was a 22-year-old law, and over 95 percent of all the money loaned under it has been loaned in the time that we've been here with this administration.

You cannot make a factual argument that the CRA is so burdensome to bankers that it's somehow bad for America, it's been good for America, and it's been good for banks. So I feel very strongly about it.

Mr. Brownstein. I feel ground approaching, so I'm going to try to talk about a couple of other issues with you.

The President. So we're trying to get three things done. Number one, we want to highlight what we've been doing the last 6½ years and what the positive impacts are. Number two, we want to promote the new markets initiative because it's nationwide, and it's a heavier emphasis on venture capital and on direct investment, equity investment. And number three, we want to increase the awareness of the opportunities there in these areas because I think we have to build a different economic infrastructure in these areas. If we do that, the next time there is a recession, they won't be totally wiped out; they'll go down like the rest of the country. And then when we get out of the recession the next time, they'll come up like the rest of the country. But if they have no resources, they get hurt terribly in the recessions, because they have a lot of marginal employees. And then when we come out, they don't come out.

Basically, I think people have not thought through here that the economic infrastructure in most of these places literally disappeared somewhere over the last 30 years and hasn't been replaced for anything.

Now, it turns out to be in the self-interest of the investor in the corporate community to replace it. And these people are out there dying to work. Yes, there are all kinds of obstacles, special obstacles in every one of these places: transportation in Appalachia, the level of education, the skills, you've got to do more on-the-job training—there are all kinds of problems. But the opportunity there is significant, and if we have sufficient tax incentives and if the Government does our part in spending for education and training, too, we will, I think, at least make the relative risk of investment equal to what it would be in most other places.

Budget Negotiations

Mr. Brownstein. Let me not jump around, but I would like to try to touch on a couple of other things and then come back to one other thing on the investment side. You mentioned before you were a little more optimistic than conventional wisdom about the prospect, and there does seem to be a little change in the wind as the surplus numbers have gotten better.

Let me ask you first, do you think a broad-based deal would have to include a broad-based tax reduction beyond what you've proposed, and are there some that are more acceptable to you than others?

The President. I think what's most important to me, because I think this will clarify the choices to the Republicans as well as to our people, what's most important to me is to try to do the first things first. That is, I would like to lock in a commitment which would assure that even if we couldn't reach agreement on the next steps, we'd run Social Security out to 2053 and pay the debt off, the publicly held debt off in 15 years.

Then I would like to move to Medicare, where I really do believe we can make an agreement now. We know that. They will have to admit—those that don't agree with my prescription drug proposal, that I've done it in a fiscally responsible way that will not explode in the out-years—then we can look at what we've got. I don't think they—if you look at what they say they are going to do, they say they're willing to go to basically a kind of a lockbox like I have, a real savings on Social Security, not something you can go back and raid.

If you do that and if you take the tax proposal they've got on the books now and they just fund my defense numbers, not theirs, my defense increases, we're already in the hole again running a deficit with a 30 percent cut in discretionary spending. That is, I don't think that all these numbers have been added up, and I think that if we really sit down and don't get—you know, I haven't attacked the money. I haven't gone out on a budget tirade or anything like that.

What I want to do is to really show them what I think the choices are and then discuss it with them and debate with them. But I think there can be an omnibus agreement, and I've already said I think there ought to be a tax cut. We can afford to give some of this money back to the American people. My own view is, the most responsible way to give it back is in the USA accounts, because it gives hundreds of dollars a year from now on to working families in ways that will enable them to save for their own retirement.

Tax Cuts

Mr. Brownstein. Do you like the idea of raising the 15 percent bracket as a possible tax cut?

The President. You mean lowering the 15 percent?

Mr. Brownstein. Lowering the 15 percent—raising the income level that is taxed at 15 percent.

The President. We've got to look at all—the important thing to me is, if you do that, then you have to give up the retirement savings. And so I'll say again, let's do first things first. Let's figure it out. The way to do this is, before you decide what kind of tax cuts you want, is to figure out how much money have you really got for it, and then you can talk about what the best way to do it is.

Budget Caps

Mr. Brownstein. And how much have you really got—Bob Greenstein's group put out a study last week, which the Post immediately picked up an editorial, arguing that this big surplus number is premised on maintaining the caps on discretionary spending, which——

The President. Which are too tight.

Mr. Brownstein. ——which are too tight. Do you think the caps should be lifted, and are we assuming, or are we spending the surplus that is exaggerated?

The President. If you look at what I did, if you look at my proposal, coming after the midsession review, we propose lifting the cap—I don't like the term ''lifting the caps,'' because that implies that we would again—that's like a tax investment. To me, lifting the caps is like doing a tax increase. That's like taking something that's doing a good thing that may have a bad result unless it is part of an overall plan.

Mr. Brownstein. As part of an overall plan, it might make sense.

The President. And in fact, what I propose—look what I propose in the midsession review. I said, ''Okay, let's have a hard Social Security lockbox, take Social Security off budget, get rid of that, do it in a way that pays the debt off in 2015, and takes all the interest savings from the declining debt and puts it into Social Security.

'Two, here's my Medicare fix, and it will pay for taking Medicare out to 2027, plus almost all the prescription drug benefits, and you need a little bit of a surplus to pay for 2027 prescription drug benefits, plus reform. Here's my defense number; here's what my tax cut cost; and here's what you have left to pay for education and children, because you don't want the budget to get too far out of balance between the old and the young for education, for children, for medical research, for the environment, and other essential Government services.''

So I've proposed, in effect—and things that the Republicans like—transportation, all that kind of stuff. I've proposed some increased spending over a decade, a substantial tax cut, and a fix for Social Security and Medicare. If they want a larger tax cut within that, and they are still committed, then they're committed to a legitimate Social Security fix, that is not something where you can wind up, raid it again to pay for your tax cut.

Then I think that we ought to be able to sit down and say let's put all these pieces out here and move them—but you can move the pieces around, but the final puzzle has to look more or less the same. In other words, I don't think a lot of them—this is ironic, you know; it's almost like the parties have switched places on this—I'm not sure a lot of them believe it's as important as I do to try to make the country debt-free by 2015.

See, I think, to me, that's a bigger tax cut than we could ever give—it's a bigger tax cut, if you're talking about disposable income in the hands of the taxpayers, it would be worth more then even their tax cut. See, if we adopt their tax—let's just say we adopted their tax cut. I am convinced as a practical matter you

would wind up with substantial deficits, higher interest rates, less savings, and higher out-of-pocket costs for everything from business loans to home mortgages to college loans to consumer loans to car payments.

And if that's true—and I think that experience, by the way—I think, you know, I've got some experience on our side, on my side of the argument now. I mean, look how much the average middle class person has saved since 1993. What tax debts do we get? Well, if you're under $30,000 a year and you've got a family, you've got some benefit from the earned income tax credit. If you have someone in college or you're going to college, you've got a big tax cut there. If you have a child, you've got the $500 tax cut there

But 100 percent of the people that have any indebtedness—and keep in mind, we've got two-thirds of the folks now who own homes now, and almost all of them have mortgages——

Mr. Brownstein. The interest——

The President. A hundred percent of them have got—they've got mortgage savings, credit card savings, car payment savings. And anybody that's got any kind of debt has saved money because we have chosen to get down to balancing the budget and then moving into the surpluses. Now, if our country were debt free, consider the potential advantages for the average citizen or even the low income worker.

Assuming we still had sufficient funds to pay our obligations to the poor and to fulfill the basic Government functions, you would have higher business investment, less inflation, more money for real wage increases, and lower credit costs for all consumer items. Furthermore, if there were another global financial crisis and we tried to change the rules to minimize this happening again, and what would happen in Asia, but no one can be absolutely sure because there's still a lot of leveraged money out there in the global economy.

The next time that happened, the United States would not be competing for money in a very difficult environment. That would mean that our trading partners could get funds more readily at lower interest rates and it would cushion the shock of any downturn. That would also be good for our export-dependent industries. We've had—gosh, our agricultural sector and our airplane, our commercial airplane sector have really been hit hard by this financial crisis in Asia. So it would be better for us in that way, and it would be better for our trading partners.

I believe that in a global economy, an economy that's as globalized as this one, the richest countries—the richest countries are better off almost imagining themselves as States do now in the American system. And the more they can be debt free, the better off they're going to be.

Nation's Direction and Gore Candidacy

Mr. Brownstein. Can I ask—I'll be thrown out of the ''Society of Political Reporters'' if I don't ask your sense of—great economy, Dow up, crime down, welfare down; yet, right track, sense of satisfaction with the direction the country is following. The Vice President, even though it's the year before, is trailing substantially. What do you think's going on? Is there a desire for change at the end of your two terms. Tail end?

The President. I think there's a constant desire for change. But I think what you'll see by next year is that the Vice President will be the candidate of change. People will have to decide whether they want the change going on. The rhetoric of compassionate conservatism, half those speeches sound like I gave them in '92.

So I think we have to—when we get down to the specifics and people get to focus on the nature of the change, I think that the Vice President will do fine. So I feel good about that. And by the way, I think the right track numbers are coming back up.

I think—I don't want to get into polling and political commentary, but the combination of the conflict in Kosovo and the extraordinary shock to the country's psyche that Littleton proposed were the main things that changed the right track/wrong track——

Mr. Brownstein. Are you comfortable with the position the Vice President is in at this point?

The President. Yes. I think—and in historical terms, if you look at parallel elections, you go back and check—where was Nixon,

where was Bush, where were these people?—I think as long as he's out there articulating the vision and saying what he'll do if he gets elected, and as long as he feels good about it, I think he's doing fine. I think it's good.

"Compassionate Conservatism"

Mr. Brownstein. I don't suppose I can talk with you in the limo? Can I ask you one last question? The other thing that's been going on, in addition to—I'm interested in your thought about what "compassionate conservatism" means to you. As you say, some of those speeches sound like—they talked about opportunity, community, responsibility at various points. Is it an homage to what you're doing, or do you see it as something that is fundamentally different than the New Democrat agenda?

The President. Both. Yes, that is, I think that based on what I've seen, it captures the rhetoric, and it's very flattering in a way, you know? Because it replicates the rhetoric. But I think—and it, on some issues, seems to have discarded some of the harsher aspects of the Republican revolution of the last 5 years—immigration, for example.

But on other issues, it's either blurring, like, where are they, really, on affirmative action and choice?—not really clear—and on some places, you know, downright hostile to the position that I believe is sort of the Third Way position, including on civil liberties, like the hate crimes legislation or on consumer protections like the Patients' Bill of Rights or, most profoundly, on these gun issues.

So the question is, are the architects of the revolution in 1995, the contract on America, the heirs of Newt Gingrich who are still basically in control of the Congress, all of whom were early—almost all of whom, almost 100 percent—early endorsers of Mr. Bush, is this an umbrella under which they can be protected from the rainstorm of public opinion until they get to where they can do what they want, or is it something different? I think the record is decidedly mixed on that.

Childhood Poverty

Mr. Brownstein. I was going to ask you about Bradley criticizing you on child poverty, not doing enough to reduce childhood poverty. That was the——

The President. I don't think anybody's done enough to reduce childhood poverty; you have to keep going. But if you look at the minimum wage, doubling the earned income tax credit, and what we've done—we've immunized 90 percent of the kids for the first time in history, and we've got the lowest minority unemployment rate ever recorded and the lowest Hispanic unemployment rate ever recorded—I think we've made more headway than anyone imagined we could when we started.

But it's a very difficult problem.

NOTE: The interview began at approximately 8 p.m. aboard Air Force One en route from East St. Louis, IL, to Rapid City, SD. In his remarks, the President referred to Gov. George W. Bush of Texas. The transcript was released by the Office of the Press Secretary on July 8. A tape was not available for verification of the content of this interview.

Remarks in a Discussion on Youth Opportunities in Los Angeles, California

July 8, 1999

The President. Thank you. Please sit down. We're running behind now. I've got to get to be more businesslike. Since Alexis has been so fulsome in her kind comments, that was an example of Clinton's second law of politics—always be introduced by someone you've appointed to a high position. [*Laughter*]

Let me say to, first, our host here in Representative Maxine Waters' district, we're delighted to be here. I want to thank all of you who made it possible for us to come to this beautiful facility. Let me say I am doing something today I never thought I would ever do, for those who have been on the tour with me; I came to Los Angeles to cool off. [*Laughter*] It was 100 degrees in Washington when we left; it was 100 degrees in Appalachia; it was 100 degrees in the Mississippi Delta; it was 100 degrees in East St. Louis; it was only about 94 on the Indian reservation