

Remarks to the Economic Club of Detroit in Detroit, Michigan March 13, 1992

The President. Thank you for that warm Michigan welcome. Governor Engler, my friend, thank you, sir, for that kind introduction, and my congratulations to you for trying to bring fiscal sanity to this wonderful State. And it's a great pleasure to be met by your Texas wife, Michelle, who's with us today. And also it's a great pleasure to see another old friend, a great leader of the State of Michigan, Lieutenant Governor Connie Binsfeld, who was out there at the airport, too. Thank you for being there. Mike Guido, the Mayor, is with us; I salute him. And one last thank-you to Jerry Warren, a former banker and now the miracle worker that can produce such a fantastic crowd on such short notice. Now, Jerry, if you want to go into the banking business again—[laughter]—there may be an opening in Washington, DC, on Capitol Hill. I think this guy could do it.

It's a pleasure to be back before this outstanding group. Four short days from now, Michigan faces a choice, and you'll make a decision that will really shape the way this country copes with the big issues, the issues that shape the world and the values close to home. And I am talking about jobs. I'm talking about family. And I'm talking about world peace for ourselves and also for our children.

Right now, the most important issue facing Michigan and this country is clearly the economy. It's my number one priority, jobs. Manufacturing—you know it perhaps better than most—has been the greatest generator of good jobs in American history. Take a look at the auto industry. I'm speaking not simply about the jobs created in the industry itself but the thousands upon thousands of jobs in supplier and spinoff businesses. Manufacturing is and always will be a basic strength of this country's economy. No nation will ever lead the world without a strong manufacturing base.

Fifty years ago, this great State of Michigan earned the proud title of Arsenal of Democracy. Industries centered here had no peers and practically no competitors any-

where on the planet. And yes, today things are different. Michigan's manufacturers are not just competing with a few outgunned adversaries. They are up against tough, hard-nosed competitors in practically every developed country. Today, the new reality is simply this: If we want to succeed economically at home, we have got to compete economically abroad.

All we seem to hear on the news is gloom and doom. But let's not overlook some of the fundamentals that prove that we are poised, not there yet, but poised for a national recovery. Interest rates are lower now than at any point in the past 10 years. The prime rate is now 6.5 percent. Inflation, most would agree, is under control. Monthly retail sales are up 1.3 percent in February, on top of a 2.1-percent rise in January. And then you know the story on housing starts; they're up 5.5 percent since December.

And for all our troubles, America is still the world's dominant economy, the one market other countries want to crack, the economy producing goods in demand in every country, every corner of the world.

Right now, nationwide, we're in the midst of a record export boom, one that's driven the trade deficit down 35 percent in the past year alone. And American exports have doubled, doubled since 1985. Not only do we export more than any other country, but we've been gaining ground, not losing it to our competitors. And I fully realize this has not always been true for our auto industry, but these are fundamentals that we can build on, the raw material, if you will, to manufacture the solid, strong recovery that I am confident we will see.

It looks different here in Detroit. Michigan's been through some extraordinarily tough times. And there's no sense pretending that things are better than they are. But there's also no sense underestimating our strengths and exaggerating our weaknesses. The simple fact is, we face a future with both challenges and opportunities.

In the past years, the United States has

helped bring about change that has reshaped our world for the better. We're the country that won the cold war, that drew a line on the sand and drove a dictator out of Kuwait. And we are the country that made sacrifices for freedom in four corners of the world. And because we did, right here at home our children are less fearful of the threat of nuclear war, and they sleep much more safely.

And yes, American leadership has changed the world, and now what I want to do is use that same leadership to change America. I don't think there's anyone in this room who doesn't believe that the key to America's economic future is our ability to lead, to succeed in the world economically as we have politically. And that's what my economic plan is all about.

Back in January, 45 days ago today, I sent Congress a specific short-term action plan to stimulate this economy, to spark a recovery as early as this spring, a recovery that would increase auto sales and create jobs. And when I sent that plan to Capitol Hill, I set a deadline: one short week from now, March 20th, almost 2 months from the day I challenged the Congress.

And you know the story. Congress barely gave my plan a glance before they got busy on their own agenda: 90 billion dollar tax increase that will threaten our recovery and cost us jobs. Any economist worth his salt will tell you the last thing this economy needs is a massive tax increase. And you can count on this: If the Democrats send me that plan, they can get ready for a veto the minute it hits my desk. I am not going to accept it.

I believe that my plan—I'm convinced of it, and I've talked to lots of business people and lots of economists—I am convinced my plan will make America more competitive. It includes seven things that we've got to accomplish to ensure a strong market for America and for the automotive industry.

We've got to reduce Government spending and draw the line against new taxes. Deficit spending dries up sources of savings the private sector must have to invest, to grow, and to create new jobs. And there's only one protection the taxpayer has against uncontrolled, what we call discretionary spending in Washington: those spending

caps that we got enacted a year and a half ago. That's the only protection the taxpayer has.

And guess what? You're right. The Congress wants to get rid of those spending caps now and go back to the days of unchecked spending. And I am not going to let that happen. We've got enough votes to sustain a veto to see that that does not happen to the American taxpayer.

We've got to put an end to excessive Government regulation. Our companies can't compete if the Government chokes them off in redtape. And we've got to stop counterproductive regulations that cripple your freedom of action and cost this country jobs. So I've ordered a 90-day review of all new regulations with this aim in mind: Whatever contributes to economic growth goes forward, and whatever stifles growth gets scrapped.

We're at midpoint in that review. But even now, you can see results. The sheer volume of new rules and regulations is down to 25 a week, from 6 times that amount just a year ago. That's progress. Already we've announced regulatory relief to benefit sectors of our economy from biotech to energy. And we're looking now for creative new ways to use regulations to clean up our environment, using market forces where possible.

Times have changed since the day nearly two decades ago when CAFE standards came into existence. And we now know that CAFE can cost a lot of jobs and even lives on the highway. And right now, through my Department of Transportation, I've been working with the auto industry and the UAW to fight irresponsible legislation. And I will not sign CAFE legislation that will destroy the auto industry and cost American jobs.

We will take several regulatory steps affecting the auto industry in the near future. There is one that I want to announce today. For some time, the EPA has been considering a requirement to order that all new cars be equipped with these onboard canisters to catch and contain fumes coming from the gas pump. As a result of our regulatory review, we have decided against such a rule. The Department of Transportation de-

terminated that onboard canisters pose a real risk to safety, a risk we simply cannot impose on American drivers.

If we want to make America more competitive, we've got to move forward on civil justice reform as well. Too many businesses can't start up or keep going because too many lawyers and too many lawsuits get in the way, 18 million lawsuits every year alone. Right here in Detroit, there are business men and women ready to expand, ready to hire new workers, stopped cold by the fear of litigation. All told, when you add in indirect expenses, lawsuits cost this economy \$300 billion a year. And it's time for reform, time to replace the explosion of mindless litigation with a little common sense.

I have called on the Congress to pass reform in this area. It's a crime when you have people that don't dare coach Little League baseball because they're afraid they're going to get sued or doctors unwilling to deliver babies because they're afraid they're going to get some malicious malpractice suit filed against them.

I know the business people here would agree with this one, but we've got to keep our Nation on the cutting edge of new technologies. That's why I've proposed record Federal funding for R&D, research and development. It's why we back initiatives like one I signed at the White House last October to create a battery consortium to pioneer a new generation of electric cars. And in the global competition, it's going to come down to this: The best way to master new markets is to make them.

And if we want to be more competitive, we have got to encourage investment. That's why I've called on Congress to pass my investment tax allowance, speed up the front-end depreciation so people can buy capital equipment and write it off faster. And additionally, Congress ought to cut the tax on capital gains so we can compete with foreign interest. But political demagogos call that a tax break for the rich. Let me tell you something, you know what it is in Japan and Germany? Zero percent and one percent. And we're up there in the stratosphere somewhere.

We have got to provide our children, in addition, with a 21st-century education,

today. And we won't have a first-class economy with second-rate schools. To have the best economy, you have to have the best educated work force. And that's the idea behind our wonderful program known as America 2000, America 2000 strategy, our plan to revolutionize, to literally reinvent America's schools.

And finally, we've got to work to open markets around the world to American goods. Earlier this year, some of the people here today went with me to Japan. And we all took a little grief, a little flak in the press for that trip. But the fact is, that trip laid down a marker. The business community is beginning to understand this. It signaled to our trade partners that I am very serious about free and fair trade. Level the playing field, and American workers and American business can compete with anyone. And we'll keep pushing to open markets that for too long have been closed to quality American goods.

We've already seen a payoff: new markets for America in Japan's computer, glass, and paper market, all as a direct result of that trip. And American access to the Japanese Government mainframe computer market alone could mean an additional \$5.5 billion in computer sales.

And we've seen positive steps in the automotive industry as well; not everything we want, but we've seen positive steps. Japan's auto industry intends to purchase an additional \$10 billion worth of U.S. auto parts by 1994. And the benefits won't simply flow to the Big Three. Detroit Center Tool reports that its sales in Japan will jump 500 percent this year alone to \$30 million.

And that trip was the beginning of an important process that we are going to continue, opening markets around the world. And that also means, in my view, a successful conclusion to the Uruguay round, GATT round. It's absolutely essential that we open markets, reduce these barriers.

So far today, I've talked about my plan, my plan to get the economy growing again and to get this country ready for the challenges of a new century. So let me repeat, here's what I'll do, and give it to you straight: I will veto mandates that pass the buck to business and hurt competitiveness.

I will veto job-destroying tax increases and fight for job-creating incentives. And I will fight to open markets around the world to American products. And I will fight against the forces of isolationism who want us to turn our back and run away from the future.

That's some of what I can do. And here's what you in the business community must do. But if we're going to work together to make America more competitive, you've got to continue your commitment to train and retrain your workers, give them the skills they'll need to cope with a changing workplace. And to help workers adjust to new economic conditions, Government can help, too. For example, last week a Department of Labor task force was here with the representatives of the UAW and GM on just that issue. Also, you've got to continue to build on recent progress that has labor and management working as allies, not adversaries. No company can compete when it is a war within itself. And you've got to fight for foreign markets, make the commitment for the long haul.

I, a long time ago—and I hate to bring it up in a room of successful business people, like the one that's here today—but was in a business, started the small business. And I think I know what it's like. I do know what it's like to sweat to make a payroll, to run risks, to succeed, and to overcome setbacks, too. And we all know how to measure performance. Performance is measured by performance improved: people back at work, assembly lines up and running, putting out a superior product, and bringing in a profit.

I want to close today, before taking a couple of questions here, by saying I know when I decided to come here I was going to a great city—been here many times; I've been privileged to be your guest at the Economic Club several times—going to a State that's experienced hard times. But I came here for that very reason: to look you in the eye, and to tell you what we are going to do to turn this economy around. And I have too much respect for the people in this room, too much respect for the men and women who work the assembly lines, to expect you to settle for anything short of the truth.

And yes, we're in an election year. We're

in a highly partisan, shrill, not overly pleasant election year. And when the rhetoric heats up, it gets tough separating the fact from the fiction. Well, I can tell you this: All the quick-fix schemes in the world will not get us where we want to go. Some of them have wonderful political appeal, but they're not going to get us where we want to go. And the plan that I've laid out today will help America take on the toughest competition and win.

And so, let's not wring our hands, try to run away from a challenge. We've never done that. Let's do what America always does when challenge comes our way: Let's change America for the better. If we can install ourselves through action and principle as the undisputed leader of the free world, a leader with newfound credibility around the world, we can do the same thing here at home.

So I ask you to join me in this challenge. Join me in supporting these objectives I have spelled out, and we can and will change America and help the lives of every single American worker and business person in this country.

Thank you very much. And may God bless our wonderful country. Thank you.

Governor Engler. Thank you very much, Mr. President, for that wonderful address and that economic plan for our country. And now we have some specific questions that have been submitted by members of the Detroit Economic Club and some special guests. The first one actually—I'm sure that Chris McAllister from J.R. King Elementary School, who says "grade six" at the bottom of the card, is not a member but may be a guest here today. And he asks a question that's on the minds of a lot of people: President Bush, why did you choose a Texas plant over Willow Run?

The President. Let me take that question very seriously because—and I am reluctant to make it this definitive. I was told today, I hadn't seen it because I don't read too much of what Senator Riegle says, but—[laughter]—I was told today—I'm very serious about this because this a challenge to my integrity as President of the United States, and when it gets on that basis I take it seriously. And I was told by the Governor

and I was told by a Congressman that I was accused by that Senator of intervening in the GM process, the private sector process. And I'm standing here to tell you with everything I can muster that I made no such intervention. And I take it as a direct attack on my character to have a United States Senator say that. It is a bald-faced lie. And Bob Stempel is right when he said it is.

That sixth grader is on to something. [Laughter]

Governor Engler. The UAW, AFL-CIO is actively working against your reelection. With times as tough as they are right now, what chance do you see of winning the rank-and-file worker in a State like Michigan?

The President. Well, I saw the UAW seems to be supporting Jerry Brown. That may not be accurate; I don't know. Look, one, there's time for politics; two, there's time for trying to lead this country. These are good people. Their families are hurting. Some have a job today, not sure they'll have it tomorrow. And so my answer to them is, I want to change this economy.

And I tried to spell out here today, and I hope some of them heard it, a program, a seven-point incentive program plus a broader program that will, indeed, get this economy moving now and stimulate it, and then we'll also be sure that we are competitive into the future.

So I would like to address myself—I know that the unions early on decided they were going to support somebody else for President. But for me, this transcends a political endorsement or political opposition. We have got to get the economy moving. There's a lot of families that are hurting out there, and I think what I've proposed here today is the answer.

Governor Engler. As a businessman running a 60-employee family company, I must run a tight ship in order to survive in a difficult economy. What can be done to see that our Federal Government begins now to reduce America's \$2 trillion debt so we can enjoy a prosperous economy in the coming years? That's from David Keller, and related to that is another card that has a question: What is the status of the line-item veto?

The President. The debt is an enormous worry. And for those who live and die by polls, really for the first time, the deficit and debt is about number one, I believe it is number one in the polls. I'll give you an example of what we're trying to do with it. One, I'm going to try to keep the caps on discretionary domestic spending. Government is too big, and it spends too much.

And right now I'm in a big fight in the Congress. The 1990 budget agreement did place caps on all discretionary spending. It did not touch the part of the budget that's growing the fastest, the entitlements, but it did put a cap on domestic spending. And now the Democrats in Congress—not all of them, thank heavens—are trying to remove the caps. They're saying this: "We can take defense cuts now." And I've proposed \$50 billion, and some of them are saying, "Oh, we can do more. We'll take \$150 billion." And that would cut right into the muscle of our defense and make us unable to respond to any eventuality around the world. But they're trying now to say, we're going to take that defense spending and spend it, defense money and spending it.

And I'm saying no, we're going to keep up what they call the firewalls, the different—the caps on defense and the caps on other domestic spending. And when we cut defense by the \$50 billion I recommend, we will use that to reduce the Federal deficit.

And I'm in a whale of a fight in the Congress to do just that. And that is small compared to the overall size of the deficit, but it is a beginning. And again, I need your help because we are outnumbered in a fight like this. It is too easy in an election year to promise some new Government spending program. And I have got to fight it. I have got to keep the caps on, and I've got to apply the reductions in defense spending to this deficit to show the American people that we are concerned and we don't want to continue mortgaging the future of our young people.

Governor Engler. We have time for about three more questions according to the watch I was given. So President Bush—this is sort of like the old "Ask George Bush" program that I remember from the Vice President's days—President Bush, do you

have any plans for changing antitrust laws to enable a closer relationship between Government, business, and labor?

The President. There's a review going on, and I don't know how it's going to come out. We have tried to lighten up on this concept that was overly restrictive on antitrust, where businesses couldn't even talk to each other for fear of antitrust attacks on them when they were trying to improve things generally in the community, for example.

I can't give you a definitive answer as to how that comes out. I do think we've got a ways to go before we can certify that the antitrust laws are not excessively burdensome. They are excessively burdensome. And I think by still protecting against monopoly and against conspiracies so prices go up, there's a way that we can go to lighten up on antitrust and to be sure that these laws do not set us back from competition abroad.

You know and I know that many people in foreign competition target industries. They get together. They have what you call financial centralized planning. We don't do that in this country, but I think we've leaned too far the other way when it comes to the tightness of antitrust. So we're taking a hard look on it, and I hope we can still protect against monopolistic practice and still lighten up so that we can be much more competitive around the world.

Governor Engler. Fearing the loss of jobs, big labor opposes the proposed free trade agreement with Mexico. Why do you feel the agreement will be beneficial to the United States?

The President. In the first place, I am absolutely convinced, absolutely convinced that in passing the NAFTA, the free trade agreement with Mexico, we call it the North American free trade agreement, it will create more jobs. I'm convinced that it's good for the environment. I believe a more prosperous Mexico, and there's going to be prosperity on both sides if we can get the proper kind of agreement, will be able to address itself to these environmental problems. I believe a more prosperous Mexico will be an even better market for U.S. goods.

And so, I do not accept the wisdom of

some that says that a free trade agreement is going to result simply in an export of jobs. It is not going to do that. And I believe that we ought to keep pressing for it. I don't care what the politics of it are; I think it is best.

And I want to do exactly the same thing this NAFTA, this North American free trade agreement—I want to do exactly the same thing with the successful conclusion of the Uruguay round. And Michigan has a lot of agriculture. And I believe that if we are successful, we will be opening up all kinds of markets abroad for agriculture. I think we can do better in property rights.

And so we have two major initiatives in international trade. One is the NAFTA, which is mainly with Mexico and Canada, of course, and then I want to follow it with opening trade south of there. And secondly is the Uruguay round.

And the other point I want to make on this hemisphere is this. We look at the changes that have taken place in the former Soviet Union. And we look at the changes that are taking place in Africa, for example, South Africa and Zambia. But sometimes we don't look into our own front yard, the exciting markets of Latin America. And there, take a look at what's happened: Military dictatorships have given away to democracies. Communist regimes, a la Nicaragua, have given away to democracies. And there's only one holdout against democracy in this hemisphere really, except for the problems in Haiti. It's Cuba. It is Cuba. And democracy is on the move.

And what I want to do is help find ways to strengthen those economies so they can be not only perfecting their democracies but be better markets for American goods and services. And it is an exciting message down there. We are doing a first-class job on working with these Latin American, South American countries. And we ought not to neglect it.

And while saying neglect, let me add this point—too long an answer to a very simple question—but it has been suggested that I turn my attention away from national security matters and foreign affairs. I don't think a President should do that. I think it's important to find the right balance between

doing something for the domestic economy but recognizing that it's only the United States of America that can lead this free world. And I am not going to neglect my responsibilities overseas, but I darn sure am going to pay as much attention as it requires to get this economy moving.

Governor Engler. This is another question from a youngster, Calvin Paines, I believe the name is, from J.R. King School in Detroit: Will there be jobs for black children in the future?

The President. I hope there will, and I think there will. And one of the reasons I'm so excited about America 2000, in which many of the business people I see sitting in this room are already assisting, is that our education program will result in just that kind of opportunity.

I met with some people from the National League of Cities, and one of the things that concerned this—this is a little addition to this guy's question—they told me, the mayors from big cities, small cities, Democrats, Republicans, liberal, conservative, "The thing that concerns us the most about the urban problems is the decline in the American family."

We have appointed a Commission led by Governor Ashcroft and former Mayor Strauss of Dallas to figure out what we can do, what legislation is diminishing the family. And underlying it all is the need for more education. And so I would say to this sixth grader, I think you've got a whale of an opportunity.

And let me say this also: I have been disturbed by kind of an ugliness out there. When things get tough, one person loses his job to another, people are uncertain about the future. They've lost confidence in the country, maybe in the President, certainly in the Congress, I think, too. But nevertheless, when that happens, somehow an ugliness crops up. And let me say this, let's leave this politics aside: Bigotry and discrimination and anti-Semitism have absolutely no place in America. And I'm going to continue to stand up for that principle.

Governor Engler. I have in my hands the last question. I was going to ask this one first, but it's unsigned. It starts out, Governor John Engler has done a heroic job—[laughter]—and it goes on. It could stop there but, no, Governor John Engler's done

a heroic job working to stimulate growth in Michigan's economy by sponsoring the cut and cap plan for property tax relief. What can be done at the Federal level that would have similar impact to Michigan's cut and cap? And that will be the last question, Mr. President.

The President. Well, give me another one because I think I answered it, I hope I answered it, in my remarks. And so it's not fair to take you over that turf again, so I'll take one more.

I believe the best thing we can do is to incentivize this economy. Control the Government spending as best one can; that means sometimes vetoing legislation. Lighten up on the regulatory front; and then, in a longer vein, more, better education. And I think that's the answer to this economy.

But give me one more because that's not fair. Maybe it's not.

Governor Engler. I just like the question a lot. [Laughter] We'll get to one more here.

The President. What about the one that says Engler's screwing it up, we're not going to—[laughter].

Governor Engler. Passed over that one right away. [Laughter]

We'll end on a political question here. Assuming you will be nominated, overall, do you think Pat Buchanan's campaign efforts will hurt the Republican Party chances in November?

The President. My answer to that question is no. I am going to continue to try to run what I hope has been a high-level campaign. And I'm going to try to keep focusing on the issues. I'll say this, because it's not easy to find a balance in a competitive election year between how much time you devote to the campaign trail, how much time you spend in the Oval Office trying to help people and trying to solve the problems of this country.

Last week on Super Tuesday, we had eight States. And I felt I should at least make an appearance in each of the eight States so it didn't look like I was taking something for granted, turning my back on the people whose votes were very, very important in those States. And so I went to one, and I think some drew the conclusion

from that, that was a little frenetic.

Super Tuesday was very, very good to me. And we will now have our primary here and in Illinois on Tuesday. I think that we've found the right balance. I think in terms of a primary challenge, the thing I must do is not get after the opponent. Let him chart his course, make up his decision on what to do. And let me now spend much more time—Super Tuesday out of the way; Michigan and Illinois by Tuesday—in trying to get these things done that I have outlined here.

And then we're going to be interacting overseas. Of course, Yeltsin's coming here; Helmut Kohl, I think, will be here next weekend. And there's a lot of things of this nature that I must attend to.

And so I can't fault somebody for chal-

lenging me. I feel very, very confident about winning this primary. But I think now I've got the proper balance as to how much—and it wouldn't help a bit to try to assess for you the opposition. That's what the elections are about.

But I know these are nonpolitical gatherings, but if you're Republican, please vote for me on Tuesday.

Thank you very much.

Note: The President spoke at 12:50 p.m. in the Grand Manor Ballroom at Fairlane Manor. In his remarks, he referred to Jerry Warren, president of the Economic Club of Detroit, and Robert C. Stempel, president and chief operating officer of General Motors Corp.

Exchange With Reporters Aboard Air Force One

March 16, 1992

Iraq

Q. Mr. President, exactly what is your approach towards Iraq at this point? There are constant stories about desires to take action, to put carriers—[inaudible]. Where do you stand now?

The President. We stand that we are just insisting in every way we can that Iraq comply with the United Nations resolutions. And I'm not discussing options. All options are open. And we're consulting our allies, as we have in various phases of the Iraq situation. So I wouldn't read too much into the movement of a carrier, inasmuch as we have carrier elements up in the Gulf from time to time. But on the other hand, I think it's fair to say we are determined that they follow through on what they said they'd do; serious business here. And the United Nations is saying firm—our Ambassador up there put it very well. And so we're watching and hoping they will fully comply.

Q. Does that mean that action is not imminent? That you are willing to give them time?

The President. I just would leave it where I stated it, Charles [Charles Bierbauer,

Cable News Network].

Q. What did you think about Tariq 'Aziz's appearance at the United Nations? Did he seem to be foot-dragging?

The President. Yes, bobbing and weaving.

House Bank Controversy

Q. How much do you think this check scandal's going to hurt the House? Do you think people should vote based on whether or not a Member bounced a bunch of checks?

The President. No, I think you've got to look at the whole situation. But people are outraged by it. And I think each individual case has to be viewed as to its content. But I'm waiting and watching it unfold. I think it's an institutional thing. I think people are very concerned, but I'm not jumping on any individual. I mean, I think everyone has his own case, his or her own case to make to their constituents or to the people.

Q. Will you support Congressman Gingrich's call for a special prosecutor?

The President. Well, I haven't even talked to our attorneys about that.