

Remarks to the Community in Fredericksburg, Virginia September 4, 1992

The President. Thank you, Dori, very much. And thank all of you for this great welcome to this marvelous town. And may I salute two Members of Congress with me, Congressman George Allen, a good man, and to Herb Bateman, another great Congressman. Two State delegates that you all know well, Bill Howell and Bobby Orrcock, they're with us today. And I want to thank your Mayor of 16 years, Lawrence Davies, who greeted us at the airport. You've got a lot to be proud of here. And I know that there are six Olympians from this area, two gold medal winners, and I salute all of them.

I told Barbara I was coming down to a hardware store this morning. [Laughter] She told me I'd better come back with the tools to fix Millie's doghouse or else I'd be in one myself.

But here we are in Fredericksburg to talk about small business. I'm going to ask you to bear with me because some of these points are serious points about the future of this country. And we want to drive home the fact that businesses like the one I just visited, Fredericksburg Hardware, and Goolrick's here do more than sell doorknobs and drywall, hairnets and lipsticks. Small business generates the hope and the pride and the jobs that hold America together.

America's economy is working its way through a period of profound change. Many of the larger companies have retrenched and restructured. And I know those changes have been difficult for many working Americans. But American small businesses, they've shown the staying power, creating new products by the thousands and new jobs by the hundreds of thousands. And we are grateful to every small-business man and woman in this country. It is critical that we concentrate on the importance of small business to our economy. Because today, the defining challenge of the nineties is to reinvigorate our national economy so that we can win, we can win the competition in this whole new global economy.

In this election, you're going to hear two very different versions of how to do this.

My opponent's answer is to turn inward, to pretend that we can protect what we have. And ours is to look forward, to open new markets, to prepare our people to compete, to restore the social fabric of this country, and to save and invest, so that we can win. And that's why we've placed small business at the heart of our agenda for America's economic future. Small businesses employ over half our work force, create two-thirds of new American jobs. And they're the hothouse for innovation, risk-taking, and new ideas, the powerful locomotive that will take our economy right down the tracks, full steam ahead into the 21st century. I am optimistic about this country.

When it comes to renewing the American economy, my loyalty lies with small business. I've actually held a job in the private sector, something my opponent has not done, half my life in the private sector and half in public life. And I started a small business, built it from the ground up, know what it is to go out and work with partners and employees. And I know what it's like to sweat out a tough deal, to shop for credit, to try your darnedest to meet the next payroll—and even if I got ulcers to prove it. I believe that meeting a payroll is a good qualification for President of the United States of America.

Now let me tell you what must be done to help small businesses here and across the country. We've got to give business the relief from excessive Government regulation. We need to increase access to credit and investment. And while Governor Clinton wants to raise taxes and has already proposed it, I want to cut the taxes on small business. And I need a change in Congress to get that done.

I was out in western Michigan the other day, talking to a group of people and small business leaders. I met a guy who runs an asphalt paving company. And he said, "Mr. President, when regulation doesn't make sense, it's the worker who pays with his job." And we are tackling this problem

head-on. In January, I ordered a freeze on Federal regulations. The business men and women have enough to worry about without Washington double-checking their every move.

Regulation, less of it. But without the burden of overregulation, businesses can't grow without capital. The credit crunch has hit our small businesses hard. And that's why we've been working with bankers and regulators to ease that crunch. We have the SBA, the Small Business Administration, working double-time to help these credit-starved businesses. And this year, we have increased by more than 30 percent the general business loan guarantees offered through the Small Business Administration, more than \$6 billion going to men and women with good ideas who want to turn those ideas into jobs. That's the kind of help Government should be giving these businesses.

I've also been trying to work with that gridlocked Congress to provide even more credit relief.

Audience members. Clean the House! Clean the House! Clean the House!

The President. That's a good idea. And this morning, you're going to see the result. We've come here to Fredericksburg to sign a new piece of legislation. Typical of us—the Washington—it's got the name “the Small Business Credit and Business Opportunity Enhancement Act.” But it's going to loosen up credit even more for deserving small businesses. Not only does it increase the levels of SBA loans, it creates new ways of bringing investment to small business owners. It reaches out to women and minority entrepreneurs who want to get started. I've always believed that the best economic program is a job. And this bill gives more Americans the tools to create a job.

Now, we're talking about regulation and credit. All that is good. But it won't do it if we cannot help take the monkey, that tax monkey, off the backs of small business. I am for lower taxes. He is for higher taxes. Already we've taken a number of steps to streamline the ways small businesses pay their taxes. One example: Right now, small businesses have to file payroll taxes twice a week. And that's a waste. I've proposed we change it to once a month, so business

men and women can get back to the business of running their businesses.

Now, the Clinton-Gore tax-and-spend ticket doesn't understand that taxing capital investment is bad. None of our industrial competitors taxes capital gains at our punitive rates. Almost half of all new businesses literally begin at home, when enterprisers convert their own nest eggs into capital. And it is time to reward this initiative. It is time to make us competitive with businesses around the world. It is time to cut that tax on capital gains so these small businesses can thrive.

That's my agenda for small businesses: three obstacles, three concrete steps to clear those obstacles out of the way. Now let me just get into the politics here. Where does Governor Clinton stand on small business? It's a strange coincidence, but his plan has three parts, too: tax, tax, and tax.

Audience members. Boo-o-o!

The President. I see small business as the backbone of the American economy, and he sees it as a golden-egg-laying goose that ought to pay more in taxes.

Audience members. Boo-o-o!

The President. And he starts with a big idea. Here it is, you heard the proposal right from him: Mr. Clinton says that he wants \$220 billion in new Government spending.

Audience members. Boo-o-o!

The President. We don't need \$220 billion in new Government spending. [*Applause*] You're right. And how will he pay for it? Nobody knows for sure, but he's already advocating at least another \$150 billion in new taxes. And now he says he wants to soak the rich, raise taxes on the top 2 percent. What he won't tell you is this: Two out of every three business people hit by that tax increase are small businesses or family farmers. And these folks aren't millionaires; they are mom-and-pop operators. And we don't need to tax them any more. The Governor offers—you know that program—he offers the small business a reverse version of the “Lifestyles of the Rich and Famous.” You may not live like a millionaire, but you can be taxed like one if you listen to Clinton and Gore. It is strange.

Health care: He's also backing a health

care plan called “play or pay.” I was just in here in the hardware store, talking to the people there about the escalating costs of health care. His plan will leave small businesses with two options: one, cut workers’ wages to pay for mandated health care, or two, fire some workers and use the savings to cover the rest. And according to an independent Urban Institute study, the plan will lead to a 7-percent payroll tax for those businesses who don’t play the Government’s game. And another estimate says the tax will cost this country 700,000 jobs. We cannot afford to lose these jobs.

So that’s his plan. It’s out there in black and white, \$150 billion in new taxes, a new Government health care plan leading to a new payroll tax of 7 percent, not to mention a new training tax. Then you throw in an irresponsible slashing of our defense budget, and it all adds up to 2.6 million, 2.6 million jobs lost. And we cannot have that.

The differences between the Governor and me are based on two very different philosophies. Look again at the health care issue. This is of critical importance to small business. Over the past 2 years, 83 percent of small business owners have seen their health care costs increase. And at the same time, too many Americans are without coverage, or they’re worried about losing the coverage they have.

And so let’s go right down the line. My health care reform will give tax breaks and credits to make health care more affordable, so that 30 million people who can’t get health care insurance will be safe and will have health care in the private sector. He prefers taxes. He says, let’s raise taxes and compel people to participate. And I say, let’s give tax incentives and encourage people to do what’s right.

And I want to use the force of competition—the force that’s in action all along Main Street here—the force of competition to keep these medical costs down. He wants to put the Government in the business of setting health care prices. That will not work. I want to go after the root causes of health care. And he won’t because the special interests won’t let him.

Now, let me tell you one that’s important here. I’ll give you an example. Last year alone, legal costs inflated our doctors’ bills

by \$20 billion dollars. And so we’ve targeted these malpractice insurance for reform, as one way to keep costs down. I don’t think you should have to hire a lawyer when you want to see a doctor. But Governor Clinton stands against malpractice reform. And there is a simple reason. The trial lawyers of America, the same fat cats who are getting rich off those malpractice lawsuits, are his staunchest supporters. Here’s what one Arkansas trial lawyer wrote about him, trying to raise money for the Clinton campaign: “I can never remember an occasion where he failed to do what was right where we trial lawyers are concerned.” Small businesses are drowning in litigation, and Governor Clinton wants to throw them a firehose. Well, help me get Congress to put an end to frivolous lawsuits. We’d be a lot better off if we sued each other less and cared for each other more in this country. I have had proposals up before this gridlocked Congress for 3 years in a row. And now you’ve got a man who wants to run for President that says he doesn’t want to do anything about malpractice. Let’s change that Congress. Help me get this malpractice under control.

From taxes to regulators to health care to the litigation explosion, the election is a contest between two very different views of business and of how our economy works. And here is the bottom line. He talks a good game, but his policies threaten to tax and spend and regulate you right out of business. Small business should not be the big Government’s piggy bank. We are trying to do what is right for the average family, right for the man and woman that are out there holding a job, working for a living. Reform welfare, help in every way we can to help the families in this country.

Audience members. Four more years! Four more years! Four more years!

The President. Let me tell you something. I was in a hardware store, and Mr. Janney said something to me. He said, “You see my grandchildren here?” He said, “I am very happy that they’re going to grow up, thanks to you and your administration, in a world that has less fear of nuclear weapons, an administration that bit the bullet and did what was right in Desert Storm.” Now, give

us your support, and let's do what's right for the small-business man and woman in this country.

May God bless you. May God bless all of you, and thank you very, very much. Thank you very much. Thank you all.

Audience members. Four more years! Four more years! Four more years!

The President. Now, if you've never seen legislation signed, watch this one, because I'm now going to sign the Small Business Credit and Business Opportunity Enhancement Act of 1992, an example of what we

can do to put small business first.

[*At this point, the President signed the bill.*]

Thank you all for coming.

Note: The President spoke at 11 a.m. at Goolrick's Pharmacy. In his remarks, he referred to Dori Eglevsky, president, Fredericksburg Chamber of Commerce, and H.M. Janney, owner/operator of Fredericksburg Hardware. H.R. 4111, approved September 4, was assigned Public Law No. 102-366.

Statement on Signing the Small Business Credit and Business Opportunity Enhancement Act of 1992

September 4, 1992

Today I am signing into law H.R. 4111, the "Small Business Credit and Business Opportunity Enhancement Act of 1992." The Act will provide a major stimulus to the growth and development of small businesses.

H.R. 4111 will restructure the Small Business Administration's Small Business Investment Company (SBIC) program. This restructuring will boost investment by the private sector in growth-oriented small businesses, while enhancing the safety and soundness of SBICs. H.R. 4111 also provides a substantial increase in authorized levels of SBA's guaranteed business loan programs. Thousands of small businesses will be able to obtain much-needed credit as a result of the expansion of these programs.

Two-thirds of all jobs in the United States are created by small businesses. This bill ensures that capital, the lifeblood of our economy, is available to help small firms start up and to help tens of thousands of existing firms to expand and grow.

Section 203 of the bill enhances small business contracting goals for a dredging program. In signing the legislation, I note that current law requires the Department

of the Army to make every reasonable effort to award the designated contracting business to small business concerns.

Finally, I am pleased to note that section 331 of the bill states that it is the sense of the Congress that "legislation and regulations that enhance the viability of small business concerns, including changes in tax and health care policy, should be given a priority for passage by the Congress." I urge the Congress to act promptly on this section by passing before the end of this legislative session legislation that will truly help small businesses, particularly the capital gains tax cut, the investment tax allowance, and the Administration's proposal to allow small businesses to increase their purchasing power through Health Insurance Networks, making health insurance for their employees more affordable.

GEORGE BUSH

The White House,
September 4, 1992.

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