

businesses and high-tech businesses, and helps our people to move from welfare to work.

We seek other fundamental reforms, including a new trade agreement with Mexico with historic protections for labor rights and improvements in the environment. And we're putting the finishing touches on a health care reform proposal that will restore peace of mind and financial security to homes and to businesses all across America by providing health care that's always there at an affordable price.

In this world of dramatic change, one of the biggest obstacles to our changing is the machinery of Government itself. It's frankly been stuck in the past, wasting too much money, often ignoring the taxpayer, coping with outdated systems and archaic technology, and most of all, eroding the confidence of the American people that Government can make change work for them.

Reforming, indeed, reinventing Government is essential to make our economic, health care, and trade efforts succeed. For the last 6 months, Vice President Gore has been studying the problems in the Federal Government. His National Performance Review has found more than \$100 billion in savings that we can claim through serious and lasting management reforms over the next 5 years, reforms that will at the same time make the services we provide to you, the taxpayer, our customers, more efficient and more effective.

Now, I want to ask the Vice President to tell you more about what he's found in this historic review.

Mr. Vice President.

[At this point, the Vice President discussed the findings of the National Performance Review.]

The President. And thank you, Mr. Vice President, for the excellent National Performance Review. It is important for all the reasons you've said and for this one: We need to earn the trust of the American people. Until we do that, it's going to be hard to move on these other problems, for the Government has to be a partner in many of the things the American people need to do. We not only have a budget deficit and an investment deficit, we've got a real performance deficit in this Government. And that's led to the trust deficit that you're doing so much to help us overcome.

I am determined that these changes will come about. Where Executive action is recommended to bring change, I will take that action. Where legislation is needed to bring change, I will work with the Congress, with members of both parties, to win that legislation. Those of us in the business of Government owe the American people no less than making it the best it can be. Make no mistake about it, we've got a lot of work ahead of us. But we're all going to win on this.

Again, I thank you, Mr. Vice President, and I believe the American people do too, for a job very well done.

Thanks for listening.

NOTE: The President spoke at 9:06 a.m. from Room 810 of the Wyndham Warwick Hotel in Houston, TX.

Remarks and a Question-and-Answer Session on the National Performance Review in Houston, Texas September 11, 1993

The President. Thank you very much. Mr. Vice President, Governor Richards, Mayor Lanier, and my good friend Gary Marrow and all the rest of you who are here.

The first thing we decided to do was to reinvent common sense by coming to Houston and having a meeting in a building that wasn't air conditioned. [Laughter]

When I heard John Sharp—I want to brag on ol' John Sharp—when I heard John Sharp

saying that, you know, he had been involved in this program to promote humility in Texas and that we had ruined it by giving you so much credit, which is justly deserved, for what we're trying to do, I began to wonder if the cost benefit was worth it. And then I realized that there are some things that even a President can't do, and promoting humility among folks

like John Sharp is one of them. [Laughter]

Let me tell you, I am very proud to be here today and deeply grateful to John, to Billy, to all the people who played a role in this, and also profoundly grateful to the people that I have known over the years in State and local government who have done what folks wanted them to do. You can go all over America, you know, and take some surveys among people, and they'll tell you: I trust my mayor; I trust the Governor; I trust them to solve this, that, or the other problem, in various places based on personal experiences.

As soon as Bob Lanier got in office, he told me what he was going to do with police officers. He did it, and the crime rate went down. That's what people want to see happen. We talked the other day about a program he's got to promote more housing here, not just for people that can afford nice houses but for low-income people who were working, and he'll get that done. And when that happens, people will feel good about it without regard to their incomes, to know that people who are trying to play by the rules have a decent place to go home to at night.

But this country has a big trust deficit in the National Government. And that is a huge problem, because we're living in a time of profound change, and the American people absolutely cannot meet the challenges of the future unless the National Government can take initiative, can be partners with the private sector and partners with State and local government and seize by the throat some of these things that have been bedeviling us for so long.

You heard the Mayor talk about how much money the City of Houston is going to save because we passed the deficit reduction program that's driven interest rates to their lowest level in 25 years. Millions of Americans have gone out and refinanced their homes at lower interest rates or at shorter mortgage terms because the deficit's going down.

We are going to be able to do all kinds of things we couldn't do otherwise. But all over the country we found widespread cynicism, when I was trying to pass that economic program, that the Federal Government could do anything right; people didn't believe the deficit was going down, even though the interest rates are dropping like a rock, that "I cannot believe the National Government will spend my money to bring the deficit down and to really invest in long-term economic growth."

So what happens is, we're facing a time where we not only have a budget deficit and an investment deficit, but because of the performance deficit in the Federal Government, there is a huge trust deficit in the American people. And unless we can cure that, it's going to be very hard for us to face these other issues.

You know, I'll just say Texas is probably the only State in America right now where there's overwhelming public support for the trade agreement with Mexico and Canada, which I strongly support. But let me just give you an example. One of the problems we've got—that trade deal has two aspects that no other trade agreement's ever had. It's got a commitment on the part of both countries to dramatically increase their spending on environmental clean-up along the border, and it's got a commitment on the part of Mexico to raise their wages every time their economy goes up. Nobody has ever agreed to that in a trade agreement before. And it's a blip on the screen. Why? Because a lot of people in this country whose jobs are at risk do not trust the National Government to do anything right. So what Al Gore is trying to do here affects that.

We've got to fix the health care system in this country. Do you know that we are spending 35 percent to 40 percent more on health care than any nation in the world, and yet we're the only advanced country that leaves tens of millions of people uninsured? Do you know that we're spending about a dime on the dollar more in administrative costs for health care, blind paperwork, than any other major country? The only way it can get fixed is if we take initiative. But a lot of people say, "Oh, my God, can they be trusted to do anything right?" So what we have to do with this reinventing Government thing is not only save you money and give you better services but restore the trust of the American people that, together, through our elected officials, we can actually solve problems.

This is a big deal, and it goes way beyond just the dollars involved. I kind of backed into it when I was Governor, because we just started, just every 2 years to see if we could do it, we'd eliminate some government agency or department and see if anybody squealed, and no one ever did. It was amazing. We didn't eliminate the department of education or anything; we took a little something, but it was just interesting, just sort of an acid test to see if that

ever happened.

Then, we were working with all of our businesses in the tough years of the eighties on quality management and improving productivity, and I realized after a while I was hypocritical, providing the services to the private sector if I didn't try to do that in the public sector. And one day, we found out we could give people their licenses that they ordered by mail in 3 days instead of 3 weeks. And we found out that the people that are on the public payroll badly wanted to do it. But there was nothing wrong with them except poor systems and poor management and a lot of political decisions that no one had ever thought through.

So we are doing this not to fill the trust deficit, and we are trying to do three things. And that's why I want to get back to the Texas report and why we wanted to come here today to wrap up this tour. When John Sharp issued that report, I got a copy of it in a hurry, and I sat down and read it. And I was exhilarated when I read it, and that was before I was a candidate for President, before I ever knew I'd be here doing this today, because it put together all the things I had been feeling as a Governor for a decade.

And so there is a way to save money, make people on the public payroll happier on the job, and improve the services you're giving to the taxpayers all at the same time. It can be done. And that's very important.

And I'm going to tell you one story, I'm going to announce what I'm going to do, and we're going to spend the rest of the time listening to you. The other day I went out to Alameda, California, near Oakland, where there's a big naval base that's about to be closed. It's a very traumatic time for them. California has 12 percent of the country's population, 21 percent of the military budget, taken a 40 percent almost of the cuts in the last round of the base closings. It's a very difficult time. And their unemployment rate is over 9.5 percent.

And I'm sitting there talking to—I had lunch on the aircraft carrier *Carl Vincent* with one admiral and four naval enlisted personnel, wonderful people. And the guy sitting to my right had been in the Navy for 19 years, raised his two children, had a wonderful life, and told me why he'd stayed in the Navy. And I started asking him about the Government procurement process. And his eyes started dancing, you know, because we were there to cut a base and to

short-circuit a lot of military careers that we had to do.

And this guy says to me, he said, "Let me tell you something." He said, "if I had to go through the Government procurement process to get a computer we were supposed to buy last week, I'd wait 1½ or 2 years to spend \$4,500 for a computer that has half the capacity that I could buy for \$2,200 at the local computer discount store." And he said, "You know something, Mr. President, I understand this defense downsizing. You have got to do it. But we've still got to have a defense. And it is wrong to ask people like me who are prepared to give our lives for our country to get out of the service if you're going to keep wasting money like that. Clean that up; then if we have to go, we'll go."

Now, that is the kind of thing that is out there that is confronting us every day. So, I say to you, we wound up our week on reinventing Government in Texas because we owe you a debt of gratitude, and we are grateful to you. And we want you to know we're determined to do this.

Let me just say one other thing. People ask me all the time, "Well, what's the difference in this report and all these other reports? The Government's just full of reports at the national level that never got implemented." I'll tell you why. Because there was never a system that the President was behind to push the thing through. If the Governor of Texas had been against John Sharp's report, could it have passed? I doubt it. Will there be opposition in Congress? Of course there will be. But there will also be a lot of support, won't there, Gene? And if the people make their voices heard and we stay at it, we can do this.

Now, what I've tried to do is to determine what I can do by Executive order or directive and what I have to have the Congress' help on. And I'm going to do everything I can possibly do by Executive orders. So today, basically as a thank-you to Texas, I'm going to issue the first Executive orders here, and I want to tell you what they are.

The first order directs the Federal Government to do what successful businesses already do: Set customer service standards, and put the people that are paying the bills first. It tells the Agencies to go to their customers, analyze their needs, evaluate how well the Government meets the needs, and operate like a customer

service center.

Now, the second order will respond to what you saw when we announced this report. Do you remember when the Vice President gave me the report, we had the two forklifts full of paper? Almost all those regulations were regulations of the Government regulating itself. They were intergovernmental regulations on personnel and things like that, costing you billions of dollars a year for things that happen just within the Government. Now, today, the Executive order I'm signing on that will make the Federal agencies cut those regulations on Government employees in half within 3 years.

Now, remember, these regulations don't guard things like the safety of our food or the quality of the air we breathe. They regulate the Federal Government in their walking-around time every day. We're going to cut them in half within 3 years, save a lot of money and a lot of folks. The Government employees can then spend less time worrying about rules and more time worrying about results.

And finally, I'm going to sign a directive today that tells everybody in my Cabinet that they have to take responsibility for making the personnel cut that I've outlined, and more than half of the personnel cut has to come from people who are basically in middle management, handing down rules and pushing up paperwork.

Today, the National Government, on the average, has one supervisor for every seven employees. There are some Government Agencies that have one supervisor for every four employees. And the directive I'm signing today directs the Federal Government agencies under the control of the President of the United States to slash that ratio, in effect, to cut in half the number of management for employees within the next couple of years. So we're going to go on average in the Government from one manager to seven employees to one to fifteen. I think we can do better than that. That'll be a good start, and that alone when it is done will account for more than half of the 252,000 personnel reduction we seek to achieve.

As we do these things, I hope you folks in Texas will take a lot of pride in the contribution you made. And I hope you will see that it will make it possible for us, then, to gain the confidence of the American people so that we can restore the economy, fix the health care system, expand trade, give opportunities to our people,

and make people believe this country works again.

If we can do it, you can take a lot of credit for it. Thank you very much.

The Vice President. Ladies and gentlemen, we would now like to hear from you. And we call this approach a reverse town hall meeting because we want to ask questions about how you have done it here in Texas in the Texas Performance Review, other parts of the State government, the land office, and the city of Houston.

Let me ask a couple of questions here first. How many people here are from, or worked on, the Texas Performance Review? Could you raise your hands? All right. Very good. How many people here work in the land office? Raise your hands. How many people here work for other parts of State government? Could I see your hands? How many people here work for the city of Houston? Can I see your hands? Okay, all of you. There you go, Mayor.

The President. Good for you, Mayor. [*Laughter*]

[*At this point, a participant discussed the improved response time of the Houston police department and its impact on crime in the city.*]

The President. Thank you. Let me say, this is one message I hope goes out across the country today. Millions of Americans have given up on the ability of their law enforcement resources to get the crime rate down. You can walk lots of streets in lots of places. People don't think it'll ever happen. You can reduce crime if you have the resources and if you direct them properly.

And you heard the Mayor say, I'm trying to pass our crime bill which, in the crime bill alone, goes halfway toward the 100,000 more police officers on the street goal that I have set. But they also—the resources have to be properly deployed in every community in this country. When you do it, you can bring crime down. It is simply not true you can't do it. But you have to target the resources and have them. And I applaud you, and I thank you for that.

[*The Vice President and the participant discussed direct involvement of workers in increasing efficiency and identifying goals to be accomplished.*]

The President. Give her a hand. That was great.

[A participant discussed how the Texas performance reviews led to State and local cooperation in efforts to keep criminals off the streets and in jail without raising taxes.]

The President. I'll bet, too—you must have done this—but I'll bet you that you have—if you calculate how much money the people save by reducing the crime rate 20 percent in Houston, I'll bet it's a heck of a lot more than it costs you to hold the people.

Q. On just purely a cost basis, it costs us roughly \$1,000 per major crime reduced here in the city. To put that in context, car theft costs \$4,000 or \$5,000; of course, murder and rape are just infinite, but \$1,000 per major crime reduced is pretty much a bargain, I think, for the taxpayers.

The Vice President. Thank you. Could we hear from some of the employees of the Texas Performance Review? What lessons did you learn in going through your performance review work here in Texas that surprised you the most, and what do you think is the most important way to identify waste and inefficiency and cut it out? Anybody want to—there's one, there's a volunteer back there.

[A participant discussed Texas health and human services initiatives to centralize access to available services.]

The President. I'd like to ask you a question; really, two questions. First of all, I'd like to ask you—my belief is that this is one of the biggest problems in Government, trying to reform the delivery of human services all over the country. And while the services are largely delivered at the State level or by private providers, a lot of the money comes from the Federal level.

So I would like to ask you two questions: Number one is, what do you think the biggest obstacles to doing what you want to do are? And, number two, how much of a problem has the Federal Government been through its rules and regulations?

Q. There's probably other folks who could answer that better, Mr. President, but I think for Texas, let me give you an example. For our 2-year spending budget right now in health and human services, \$13 billion out of \$23 billion is Federal money. We obviously have to keep on top of how we report to the Federal Government and how we use that money. I

think there are probably some—I noticed in the summary of your report, Mr. Vice President, that there's talk about empowering the employees to make some decisions. There are some real boring kind of things that we have to get into in terms of cost accounting, in terms of how we account for the funds. And when we talk about one-stop connection, we're talking about collapsing funding sources, a lot of funding sources.

If you can give us a little trust, a little flexibility on how we account for those dollars, we'll account for them, but we may not be able to get down to each sticky pad in terms of which funding source it came from. We'll account for the money, we'll be able to provide the services, and I think we have some work going on in Texas which can provide you some examples of that.

So I guess in summary it would be, trust us and keep on keeping on, and I appreciate it.

[The Vice President discussed a National Performance Review recommendation for a bottom-up grant consolidation program to allow more flexibility at the local level and promote Federal, State, and local cooperation toward agreed-upon goals. A participant then discussed a Harris County initiative to use prison labor to reclaim wetlands and suggested the creation of a Federal corrections conservation corps.]

The President. Let me say before you sit down, first of all, we didn't really know who was going to stand up and what they were going to say, but I can't tell you how much I appreciate what you just said. The United States—I agree, by the way, with what Governor Richards and the Mayor said. You've got to keep more people in prison that you know have a high propensity to commit crimes.

The flip side of that is that we now rank first in the world in the percentage of our people behind bars. And we know who people behind bars normally are, right? They're normally young. They're normally male. They're normally undereducated. More than half of them have an alcohol or drug abuse problem. And they're wildly unconnected basically to the institutions that hold us together and conform our behavior, whether it's church or family or work or education. And it's the most colossal waste of human potential that in the Federal and the State systems, most prisoners—not all, there are

some that do really useful work and get training—but a phenomenal number of prisoners either do useless work that they can't make a living at when they get out and don't feel good about and don't learn anything from, or don't do anything at all. And if you're looking for something the taxpayers are already paying for, we're already out that money. And you have just said something of enormous importance, and I thank you, sir.

[A participant praised a Texas initiative using magnetic strip cards for transferring AFDC and food stamp benefits to recipients. The Vice President concurred and cited a National Performance Review recommendation for electronic benefits transfer.

A participant then discussed Texas initiatives for innovative use of natural gas. Another participant discussed a Casey Foundation grant for local, State, and Federal cooperation to expedite services to the community.]

The President. Thank you. Let me just say one thing to you. Because I try to follow the work of the Casey Foundation, I'm a little familiar with what you're doing. One of the most frustrating things to me as a public official is that I have been a Governor, now President, having oversight of programs that people are supposed to fit their needs to. It is absurd. You've got a lot of poor people in this country who are absolutely dying to get out and get some job training, go to work, get off welfare, you name it. If they've got troubled kids or three or four different problems, they're liable to have three to four different programs, three or four different caseworkers. I mean, you feel sometimes like you're a laboratory animal almost if you get help from the Federal Government because you've got so many different people that are on your case. It is absurd.

Now, you should have, if you're in trouble, somebody to help you. But there ought to be one person to help you. You shouldn't be up there dissecting people the way these programs do. It is awful. And I really hope you make it and get it done. Thank you.

[A participant discussed the need for a program for crime victims. Another participant asked about funding for education, and the Vice President discussed recommended reforms to education grant programs.]

The President. Let me just say one other thing. I asked a couple of questions—he's told you, right? We're going to try to change the funding of Chapter 1, and if what you're saying is right, that you have an enormously high percentage of eligible people, your district and your school would benefit. But the problem is that this is—that's one of those things we have to pass through Congress. And when the dollars follow the child, that is, if a rich district that has poor kids—when that happens, then every Congressman gets a little of the money.

So I asked a couple of you what the biggest obstacle to implementing your changes are. We need your support when we come up here and we present these legislative packages. And we're trying to figure out now how—we want as few bills as we can in Congress. But we really need your support to ask the Members of Congress to do this in the national interest, to make some of these changes so that we can do this. I need your help to do that. People in Washington need to think the American people want this. They don't need to think it's Bill Clinton and Al Gore's deal; they need to think it's your deal. And if they think it's your deal, then we can pass it.

NOTE: The President spoke at 10:39 a.m. at the Texas Surplus Property Agency. In his remarks, he referred to Mayor Bob Lanier of Houston; Gary Marrow, Texas land commissioner; John Sharp, Texas State comptroller; Billy Hamilton, Texas deputy comptroller and National Performance Review Deputy Director; and Representative Gene Green. Following his remarks, the President signed the Executive orders and the memorandum, which are listed in Appendix D at the end of this volume.