

Remarks on the 1996 Budget *February 6, 1995*

Good morning. Today I am pleased to announce our administration budget for fiscal year 1996. This budget, of course, is not a beginning but a continuation, the next important step in our coordinated economic strategy to bring discipline back to Government and to help strengthen the American dream for all of our people.

I want to thank the economic team which has worked so hard to put this budget together. The Vice President, Secretary Rubin, CEA Chair Tyson, and Director Rivlin will talk today, but there are others who have also worked very, very hard on this budget.

This budget, like the two that preceded it, is based on the New Covenant I advocated when I ran for President. We're creating a leaner, not a meaner, Government, one which offers more opportunity to those who are taking responsibility for themselves, their families, and their communities.

None of this was being done when we came here 2 years ago. At that time, we faced slow economic growth, inadequate investment, very low levels of job creation, a deficit that was nearly \$300 billion and projected to go over \$400 billion a year by the end of the decade. The annual deficit and the total national debt had quadrupled in the 12 years before I took office.

In 2 years, we have turned that around. In 1993, we passed the single largest deficit reduction package in American history, reducing the deficit over 5 years by \$505 billion. When you take into account improved performance of the economy and reduced interest rates in 1993, the deficit reduction will exceed \$600 billion over this 5-year period.

We did it by returning something to Washington that had been missing for too long, real discipline and honest numbers in the budgeting process. We did it, unfortunately, last year and the year before without any votes from members of the other party. And I hope now we will be working together to keep the deficit under control and keep the economic growth going.

We cut the Federal Government by more than 100,000 positions in the last 2 years. We're on the way to reducing it, with laws already

passed, by 272,000 positions, making it the smallest it's been in more than 30 years. We cut taxes for 15 million working families, with 40 million Americans in it, about an average of \$1,000 apiece for families of four with incomes under \$26,000 this year. We made 9 of 10 of our small businesses eligible for tax reductions. We invested in the tools our people need, in education, in training and technology. We did more to open markets in the last 2 years than in any previous period in a generation.

The results are clear. The deficit that 2 years ago was projected to be over \$400 billion a year by the end of the decade is now under \$200 billion. It's going down for 3 years in a row for the first time since Truman was President. The economic plan we have already passed will cut the deficit in half as a percentage of our economy. We have almost 6 million new jobs, the biggest year in economic growth in 1994 in a decade, with 93 percent of those jobs in the private sector. That's the largest percentage of private sector job growth in 50 years. We have the lowest combined rate of unemployment and inflation in 25 years. I am proud of this record, and the budget we send today builds on that foundation.

In the third year of our strategy we are adding \$81 billion more to deficit reduction. That's nearly \$600 billion in real deficit cuts. And in addition to that, of course, there is more, as I said, coming as a result of the economic growth of the last 2 years.

This budget provides more than a dollar in deficit reduction for every dollar that goes into the tax cuts I will discuss in a moment. If Congress gives me the line-item veto, I will find even more cuts.

The budget already provides \$144 billion in hard budget savings. Behind me, you can see in black and white the 400 programs that this budget will eliminate or consolidate: the termination of about 130 programs here and over here, the consolidation of 270 more—those 271 programs will be distilled down into 27. We are also restructuring five major agencies as part of the second round of reinventing Government the Vice President will discuss in a moment, to save \$23 billion. And our reinventing Govern-

ment effort is looking at all the other agencies for further opportunities that might emerge in the course of the budget debate this year.

Now, we're not cutting Government blindly. We're clearing away yesterday's Government to make room for the solutions to the problems we face today and tomorrow. We still have to keep investing to raise the living standards of our people. Despite all the progress we have made, there are still too many Americans who are working harder for less. That's why the centerpiece of this budget for me is the middle class bill of rights. It will help keep the American dream alive for everyone, by lowering taxes in ways that encourage investment in the future. It will increase the incomes of people who have not benefited from this recovery in both the short term and the long term.

There are four provisions: first, a tax deduction for the cost of education and training after high school; second, a \$500 tax cut for children under 13; third, the ability to put money into an individual retirement account and withdraw the money tax-free for education, for health care costs, for the care of an elderly parent, for the purchase of a home for the first time; and fourth, the proposed "GI bill" for American workers, which collapses 70 Federal training programs, gets rid of the bureaucracy that goes with them, and instead gives a voucher worth \$2,600 a year in cash to workers who are unemployed or who have low wages and are eligible for Federal training assistance so that they can take the money to the nearest approved training program that they choose.

This budget also continues our investments in other crucial areas, from education and training, including more money for Head Start and our investments in technology and our continued expansion of the national service program, which has done so much good in a completely non-bureaucratic way. It strengthens our fight against crime. It does not cut overall spending from the commitments of the crime bill last year. And it provides the most comprehensive immigration plan to fight illegal immigration that any administration has produced. It stiffens our enforcement. It increases our capacity to deport illegal immigrants, particularly those who commit crimes. It increases our ability to move in the workplace and to identify those who are in the workplace who should not be.

It provides critical resources to keep America engaged in the world. And it helps us to con-

tinue to maintain the finest military in the world. As all of you know, a few weeks ago I asked that we increase defense spending over the next 6 years by \$25 billion to improve our training and quality-of-life components in the Department of Defense budget. We need to do that to support a strong and steady military.

This budget supports our efforts to reduce the risk of nuclear war and the proliferation of weapons of mass destruction. It provides funding to promote peace and to maintain democracy and free markets in crucial places throughout the world. It provides funds to continue our efforts to break down barriers to the international trading system, which mean more and better jobs if we succeed.

The only way to make these investments in our future is to make tough choices, and this budget makes them specifically and clearly. Every single one of these proposals is paid for with specific spending cuts. Anyone can offer a tax cut or propose investments. The hard part, of course, is paying for them.

I challenge the leadership of the Congress to do what we have done, to provide the taxpayers with specific and real details about the proposals they make, and then to work with us to get a budget that furthers the interests of all the American people.

Americans deserve to know. It is their futures, their families that are at stake. They deserve to know what will happen to programs they care about, like Social Security and Medicare; what their opportunities will be for educating their children and whether they'll be enhanced or reduced; what we're doing about the poorest and most vulnerable children in our society—are we increasing our investment in their Head Start, in their nutrition programs, or not?

My budget cuts spending, cuts taxes, cuts the deficit, and does not cut education or Social Security or Medicare. That is a good budget. It continues to reduce the deficit without undermining the things that I believe the Federal Government should be doing. And I wish to work with the new Congress to achieve these objectives. I hope that they will submit budgets which do the same.

Our test should be, as we go into this budgeting process: Do our decisions expand opportunities and incomes for the vast mass of middle class Americans? Do our decisions promote the values of responsibility and family and community? Do our decisions contribute to strengthen-

ing the American economy in the new global economy? If we propose a tax cut, have we paid for it?

I am proud to say that this budget meets all those tests. And I call on the 104th Congress to give it serious consideration and to enact it.

Now I'd like to ask the Vice President to come forward and talk about the specific cuts and consolidations that we have recommended.

Thank you very much.

NOTE: The President spoke at 10:35 a.m. in Room 450 of the Old Executive Office Building.

Teleconference Remarks With the Crew of the Space Shuttle *Discovery* and an Exchange With Reporters February 6, 1995

The President. Hello.

Comdr. James Wetherbee. Good afternoon.

The President. Good afternoon. I didn't know you were on the line. Congratulations.

Commander Wetherbee. Well, thank you very much, sir. And it's an honor to be talking to you. Thanks for calling.

The President. I'm glad to do it. We're all following you with great anticipation, and we're all so impressed. You know, this really proves, I think, that Russians and Americans can work together and that we can make this international space station project successful. And I can't tell you how much I appreciate all the work that all of you have done to that end.

Commander Wetherbee. Well, we agree, sir. What I kept thinking as we were rendezvousing on *Mir* was it's a great world. They have a beautiful spaceship, and we have a beautiful spaceship built by Americans. We met the people that built their spaceship. They love their space program, and we love our space program, and I think together it will be a lot better.

The President. Well, we're confident that it will. As you know, this whole mission is a number of firsts. You're the first person to ever command our efforts to rendezvous with a Russian space vehicle, and I know that Eileen Collins is the first woman ever to pilot a space shuttle.

So Eileen, I suppose you have literally shown young women all across the world they can fly as high as their dreams will take them.

Astronaut Eileen Collins. Yes. I'd like to say I think this is one of the greatest jobs in the world. And for any young people out there, if you work hard enough, you can always, always reach your dreams.

The President. Well, you certainly proved that. Look at that. We enjoy watching the microphone there. [Laughter]

I want to ask Dr. Harris to pick it up as it flies toward him. I want to—he's going to set another milestone by becoming the first African-American to walk in space. So you'll be floating on air, but be sure you come back.

Astronaut Bernard Harris, Jr. I'm really looking forward to that a couple of days from now, but I know I won't be—I may be the first, but I won't be the last.

The President. No, you won't be the last. We'll have a lot more if we have you as an example.

I'd also like to say something to our Russian partner in space, Vladimir Titov, who is one of the world's most experienced space travelers, and he's the first cosmonaut to see the *Mir* from an American spacecraft. So I'd like to give you a chance to say anything you'd like to the American people, Mr. Titov.

Cosmonaut Vladimir Titov. And good day, Mr. President. Thank you very much. And I'm very happy of the possibility to have this great flight. And right now, our press conference, our organization listened on the Station *Mir*, and the crew on board Station *Mir* sent for you great hello.

The President. Well, thank you very much. I want to say to all of you again, this is very exciting for us. You know, the Vice President's here with me, along with Dan Goldin, and our Science Adviser, Dr. Jack Gibbons, and we have supported this space program so strongly. And it's been, as you know, somewhat controversial in the United States in the past, but I think that people all over our country and all over