

Remarks in a Discussion With Small-Business Owners in Jacksonville,
Florida
February 13, 2003

The President. Thank you all. Thanks for the warm welcome. I'm sure glad I came. [Laughter] It's—I want to talk about some of the challenges which face our country. A little later on, I'm going to go speak to those souls who wear the uniform of the United States military and thank them for their service to the country and tell them we've got all the confidence in their capacity to help us keep the peace and promote freedom.

It's clear we have challenges abroad, particularly the challenge to keep the peace, to secure our homeland, to adjust our way of thinking to make sure that we do everything we can to say with complete confidence that we'll protect America. We'll protect this generation of Americans, and we'll secure the homeland and make the world more peaceful, so that future generations of Americans can grow up in peace.

That's a big challenge. And equally as big a challenge is to make sure our economy is strong so that America is a hopeful place, that our economy is strong enough to make sure the entrepreneurial spirit is alive and well—and today we're going to talk to some entrepreneurs who are living the American Dream—that our economy is strong enough to make sure moms and dads have got the capacity to save and invest for their children if that's what they choose to do, that our economy is strong enough so that people who are looking for work can find a job.

And that's also a challenge we face. Today you'll hear me talk about the plan that I have asked Congress to approve. I want the folks on the stage up here to share with me and with you and others listening what that plan means for their lives. In Washington, we spend a lot of time talking about numbers. I like to remind people that behind each number is

somebody's life and why the plan that I've described to the Congress is such an optimistic, hopeful plan for every American.

Before I begin, I want to thank Brother—that would be your Governor. So he had his 50th birthday on the 11th of February. I called him and said, "Happy birthday. Fifty is not quite as old as it seemed to be, is it?" [Laughter] But we're proud of him, and we love him. Actually, I had coffee with Mother and Dad this morning. And Mother said to make sure I told Jeb she loved him still, so—[laughter]—she still loves you. [Laughter]

I want to thank Hector Barreto for being here as well. Hector is the head of the Small Business Administration. One of the commitments of this administration is to promote the entrepreneurial spirit throughout all our country. We want anybody from any walk of life to realize if they have a dream and work hard, they can realize their dreams. That's the greatness of America.

And I'm honored that Joe, Joe Dagher, would invite us into his facility. He had a dream. He realized his dream. He owns his own business. He can call it his own. And we're proud of you, Joe, and thanks for letting us come.

So here's my attitude about economic growth and vitality. It's based upon the principle that if people have more money in their pocket, they're likely to demand a good or a service. And when they demand a good or a service, somebody in the marketplace is going to produce a good or a service. And when somebody meets that demand with production, somebody is more likely to find work. And so when you couple that with the understanding that the role of Government is not to create wealth but an environment in which the entrepreneur is willing to take risks, it yields this kind of plan.

I believe we ought to cut the rates on everybody who pays taxes, and I believe that we ought to reduce the income-tax rates. But you know what's interesting is Congress has already agreed with that plan. In the year 2001, in the face of a recession, we convinced both Republicans and Democrats to support a rate reduction. It helped make our recession more shallow. People did get more money in their pockets, and they did spend that money.

What's interesting about the rate reduction plan that we've proposed is that it is scheduled to phase in over time. It takes 5 years to get the rates down. It takes years to get the child credit up to \$1,000 per child. It takes years to get the marriage penalty reduced to where we want it to be reduced to.

Now, if the economy is still not as strong as it should be and if Congress has already recognized that tax rate reduction helps economic growth, my message to the United States Congress is: Speed up the growth. If it's good enough 5 years from now, it is good enough today.

This economy needs immediate help, so I will ask Congress, when they pass the bill, to make it retroactive to January 1st, which means workers will get money in their pockets immediately, will mean small businesses will get money to invest immediately. It will have an immediate effect on today's economy, something I think we need, something a lot of Americans understand we need, as we—coming out of recession and recovering from a terrorist attack and as we're finally getting—washing out of the system those who thought they could lie and cheat when it came to their balance sheets. We're recovering from three shocks to the system, and we need a little further wind at the back of this economy.

Now, that means 92 million Americans will receive an average income-tax relief package of \$1,083. And that's good. And we'll hear from some of our fellow citizens up here about how much relief this means

for them. And if they feel like it, they may share with us what they intend to do with it. [Laughter] But one thing is for certain, I will assure them, is at least I understand the money we're talking about up in Washington is not the Government's money. See, it's their money and your money. It's the people's money we're talking about.

Now, one of the things—reasons we came to Joe's business is, I wanted to make it very clear to the American people that tax rate reductions have got an incredibly positive effect on small businesses. Most small businesses are what they call a sole proprietorship or a limited partnership or a Subchapter S corporation. If you happen to be one of those three entities, you pay tax at your business, on your business profits, at the individual income-tax rates. And so therefore, by reducing income-tax rates, you're really affecting small-business growth, and because over half the jobs in America are created by small businesses, it makes sense to stimulate that aspect of our economy.

Twenty-three million businesses will receive over \$2,000 in income-tax relief. Now, that means a lot when you start thinking about the implications. I mean, you've got a one-man shop; \$2,000 may mean the capacity to buy a machine, leverage the money to buy a machine, which means another job.

One of the things we understand in America, though, is investments equals jobs, and therefore, one of the things we're going to try to do is encourage more investment. And so I want to—right now, small businesses are limited to the deduction of only \$25,000 for a capital expenditure. We want to raise it to \$75,000, to encourage small businesses to buy more equipment.

And so those are two aspects of this plan that makes sense. One is how to encourage people to have—how do we encourage Congress to let people have more money in their pocket, for the good of economic growth and jobs, and what do we do about

stimulating small-business activity and growth.

The third aspect of the plan is really to make the Tax Code more fair. We tried to address that earlier, by the way. It is unfair to tax a person's assets twice. That's why I've called upon Congress to get rid of the death tax. See, really what we want is, we want our small-business owners to work hard, to keep their vision, to build up their assets, so they can leave it to whoever they want to leave it to, without the Government standing in between. Congress passed it. They need to make that aspect of the tax relief permanent, like they need to make all aspects of tax relief permanent.

But today I want to talk to you about another unfair aspect of the Tax Code, and that is the double taxation of dividends. It's fair to tax a company's profits. What's not fair is when you take—the company takes those profits and distributes them to one of the owners of the company, the shareholder, and that person then has to pay tax on it. It means Government is really interfering with capital. It means there's less capital in the system for investment. And if investment means jobs, by nature, getting rid of the double taxation of dividends will make it easier for capital to accumulate, make it more likely people will find work.

Secondly, the double taxation of dividends hurts our senior citizens. It's particularly acute here in the State of Florida. There's over 10 million seniors rely upon dividend income during their retirement years. Why would we want to have something unfair in the Tax Code which also penalizes those who we really need to help after their retirement?

The double taxation of dividends will also put a premium on good accounting. In other words, if you're distributing dividends, your whole growth portfolio, your whole growth agenda will be based upon yield, as opposed to pie-in-the-sky projections. Of course, people will say, "Well, gosh, I'm going to invest in this company

because I want a share of their cashflow or share of their profits." And therefore, the company ownership must base its projections on how they treat the shareholder, as opposed to some pie-in-the-sky prognostication about what may or may not occur. Growth will occur based upon the certainty of the dividend being distributed. It will be a really important corporate reform in America, in my judgment.

So this is what I've asked the Congress to approve. There's a lot of talk about whether or not this is what they call stimulative, whether or not it will affect the economy. Of course it will, because over the next 15 months we'll have pumped in \$100 billion of additional money into the private sector. That money will circulate. As that money circulates, it's more likely somebody is going to be able to find work.

And so I'm here not only to share the details of the plan with you; I'm here to ask you to contact your Senators and your Members of Congress, remind them of whose money we're talking about, and remind them of the philosophy I've just outlined to you as how best to create jobs. The role of Government is to create an environment in which people are willing to risk and take risks and to go to work and work hard, and tax relief encourages that kind of environment.

So we're going to first start off and hear from Sue Butts. Sue is a entrepreneur. She owns her own business. She owns Supreme Janitorial. She has owned it since 1968. Is that right?

Ms. Butts. Ninety-two.

The President. Ninety-two. Okay. [Laughter]

Ms. Butts. It's been in existence since '68.

The President. You bought it in '92.

Ms. Butts. Ninety-two.

The President. I will just tell you that she will receive a \$3,300 tax reduction if Congress—when Congress passes this plan. I'm optimistic, by the way, that Congress

is going to get the message. Why don't you tell us? Give us your thoughts.

[At this point, the discussion proceeded.]

The President. Yes, I think it's important for our fellow citizens to know that there are ways for Government to incent people to invest, and this is a good way. I mean, here's a classic example of somebody who has limited the amount she is going to invest based upon tax policy. And the idea of raising the limit to \$75,000, in this case, it sounds like, could encourage more investment.

Now, what that means is somebody is going to be tasked with building the machine she purchases or the equipment she purchases, and that person will be working. And then, of course, the people who she hires will have more equipment. And it may mean that she needs an extra person to deal with the equipment she purchases.

Economies grow with the circulation of money. And this is a classic example of how tax policy will encourage investment and the circulation of money.

And so, thanks for sharing that with us. Congratulations on being a successful entrepreneur, by the way.

Ms. Butts. Thank you, Mr. President.

The President. James is a installation supervisor. He is a taxpayer. He is a man who has got a daughter that he cares a lot about. And he's a guy who is going to have his taxes fall by 20 percent when this plan goes through. You see, there's a lot of rhetoric in Washington about the—rich this, rich that, class warfare. This is the kind of guy I'm worried about, and this is what this tax plan—the tax plan speaks to people like James Thomas. Welcome.

[The discussion continued.]

The President. You've got more to say than that. Here's your chance. [Laughter]

Mr. Thomas. I'm going to let it rest at that.

The President. See, here's the thing about—you know, a dad puts aside money for the daughter. The daughter invests it. It rolls over. There is a compounding effect when it comes to investments. Money saved and invested will keep rolling over and rolling over. So the \$2,100, by the time she goes to college 8 years from now, will be significantly larger than that. And I appreciate you thinking about that. It's very important for people to make the sacrifices for their children. It's hard to raise kids. Tax relief will make it easier for people to make sacrifices. It will help people meet the priorities they've set.

And I want to thank you, James, for that.

Zim is an entrepreneur. He—Zim, tell us about your business. You've got some of your employees here, too.

[The discussion continued.]

The President. We're in Joe's house, Joe's business. Joe, tell us what you do. Tell us when you started this company, why you started the company. And thanks for letting us come by.

[The discussion continued.]

The President. This country must never forget what Joe just said. This is a welcoming society, based upon allowing people to realize their dreams. I love to be in the presence of somebody who is realizing their dreams.

We love freedom in America. We love the fact that people are free. And I want to remind you what I said, Joe, and I believe this as sure as I'm sitting here: Liberty is not America's gift to the world; liberty is the Almighty God's gift to mankind. We just have a chance here in America to protect liberty and freedom. And I want to thank you for sharing that with us.

Another man who is living the American experience is Joey Gonzalez, a hard-working man. You recommend him, don't you? He works for Zim. [Laughter] Joey, thanks for coming.

[The discussion continued.]

The President. What you just said—you said, your most important job is not working for Zim, necessarily; your most important job is to be a loving dad. And I appreciate that example.

[*The discussion continued.*]

The President. Jodie also works with Zim. And Jodie, we're proud you're here. She's married. She's got a little girl who is 9.

[*The discussion continued.*]

The President. Well, I appreciate you sharing that with us. Thanks. You're right, some of those pennies are going to the Government, and they should. I mean, as a matter of fact, I'm now going over to the base, and we're sending people into harm's way. They deserve the best pay, the best equipment, the best possible training. And that requires—there are legitimate uses of Government. But what we're talking about today is really setting priorities, funding those priorities, but remembering how to increase revenues. Revenues increase with economic vitality and fiscal discipline in Washington, DC. Revenues increase by empowering people and entrepreneurs and small businesses to grow and, at the same time, saying to Congress, "Let us focus on important priorities." Remember whose money it is we're talking about. We're talking about your money.

And I want to thank you all for coming today to give us—give me a chance to talk about our vision for economic vitality and growth, for letting people understand that behind every number there is a life that will benefit, and when individuals benefit

or small businesses benefit, we all benefit. It's the cumulative effect of millions of acts—decisionmakers in the marketplace, which affects job creation.

This administration is committed to job growth. I want to repeat to you, so long as any American who wants to work can't find a job, we will be committed to job growth.

And so I want to thank you for giving me a chance to come and share this plan with you. This is a realistic plan. It is a hopeful plan. It is a plan based upon sound principle. It's a plan which will work. It's a plan that your Members of Congress—Ander is all right. Don't worry about him; Crenshaw is with us. John Mica is with us. I don't worry about those two. But there are some who haven't gotten the message yet, and they need to hear from you. And you can start right here in the State of Florida, contacting your elected Representatives and letting them know how you feel.

I want to thank you for coming. I want you to know that we're citizens of the greatest country on the face of the Earth. God bless.

NOTE: The discussion began at 10:28 a.m. in a printing press room at Dagher Printing. Discussion participants were: Gov. Jeb Bush of Florida; Joseph Dagher, owner, Dagher Printing; Sue Butts, owner and president, Supreme Janitorial Services; and Zimmerman Boulos, owner and president, James Thomas, installer, Jose Gonzalez, installer, and Jodie Beere, sales assistant, Office Environments and Services.

Remarks at Naval Station Mayport in Jacksonville February 13, 2003

Thank you all very much. Admiral, thank you for that—for those kind words, and thanks for the warm welcome. I'm honored

to be with the service men and women and families of the Jacksonville naval