

We're using objective numbers, the most conservative revenue estimates. It'll be the most candid budget Congress has received in a long time. And I think there will be a lot of people who understand it and will respond very positively to it.

Q. Well, the markets are down sharply this morning. Do you think that's an immediate reaction to your—

The President. No. Look, the bond market's a better indicator, because they—and that response has been very positive. And I think when the business community, those people who come in here from the business community who actually know pretty well what's in this program, have responded very positively to it. So I wouldn't say that.

The Press. Thank you.

NOTE: The exchange began at 11:25 a.m. in the Roosevelt Room at the White House.

Teleconference Remarks to the California Economic Conference *February 16, 1993*

Thank you very much, Willie Brown. And thank you, ladies and gentlemen, for letting me join you by high-tech communications for just a few minutes.

First of all, let me say how very impressed I was by the comment of the previous speaker. He may not have been in California very long, but I think his prescription for how to solve our Nation's problems, concentrating on investment and achieving consensus, is what we all have to focus on.

I wish I could be with you in person today. You know, I have spent a great deal of time in California in the last 16 months talking to people about the problems and the promise of your State. I don't believe for a moment that America's economy can recover until California recovers, and I applaud what you are doing in this economic summit.

I understand the economic summit that I sponsored down in Little Rock, for our Nation, may have been part of the inspiration for this meeting, and if so, I'm very grateful. I applaud Willie Brown and Senator Roberti

and Governor Wilson for cosponsoring this, and all the rest of you who are part of it.

Let me get to the point very quickly because I think that these summits work so much better when there is interaction, so I don't want to intrude on what I think is going very well. First, I want to reaffirm my commitment to the economic revitalization of California. Californians played a major role in my election as President and play a very major role in my Presidency now, people who are important to your future. Our Trade Ambassador, Mickey Kantor, has already spoken this morning; you know he's from California. The Secretary of State, Warren Christopher, is from California, and we're increasingly involving the State Department in the revitalization of the American economy. Our Budget Director, the Director of the Office of Management and Budget, Leon Panetta, was a Congressman from northern California and is here with me; I'm in his building as we speak today. And of course, the Chair of the Council of Economic Advisers, Laura Tyson, is from northern California. All of these people are in a position to bring their experience and knowledge to bear on what we in the National Government can do.

In addition to that, I've already had an extensive visit with Senator Feinstein. I've talked with Senator Boxer. I've talked with many members of your congressional delegation about the issues that they have brought to my attention. And as I said, the time I spent there taught me a lot about the problems in California that are caused by reducing employment in the defense industry, by the collapse of real estate, by the problems in the financial institutions, by the general manufacturing difficulties, and by the increased cost brought on by immigration, as well as the population increase generally in California.

Let me say first that I'm convinced we're going to have to solve this problem by partnership. I am offering the American people a program which will reverse three big trends in our country which have affected California. We built an American dream, especially after World War II, based on increasing economic prosperity in a high-wage, high-growth economy, increasing equality among our

working people, and making more and more strength out of our diversity. The economic and social difficulties we have faced in the last few years threaten to reverse all those trends. Wages are stagnant. Inequality has increased over the last decade, and our diversity has often been a source of great tension and division in California and elsewhere throughout the country.

I'm convinced that in order to change this, the National Government has to take the lead, first of all in investing in our people, their jobs, their technology, and their future; secondly, in dealing with the health care crisis; thirdly, in reducing the enormous Federal debt to stabilize long-term interest rates and free up more money for investment in the private sector; and finally, by developing economic policies in partnership with the private sector, which encourage more investment in the private sector and which enable us to work together to create that high-wage, high-growth economy again.

As that applies to California, it means we will be doing the following things: First of all, in my economic program there's a plan to jumpstart the economy, to create another half-million jobs in the near future. California will receive a significant number of those jobs.

Secondly, I intend to follow through on the technology policy I announced in California in the last campaign. That means we'll be providing more incentives to start new enterprises and to expand existing enterprises and to build on the job-generating capacity of the technology-leading companies that are in your State.

Thirdly, I want to invest in our children and their future and our educational system. I want to do what I can at the national level to alleviate some of the problems caused by the financial conditions you have there.

Fourthly, I'll ask the Congress to change some of the tax rules involving passive losses in hope of alleviating some of the real estate problems in California, as well as giving industry more incentive to invest in the next couple of years.

Next, Mr. Panetta and I have worked hard on trying to figure out how we can redesign some of these Federal programs so that the Federal Government can keep its commitment to the States that have been overwhelmed by immigration problems, California most of all, but also Texas and Florida and some other States who should have been helped more by the National Government because of the burdens they bear due to a national policy on immigration.

Finally, let me just say, if I might harken back again to the last person who spoke before I did, California has some challenges that will have to be met by Californians. You will have to take the lead in improving your education system. I'm going to give you a good Department of Education that will help to reform the practices in education and to make education work again. But some of the premier reformers in America are right there in California now. You have to find a way to make their exceptions the rule in California education.

And next, you will have to take the lead in making sure your manufacturing and production environment is at least competitive with other States in the United States, not by driving down wages but by changing the environment so that you can be competitive. I'll do whatever I can to support you. The best thing we could do here to help you with that is to solve the health care crisis; to bring health care costs in line with inflation; to make basic, affordable health care available to all; and therefore, to stop whatever incentives there are for people to move across State lines or to move their plants because they've got high embedded health care costs. But a lot of these productivity issues are going to have to be faced, and faced squarely, by the people of California and every other State.

We're prepared to do our part. I'll say again: This country cannot rise again to its full potential until California is on the move again. I'm going to do what I can to help. I ask you for your support in my aggressive plan to reduce the debt and to increase investment in education and training, in new technologies, in new jobs, and in dealing with

the health care crisis. I'll do what I can to support you. Together, we can turn this country around. We can lift California up, and California can once again be the beacon of hope for America and for the world.

Thank you very much.

NOTE: The President spoke at 2:38 p.m. via satellite from Room 459 of the Old Executive Office Building to the conference in Los Angeles. In his remarks, he referred to Willie L. Brown, Jr., California State Assembly speaker, and David Roberti, California State Senate president pro tempore.

Exchange With Reporters Prior to a Meeting With Democratic Congressional Leaders

February 16, 1993

The Economy

Q. Mr. President, your spokesman said there would be no negative effects on the economy from the tax portion of your stimulus plan and your economic plan, and that the stock market's reaction today is just a simple stock market cycle that has nothing to do with your program. Do you agree?

The President. I do. I mean, the people in the stock market know, have known in general all along, what was going to be in the program, and the stock market has gone up markedly since the election. The stock market's been going up since the election.

Q. Do you agree there will be no negative effects on the economy from taxes?

The President. Absolutely I do. I believe if we reduce the deficit it will stabilize long-term interest rates, free up money for growth and increase jobs—

Q. Your spokesman also said that the middle class tax increase would also touch those making \$30,000 and more. Is that breaking the faith with the middle class, Mr. President?

The President. Tune in tomorrow night.

NOTE: The exchange began at 3:08 p.m. in the State Dining Room at the White House.

Message to the Congress Reporting on the National Emergency With Respect to Iraq

February 16, 1993

To the Congress of the United States:

I hereby report to the Congress on the developments since the last report of August 3, 1992, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to sections 401(c) of the National Emergencies Act ("NEA"), 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive Orders"). The report covers events from August 2, 1992, through February 1, 1993.

1. On October 21, 1992, President Bush issued Executive Order No. 12817, implementing in the United States measures