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Remarks to Democratic Members of the House of Representatives

July 20, 1993

Thank you very much, Mr. Vice President, Mr. Speaker, Mr. Leader. Ladies and gentlemen, as all of you know I have just spent several days away from Washington, stopping along the way to look at the floods in Iowa and going through California to meet with the National Education Association and then on to Japan where I met with the leaders of the seven large industrial nations of the world, which included an agreement to reduce tariffs by historic rates, agreed to continue our common efforts to promote democracy and economic progress in Russia, and reached an agreement with Japan that, for the first time, convinced the Japanese explicitly to reduce dramatically their trade surplus with us and to work with us with specific numerical objective criteria to deal with that problem. Then I went to Korea to see our young men and women in uniform there defending freedom at a distant outpost. I got within about 10 yards of the dividing line between North and South Korea, the Bridge of No Return, then flew back through Hawaii to see the many, many thousands of sailors there at Pearl Harbor along with the leaders of our military in the Pacific Command. And then I came back with Leader Gephardt on Saturday to go to St. Louis to visit the Governors who have been victimized by the floods, and their people have.

All these trips have a common thread, as disparate as they were. I had an opportunity to see people who were serving this country and people who are living here and working hard, making our jobs possible. And I was immensely moved, as I always am, by the incredible character and courage and good common sense of the American people.

Now, we come here at a difficult time for the country and for the world. The world is in a significant economic crisis. All the wealthier countries of the world are facing difficulties in creating new jobs. For a very long time there has been a kind of political paralysis in this country where we always knew what we had to do, but we could never quite bring ourselves to do it. And because we had divided Government, it was always possible for one branch to blame the other one for what did not get done. And the worse the problem got, the more painful their solutions became. That is always the way in human life, not just in Government but in every part of our lives.

Now, because of your help and the leadership and the raw courage many of you have demonstrated, we've brought our country to the verge of fundamental economic change. In just 6 months we have certainly changed the nature of the economic debate here in our Nation's Capital. The new direction that I discussed with you in February in the State of the Union Address is at hand. Once, a President joked that the deficit he created was big enough to take care of itself. Now no one jokes about it, and no one doubts that we are about the serious business of reducing that deficit and the stranglehold it has on our ability to create better times now and to provide a better future for our children.

Rather than debating whether to ignore the deficit, we have now begun a serious discussion about how to really bring it down. That is leading change, not going along with events. Where once Presidents sent you budgets that were not worth the paper they were printed on, now we have a real economic plan that, for all the controversy, is moving through Congress at a record pace.

I am amused now when I read that the difficult tough choices that I have asked the Congress to make are passing with narrow margins in our majority party when last year 75 percent of the House Members of the other party voted against their own President's budget and for years Presidential budgets have been political documents, not serious attempts to turn this country around.

Now we are involved in a serious attempt to do that, you and I leading the change. Where once the other party taxed middle class people so that those in upper income groups would not have to pay even their fair share, we have a plan that asks those that benefited most in the 1980's and whose taxes went down then to pay their fair share, not because we want to punish success but because it is the American way to ask everyone to pay according to their ability to do so. That is what the middle class demands, and that is a change we are making.

Where once National Government had slogans for small business, we now have an economic plan that actually provides target incentives to business to create real jobs, something we have needed for a long time. And this effort to pass this plan as it has moved through the Congress has clearly, as the Chairman of the Federal Reserve said not very long ago, been the major force in driving interest rates to their lowest level in 20 years, something that is leading to a huge amount of refinancing of home loans, business loans, something that clearly will act in a positive way that will manifest itself in new investment today and new jobs in the near future. Where once Government spending soared even as investment in the future decreased, we now have an economic plan that dramatically shifts spending priorities away from wasteful cuts and still with some prudent, wise investments.

Once, our economic planners in the White House focused on quick fixes for the next election. Every budget document that came up to this Hill for years was discarded by serious people in both parties. You know it as well as I do. It's just a political document to make sure that the President can stay in good graces with the American people, instead of telling the truth and making the tough choices.

Now there is an economic plan before you that looks at the long term, not the next election. We look at the next generation, hoping that by the next election the American people will see that as exactly what has been done. Where once the other party used welfare as a whipping boy without doing anything to move a single person from welfare to work, we now have an economic plan that is step one of a long-term strategy to end welfare as we know it. The earned-income tax credit in this plan will save everybody who works 40 hours a week with children in the home. If you do that, that's work, we're going to reward it, and we will lift you out of poverty. It's one of the most significant social reforms enacted in this country in a generation. And we do it through the tax system, rewarding work.

Where once a President had to go to international economic conferences like the one I just attended with their hats in their hand and sit there while people from other countries criticized the United States relentlessly, saying, ''How can you expect us to grow the world economy when you have a big deficit and you, a wealthy country, soak up savings from all over the world, financing half of your public and private debt, or one-third of it, anyway, from foreign sources?'', I had the privilege of going to a G–7 meeting which, for the first time in a decade, did not criticize the United States but complimented the United States for a serious attempt to reduce the deficit. And make no mistake about it, that is what gave me the leverage, your action to reduce this deficit gave me the leverage to argue that the time had come to reduce these tariffs and to take it back and make it part of an international agreement on trade that will create hundreds of thousands of manufacturing jobs in this country in the next few years.

This is an agreement that we made that will create manufacturing jobs in America. There is no doubt about it. Everyone can see it, everybody who has ever studied it. It is not like many of the issues we have around here where there's a lot of debate and argument. Everyone knows that this is a good deal for America. We have to make it part of the global trade agreement by the end of the year, and we have a good chance to do it now because the agreement at the G–7 would never have happened if you hadn't passed the budget in the Senate and the House and given me the leverage to say we're doing our part, now you do yours.

Make no mistake about it, we would never, never have reached this agreement with Japan to change the nature of our trading relationships had I not had the leverage to say, I know that during the 1980's you took the trade surplus you had and turned it into an investment deficit by sending a lot of your money back to this country to help us to finance our deficit and keep our interest rates from absolutely exploding, but we are taking care of that. We're doing what you asked us to do. We're bringing our deficit down, investing more in our economy, our productivity is going up. We can compete again. Now we have to change the trade rules. If you hadn't passed, each House, a version of that

budget, we would not have been able to do that. That is what is happening today.

Yes, it is painful. Yes, it is difficult. But it is progress. It is change. It will make a difference. And it is focused on the long-run interests of the people of this country. We have come this far. This is no time to turn back. We have been bold. This is no time to be timid. We have faced this crisis squarely. This is no time to blink.

We can come out of this conference with a plan that can pass the Congress and, most importantly, can pass the critical judgment of the American people if we make sure they know what is in it. As you work through the myriad of important details in this massive economic conference, we would do well to keep in mind that history will not note who wins in the technical detailed arcana that may consume much of the debate. But our children and our grandchildren will remember whether we were bashful or bold. They will remember whether we showed courage or whether we turned away from this challenge. They will remember whether we gave in to gridlock in the kind of easy rhetoric that has come to dominate our politics of the last few years or whether we govern.

I understand and appreciate the fact that compromise and consensus and conciliation will have to be the order of the day. Nothing this difficult and complex can be accomplished without listening to different voices and different ideas. But I have no illusions about the challenges that lie before us.

Of course, this is politically difficult and institutionally demanding. But that, again, makes it a challenge worth accepting. Remember this: None of it will be worth anything if at the end of the day, we provide something less than fundamental change. From the beginning of this process, that is what I have tried to argue. Yes, there will be changes around the edges. Yes, there have been already changes around the edges. But we must provide fundamental change. What are elements of that change? First, we have to seize control of our economic destiny, put our fiscal house in order.

This deficit is the bone in the throat of America. And we ought to deal with it by passing a plan that reduces it by $500 billion, putting it in a trust fund so the American people know, because they don't trust anyone in politics, that the money will be used to reduce the deficit and having an enforcement mechanism that says if we miss the targets, because no one is smart enough to foresee everything that will occur over the next 5 years, the President does have to come forward with a plan to set it right every year. That is the first thing we ought to do to establish credibility with the American people.

Second, we ought to return to the fundamental notion of fairness. Those who have the most should pay the most. We did the reverse in the 1980's, and it didn't work out very well. Every serious study shows that most of the economic gains of the last decade went to the top one percent. The people who put those policies forward said you ought to do that because then they will create more jobs. But we created jobs at a slower pace, at a slower pace. We are over 3 million jobs behind where we ought to be today at this point in a so-called economic recovery. Why? Because the policy doesn't work. Because of the changes that have been made in this program, that have been moved through the Congress with some more spending cuts and some less tax increases that were originally proposed, I can now say to you that we ought to require that at least 70 percent of the tax burden of this plan fall on people with incomes above $200,000—that is now possible because of the changes which have been made—and that there will be no increases on working families unless their incomes are well above $100,000 a year.

Third, we must keep faith with the hard-working middle class families who have worked hard and paid more for the last 12 years. They are the backbone in the country, and the economy is not working for them. Many of them work harder every year for less, and many of them are afraid of losing their health insurance. Many of them are afraid that the Government will never again do anything that really makes a difference. But if we take action to remove the uncertainty that they have and to clear the cloud of rhetoric that they've heard with our adversaries who don't want to do anything, trying to convince them that they're going to pay the lion's share of the tax load, we can again not only gain their confidence but, even more

important, do something that is very much in their interest by passing this program.

Because you have been pressing, you especially in the leadership, for deeper spending cuts and for different tax proposals that, in the aggregate are less, we can now say, looking at the proposals on the table, that we will not need to ask the average working family to pay more than about $50 a year to contribute to this plan. That is a reasonable thing.

You cannot make me believe, once you get out there and tell the truth to the people in any district represented in this room, that the average middle class family with incomes above $30,000 a year and below the income tax increase threshold wouldn't pay a buck a week to get this deficit down. I don't believe it. I think they would. And I think they expect to do something to contribute to the future of this country as long as they know it's fair and we're not going to squander the money. And that's the opportunity we're going to be given, to demonstrate to them that fact during this conference and in the weeks ahead.

Fourth, we cannot ignore the fundamental economic reality that a lot of Americans are still left out and left behind in this weak economy. We have got to have incentives in the final bill to spur growth, to create jobs, to deal with the fact that no industrial country is now able, even in times of economic growth, to generate very many new jobs. We have got to try some new things. That's why I'd like, for example—I don't want to start listing them, because you may think I've left something out I'd want in—but just for example, that's why I think we ought to try that venture capital gains tax that is in the House bill that was, by parliamentary accident, taken out of the Senate bill. We've got to try some different things to create new jobs. And while I feel very strongly that we ought to create the empowerment zones in the inner cities and the small towns and the poor rural areas to see if we can make free enterprise work in these places, there's not enough Government money to go in and recover the fortunes and the futures of the people who live there. We've heard our adversaries on the other side talk about this concept for years. Why don't we do it and do it right and see if it works? This is a good proposal. Let's try it.

While we're at it, let me say one other thing. In the plans adopted by both the Senate and the House, without respect to all this hot air and rhetoric I've heard about how tough it is on small business, the hard, cold truth is that both these plans will give a tax cut to 90 percent of the small businesses in the United States of America that spent one red cent reinvesting in their business, because we doubled or more the expensing provision without raising their income tax. How can the small business associations of this country come out against this proposal when we are lowering taxes on 90 percent of their members? And the Wall Street Journal has got an article today documenting that fact. That ought to stay in the plan, even if the leadership opposes it.

Finally, I am for the cuts that have been made. But we have to recognize that there is a limit to how much, particularly in this reconciliation process, we can cut beyond where we are without hurting the elderly, the working poor, and the middle class. There is a limit to what we can do.

As you know, almost all the increases left in this budget are in health care. And I am committed to coming up with a solution to this process which brings the problem—it gets health care costs in line with inflation. That's the way to deal with that. But you cannot just arbitrarily cut it out. I do not believe we should cut Medicare more, at least than the Senate number. I just don't believe we should. There is a limit to how much we should cut it unless we are solving the problem. We can cut it more when we solve the problem. We have to do this first, and then we can do that. Let's fix the budget first.

Now, if we meet these requirements, we will have produced a plan that delivers on economic renewal, that looks to the long run, not just the short term, that gives the American people a sense that we are rewarding and honoring the values and the vision of the people who work hard and play by the rules: work, family, education.

I believe these requirements can unite this conference. Of course, in some ways, even though our opponents have had some near-term rhetorical success, I think they have

done something to unite us as well by serving as the implacable guardians of an indefensible status quo, against governing, in the favor of gridlock or the short-term fears that keep us from facing our problems instead of courage to seize control of our destiny and our future. Their policies ought to give us courage. After all, they had the ball for 12 years, and look what they did with it.

Now, I said on February the 18th in the State of the Union Address that I was not interested in blame, and I'm still not. And there's enough blame to go around, and there still is, not just among people in both parties of the Congress but among people who were Governors, mayors, and judges back then. That's fine. But there is blame to go around if you don't take responsibility now towards the future.

Just a few days ago there was a remarkable article in the Wall Street Journal, hardly an organ of the national Democratic Party—[*laughter*]—which said that Republicans' response to the budget crisis and the economic crisis of the country represented, and I quote, ''no new anything.'' That should unite us. On every important test, their alternatives have come up short. In both the House and the Senate, they offered much less deficit reduction and yet more pain to the average people in this country. They didn't lock their savings into a trust fund or have a real mechanism to enforce it. They weren't willing to stand up and ask their powerful and privileged and well-to-do and successful to pay even their fair share. In fact, they weren't willing to ask those people to pay anything at all. But they were more than happy to ask people on Medicare and the veterans and others to pay even more after we had already cut all those programs, again, saying the burden ought to be borne by the elderly, the working poor, and the middle class.

Our plan supports growth and fairness, and theirs is another victory for special interests. They refuse to even close loopholes for three-martini lunches or CEO salaries out of line with performance or the loophole that subsidizes the very lobbyists who write the loopholes. I read their plan. They didn't want to do that. They have no targeted incentives for businesses to create jobs in a global economy where plainly new strategies are called for, no targeted investments for growth; just taking more from health care, from veterans, from everything else that helps the average people in this country, just so the well off don't have to pay one red cent in new taxes.

Frankly, folks, I'm tired of what is sort of cold-blooded being passed off as courageous, just because of the sloganeering. The slogans are easy: ''tax and spend,'' ''cut spending first,'' ''it's spending, stupid.'' They all sound so good, so that they mask the reality. The reality is, this budget cuts $250 billion in spending, over 200 specific spending cuts, not the general we'll-take-care-of-it-later of our opponents, the Vice President talked about, over hundreds of specific budget cuts in excess of $100 million apiece. That's what it does. There is nothing to be ashamed of here except somehow we haven't found a way to take a big old knife and cut through the rhetorical fog that has been blanketing our efforts in this town for the last several months. But I assure you, we're going to do it in the days ahead.

You know, in the Senate Finance Committee, there was an interesting little drama that played itself out after we heard all this stuff about ''tax and spend'' and ''it's spending, stupid'' and ''we're going to cut spending''. When the bill got down to the lick-log in the Senate Finance Committee, how many spending cuts do you think were offered by the other side, over and above the tough ones we had already put in place? Zero. Not one. Not one red cent. When it came down to getting away from this general stuff and to the specifics, nothing. Why? Because nobody wants to say anything hard. Because, sure, it is always the best thing in the heat of the moment to tell everybody just what they want to hear, but all of the easy things have been done. That's why we're in the fix we're in. And we have to do some things that are difficult.

Let me say, it grieves me in some ways that this has become a partisan fight. I did not seek that. I still have some hope that some of the genuinely conscientious and responsible Members on the other side, when this conference report emerges, will vote for it. I know many of them think there are many good things in it. And we have done some changes, frankly, that moved this bill in the

direction that the more moderate and responsible Members have asked for on the other side. But I will not shrink from defending what I know in my heart will help the economy when it is subjected to untrue and unfair attacks. This is the nature of our profession, I guess, but somewhere along the line, what's really in the interest of the American people ought to count, too.

The last thing I want to say is that if you know you have to go this alone, and we don't get much help from the other side, there's an awful temptation, I guess, to do nothing, or at least to do nothing for a while. And I can tell you the cost of doing nothing is far higher in both political and economic terms than paying the price of progress today. We were elected to govern. We were elected to end gridlock. I don't know how many people I heard last year tell me, "Even if you make me mad, do something. Do something. Move this thing. Break us out. Get something going." If we flinch or fail to get our mandate for a moment, the reaction to that would be far greater than any particular unpopularity of this effort.

When we succeed and set our Nation on a new direction, and it will begin the day after both Houses vote for a combined plan—there will be a surge in conference—people will then see the facts, not the fog but the facts of what was in this program. The reality will take over. Then we will be on our way to building an economy which once again restores the American dream. We have been seeing it slip away for literally 20 years now. The peak of middle class prosperity in this country occurred 20 years ago in 1973. Ever since then, all new additions to earnings have come from people working longer hours or more people in the same family working. Ever since then, for 20 years, we have had different but inadequate responses to the challenges of the global economy. And then for the last 12 years, we tried trickle-down economics, which was shove it all up and hope it gets invested back down and it will work out fine.

Now, I believe that the truth is somewhere between and beyond, more importantly, the old paradigms of Government. We cannot spend our way out of this crisis. The Government cannot work the American people, alone, out of this crisis. But neither can we ignore our fundamental responsibilities to put our house in order, invest in our people, and have the kind of program that will move us into the 21st century.

This country is doing a lot of good things that often get lost because of the momentary insecurities. There has been a huge increase in productivity in the private sector. Your country is the high-quality, low-cost producer of hundreds, indeed thousands of goods and services that can help us if we can open markets and if we can get our house in order here and if we can continue to improve the skills of our people and if we can deal with the particular problems of various areas of the country and various parts of our economy. We can move this thing. We do not need to stay in the rut we're in. But we have been on this path in one way or the other for two decades. We cannot expect to move out of it in 6 months. But we will never move out of it unless we move. We can't just sit around and pray for rain. It doesn't work that way.

Let me close with just this personal indulgence, if I might. Thirty years ago today, I visited Washington, DC, for the first time in a now rather well-known encounter I had with President Kennedy in the Rose Garden. I had hardly ever been out of Arkansas, and I wasn't sure where I was or what I was seeing. But I knew one thing in the week I spent here: I had no doubt whatever that the Congress of the United States and the President of the United States could solve whatever problem and could meet whatever challenge we were facing. Now people all over America don't believe that anymore. Thirty years ago when I was here, I didn't have an instant of a doubt. And it was an incredible honor to be in this place, because this is where my country's business was done. Four months after I was here, of course, President Kennedy was assassinated, and the pain of that still lives on in this country and perhaps was the beginning of the slow undoing of our collective confidence in ourselves and our institutions. But you know, if you remember all the wonderful things that John Kennedy said, I think in some ways my favorite line was that "We must always remember that here on Earth, God's work is truly our own." The

only way to ever honor any memory of something gone is to do something today which reinforces the validity of that memory in our hearts.

This day, it's far more important in our Nation's history for another reason, not because of my first trip here but because it was on this day in 1969 that an astronaut fulfilled one of President Kennedy's greatest dreams, when Neil Armstrong became the first person ever to walk on the Moon. When John Kennedy directed our attention to the heavens and inspired our notion of expanding knowledge, he saw it not as a test of our capacity, if you will remember, but of our character. He said, and I quote, ''We choose to go to the Moon in this decade and to do the other things not because they're easy but because they're hard. Because the challenges are one we are willing to accept, one we are unwilling to postpone, and one we intend to win.''

So I say to you: I ask for your support, your unfailing efforts, your courage, your energy, because it is time to meet that kind of challenge. I know this is hard, more than anything else because it's been so hard in the last 2 months to get the facts out to the people. Every single piece of evidence shows that when people know what we're trying to do and what the details of this plan is, whether it's a Senate plan, a House plan, or something in between, a majority of the American people will see it as fair, sensible, and progressive. We are being not by the specifics, but by the rhetoric that has enveloped the fog of this town. I am telling you, once we act, we can make it go away because then the reality will begin to hit people's lives.

And so I ask you in this place in time to remember the challenge that John Kennedy laid down in deciding to go to the Moon. This should be one we are willing to accept, one we are unwilling to postpone, and one we intend to win. Thank you, and God bless you.

NOTE: The President spoke at 3:02 p.m. at the Cannon House Office Building. A tape was not available for verification of the content of these remarks.

Remarks in an Interview With Members of the Wisconsin Press

July 20, 1993

The President. I'd like to make just a brief opening statement, and then I'll be happy to answer your questions. As you know, the designated committees from the Senate and the House are about to take up the conference process on the economic program I have presented to the Congress. I'd like to make a few comments about it and then answer your questions.

I have just returned from a meeting of the world's seven large industrial nations in Tokyo. At that meeting, two significant decisions were made that could dramatically improve the economy of the United States in the years ahead and obviously will be very good for Wisconsin. The first decision was an agreement among the seven nations to lead an effort to dramatically reduce tariffs on manufactured goods across a whole range of services. It is estimated that if we can put this into a world trade agreement by the end of the year, it would add hundreds of thousands of jobs to the manufacturing economy in the United States over the next decade. The second agreement was an historic agreement with Japan in which, for the first time, the Japanese agreed to reduce their trade surplus with the United States and to be accountable in specific ways for reducing that trade surplus in specific areas. Again, that means more jobs for Americans.

Neither of these agreements would have been possible were it not for the progress we are making toward enacting the economic plan which reduces the deficit by $500 billion over the next 5 years. For 10 years American Presidents have gone to these meetings and been criticized because the United States would not assume any discipline over its budget. This is the first time leaders of other nations have complimented instead of criticized the United States. None of it would have happened had it not been for the Congress making progress on this plan.

Now, there is a great deal of misinformation in the minds of many Americans about what is actually in this plan, thanks largely to the rhetorical attacks on the plan by its opponents, most of them in the other party.