

and play by the rules can live with the dignity they have earned.

I urge the Congress to take prompt and favorable action on this legislation.

WILLIAM J. CLINTON.

THE WHITE HOUSE, February 13, 1995.

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# ECONOMIC REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Joint Economic Committee and ordered to be printed.

## To the Congress of the United States:

Two years ago I took office determined to improve the lives of average American families. I proposed, and the Congress enacted, a new economic strategy to restore the American dream. Two years later, that strategy has begun to pay off.

Together we have created an environment in which America's private sector has been able to produce more than 5 million new jobs. Manufacturing employment grew during each month of 1994—the first time that has happened since 1978. We have cut the deficit in the Federal budget for 3 years running, we have kept inflation in check, and based on actions I have already taken, the Federal bureaucracy will soon be the smallest it has been in more than 3 decades. We have opened up more new trade opportunities in just 2 years than in any similar period in a generation. And we have embarked on a new partnership with American industry to prepare the American people to compete and win in the new global economy.

In short, America's economic prospects have improved considerably in the last 2 years. And the economy will continue to move forward in 1995, with rising output, falling deficits, and increasing employment. Today there is no country in the world with an economy as strong as ours, as full opportunity, as full of hope.

Still, living standards for many Americans have not improved as the economy has expanded. For the last 15 years, those Americans with the most education and the greatest flexibility to seek new opportunities have seen their incomes grow. But the rest of our work force have seen their incomes either stagnate or fall. An America that, in our finest moments, have always grown together, now grows apart.

I am resolved to keep the American dream alive in this new economy. We must make it possible for the American people to invest in the education of their children and in their own training and skills. This is the essence of the New Covenant I have called for—economic opportunity provided in return for people assuming personal re-

sponsibility. This is the commitment my Administration made to the American people 2 years ago, and it remains our commitment to them today.

## THE ADMINISTRATION'S ECONOMIC STRATEGY

Our economic strategy has been straightforward. First, we have pursued deficit reduction to increase the share of the Nation's economic resources available for private investment. At the same time we have reoriented the government's public investment portfolio with an eye toward preparing our people and our economy for the 21st century. We have cut yesterday's government to help solve tomorrow's problems, shrinking departments, cutting unnecessary regulations, and ending programs that have outlived their usefulness. We have also worked to expand trade and to boost American sales to foreign markets, so that the American people can enjoy the better jobs and higher wages that should result from their own high-quality, high-productivity labor. Having fixed the fundamentals, we are now proposing what I call the Middle Class Bill of Rights, an effort to build on the progress we have made in controlling the deficit while providing tax relief that is focused on the people who need it most.

## PUTTING OUR OWN HOUSE IN ORDER

The first task my Administration faced upon taking office in January 1993 was to put our own economic house in order. For more than a decade, the Federal Government had spent much more than it took in, borrowing the difference. As a consequence, by 1992 the Federal deficit had increased to 4.9 percent of gross domestic product—and our country had gone from being the world's largest creditor Nation to being its largest debtor.

As a result of my Administration's deficit reduction package, passed and signed into law in August 1993, the deficit in fiscal 1994 was \$50 billion lower than it had been the previous year. In fact, it was about \$100 billion lower than had been forecast before our budget plan was enacted. Between fiscal 1993 and fiscal 1998, our budget plan will reduce the deficit by \$616 billion. Our fiscal 1996 budget proposal includes an additional \$81 billion in deficit reduction through fiscal 2000.

## PREPARING THE AMERICAN PEOPLE TO COMPETE AND WIN

As we were taking the necessary steps to restore fiscal discipline to the Federal Government, we were also working to reorient the government's investment portfolio to prepare our people and our economy for 21st-century competition.

*Training and Education.* In our new information-age economy, learning must become a way of life. Learning begins in childhood, and the opportunity to learn must be available to every American child—that is why we have worked hard to expand Head Start.

With the enactment of Goals 2000 we have established worldclass standards

for our Nation's schools. Through the School-to-Work Opportunities Act we have created new partnerships with schools and businesses to make sure that young people make a successful transition to the world of work. We have also dramatically reformed the college loan program. Americans who aspire to a college degree need no longer fear that taking out a student loan will one day leave them overburdened by debt.

Finally, we are proposing to take the billions of dollars that the government now spends on dozens of training programs and make that money directly available to working Americans. We want to leave it up to *them* to decide what new skills they need to learn—and when—to get a new or better job.

*New Technology.*—Technological innovation is the engine driving the new global economy. This Administration is committed to fostering innovation in the private sector. We have reoriented the Federal Government's investment portfolio to support fundamental science and industry-led technology partnerships, the rapid deployment and commercialization of civilian technologies, and funding for technology infrastructure in transportation, communications, and manufacturing.

*A Middle Class Bill of Rights.* Fifty years ago the GI Bill of Rights helped transform an economy geared for war into one of the most successful peacetime economies in history. Today, after a peaceful resolution of the cold war, middle-class Americans have a right to move into the 21st century with the same opportunity to achieve the American dream.

People ought to be able to deduct the cost of education and training after high school from their taxable incomes. If a family makes less than \$120,000 a year, the tuition that family pays for college, community college, graduate school, professional school, vocational education, or worker training should be fully deductible, up to \$10,000 a year. If a family makes \$75,000 a year or less, that family should receive a tax cut, up to \$500, for every child under the age of 13. If a family makes less than \$100,000 a year, that family should be able to put \$2,000 a year, tax free, into an individual retirement account from which it can withdraw, tax free, money to pay for education, health care, a first home, or the care of an elderly parent.

## EXPANDING OPPORTUNITY AT HOME THROUGH FREE AND FAIR TRADE

Our efforts to prepare the American people to compete and win in the new global economy cannot succeed unless we succeed in expanding trade and boosting exports of American products and services to the rest of the world. That is why we have worked so hard to create the global opportunities that will lead to more and better jobs at home. We won the fight for the North American Free Trade Agreement (NAFTA) and the Uruguay Round of

the General Agreement on Tariffs and Trade (GATT).

Our commitment to free and fair trade goes beyond NAFTA and the GATT. Last December's Summit of the Americas set the stage for open markets throughout the Western Hemisphere. The Asia-Pacific Economic Cooperation (APEC) group is working to expand investment and sales opportunities in the Far East. We firmly believe that economic expansion and a rising standard of living will result in both regions, and the United States is well positioned both economically and geographically to participate in those benefits.

This Administration has also worked to promote American products and services to overseas customers. When foreign government contracts have been at stake, we have made sure that our exporters had an equal chance. Billions of dollars in new export sales have been the result, from Latin America to Asia. And these sales have created and safeguarded tens of thousands of American jobs.

#### HEALTH CARE AND WELFARE REFORM: THE UNFINISHED AGENDA

In this era of rapid change, Americans must be able to embrace new economic opportunities without sacrificing their personal economic security. My Administration remains committed to providing health insurance coverage for every American and containing health care costs for families, businesses, and governments. The Congress can and should take the first steps toward achieving these goals. I have asked the Congress to work with me to reform the health insurance market, to make coverage affordable for and available to children, to help workers who lose their jobs keep their health insurance, to level the playing field for the self-employed by giving them the same tax treatment as other businesses, and to help families provide long-term care for a sick parent or a disabled child. We simply must make health care coverage more secure and more affordable for America's working families and their children.

This should also be the year that we work together to end welfare as we know it. We have already helped to boost the earning power of 15 million low-income families who work by expanding the earned income tax credit. With a more robust economy, many more American families should also be able to escape dependence on welfare. Indeed, we want to make sure that people can move from welfare to work by giving them the tools they need to return to the economic mainstream. Reform must include steps to prevent the conditions that lead to welfare dependency, such as teen pregnancy and poor education, while also helping low-income parents find jobs with wages high enough to lift their families out of poverty. At the same time, we must ensure that welfare reform does not increase the Federal deficit, and that the States retain the flexibility they need to experiment with innovative programs

that aim to increase self-sufficiency. But we must also ensure that our reform does not punish people for being poor and does not punish children for the mistakes of their parents.

#### REINVENTING GOVERNMENT

Taking power away from Federal bureaucracies and giving it back to communities and individuals is something everyone should be able to support. We need to get government closer to the people it is meant to serve. But as we continue to reinvent the Federal Government by cutting regulations and departments, and moving programs to the States and communities where citizens in the private sector can do a better job, let us not overlook the benefits that have come from national action in the national interest; safer foods for our families, safer toys for our children, safer nursing homes for our elderly parents, safer cars and highways, and safer workplaces, cleaner air and cleaner water. We can provide more flexibility to the States while continuing to protect the national interest and to give relief where it is needed.

The New Covenant approach to governing unites us behind a common vision of what is best for our country. It seeks to shift resources and decision-making from bureaucrats to citizens, injecting choice and competition and individual responsibility into national policy. In the second round of reinventing government, we propose to cut \$130 billion in spending by streamlining departments, extending our freeze on domestic spending, cutting 60 public housing programs down to 3, and getting rid of over 100 programs we do not need. Our job here is to expand opportunity, but bureaucracy—to empower people to make the most of their own lives. Government should be leaner, not meaner.

#### THE ECONOMIC OUTLOOK

As 1995 begins, our economy is in many ways as strong as it has ever been. Growth in 1994 was robust, powered by strong investment spending, and the unemployment rate fell by more than a full percentage point. Exports soared, consumer confidence rebounded, and Federal discretionary spending as a percentage of gross domestic product hit a 30-year low. Consumer spending should remain healthy and investment spending will remain strong through 1995. The Administration forecasts that the economy will continue to grow in 1995 and that we will remain on track to create 8 million jobs over 4 years.

We know, nevertheless, that there is a lot more to be done. More than half the adult work force in America is working harder today for lower wages than they were making 10 years ago. Millions of Americans worry about their health insurance and whether their retirement is still secure. While maintaining our momentum toward deficit reduction, increased exports, essential public investments, and a government that works better and costs less, we are committed to providing tax

relief for the middle-class Americans who need it the most, for the investments they most need to make.

We live in an increasingly global economy in which people, products, ideas, and money travel across national borders at lightning speed. During the last 2 years, we have worked hard to help our workers take advantage of this new economy. We have worked to put our own economic house in order, to expand opportunities for education and training, and to expand the frontiers of free and fair trade. Our goal is to create an economy in which all Americans have a chance to develop their talents, have access to better jobs and higher incomes, and have the capacity to build the kind of life for themselves and their children that is the heart of the American dream.

WILLIAM J. CLINTON.

THE WHITE HOUSE, February 13, 1995.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 2

Mr. TALENT. Mr. Speaker, I ask unanimous consent that my name be withdrawn as a cosponsor of House Joint Resolution No. 2.

The SPEAKER pro tempore (Mr. BONILLA). Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

[Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

#### REPUBLICAN CRIME BILL GOOD FOR AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. Mr. Speaker, the Contract With America crime bill was introduced as H.R. No. 3, the Taking Back Our Streets Act. The bill strikes at the heart of the violent crime problem by fixing countless problems with the Clinton crime bill and fixing larger problems with the criminal justice system.

The Clinton crime bill addressed the crime problem through more questionable social spending and sleight-of-hand changes in the criminal justice system. The Taking Back Our Streets Act, however, sends a tough warning to would-be criminals, do the crime, serve