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We have a lot more deficit reduction than he did, and in his plan he had $66 billion in, quote, unspecified cuts. He wouldn't even say where the tough cuts were coming from.

Q. Retroactivity is what he——

The President. Well, the retroactivity, my answer to that is twofold. Number one, on the merits, it applies to the same couples with incomes above $200,000, individuals with incomes above $150,000 to $160,000; that they will be given 3 years without penalty, a subsequent 3 years to pay the taxes; that all the tax cuts are retroactive and some of the tax incentives go back to the middle of 1992, not just to the first of '93.

So those would be my answers to the attacks he made on the program.

NOTE: The President spoke at 10:07 a.m. in Statuary Hall at the Capitol. A tape was not available for verification of the content of these remarks.

Remarks to the National Urban League

August 4, 1993

Thank you very much. Reg Brock, John Jacob, distinguished dais guests, and ladies and gentlemen. It was just about a year ago that we were together at the Urban League convention in San Diego. What a difference a year makes.

Many of you in this audience have been friends of mine for a very long time. Those of you from my home State of Arkansas have worked with me in partnership there for many years. I know what the Urban League can do to make a difference in the lives of people and in the minds and hearts of people.

I want to say at the outset today that while I came here to talk about what we're trying to do in Washington, what we can do in Washington is in no small measure determined by what lives in the hearts and minds and visions of Americans throughout this land. I know that the Urban League, for more years than I have by far, has struggled to remind Americans that, without regard to our race or creed or station in life, we must go forward together; that there is no place for hatred or division.

And yet we know today that we are challenged by that on every hand. When people would bomb the NAACP headquarters in Tacoma or in Sacramento, when people would threaten your own John Mack in Los Angeles, when people would seek again to divide us by race instead of to take the hard and difficult path of making the changes we all need to make together as a country, we need the Urban League. America needs it. The President, the Congress, the politicians alone cannot do nearly as much as you can do to reach to the truth of the human heart and stand up against bigotry. But there are things that we can do. I know the Attorney General appeared before you in this conference, along with at least four other members of my Cabinet. No wonder I couldn't find any of them this week. They were over here. [*Laughter*]

But I tell you, one of the reasons that we picked Judge Louis Freeh from New York to head the FBI is that he was not only committed to continuing the long overdue work of opening the FBI to women and minorities but also because he had successfully, heroically, and determinedly prosecuted the criminals who murdered a Federal judge and a civil rights leader in the South when others had given up and thought it could not be done.

I am especially in debt to the Urban League because the Urban League not only gave to the Nation such great leaders as Whitney Young, but you gave to me a lifelong friendship and the service in this administration of Vernon Jordan and Ron Brown. I would have never met either one of them if it hadn't been for the Urban League.

I also want to say to all of you that it is terribly important as we seek to bring America together that we continue our struggle to remind the doubters and the naysayers that we can go forward together.

There was an especially reassuring article, at least to me, in the Washington Post a few days ago by the distinguished columnist William Raspberry in which he pointed out that when I said I wanted a Cabinet that looked like Amer-

ica, I was subject to ridicule in many quarters who claimed that I was about to diminish the quality of the Government by imposing some sort of quota system on the Cabinet. Well, it turned out that I produced a Cabinet with more women and more minorities than had ever served in a President's Cabinet. And most people think it's one of the best Cabinets that ever served the United States of America.

And as Mr. Raspberry pointed out, when Janet Reno speaks as Attorney General now, people don't think of her as the first woman Attorney General. When Mike Espy's out there up to his ears in mud in the middle of the Mississippi River Valley flooding, and people are saying we've got the best response to a national emergency they've ever seen, nobody says he's the first black Secretary of Agriculture; he's somebody out there helping the farmers to put their lives back together.

In the last 6 months, a great deal has happened in this town. The pace of change has been dizzying. And with all change, there has been strong opposition, and it's been a little ragged around the edges from time to time. But let me ask you this: If on Inauguration Day someone had told you that this administration, with the most diverse Cabinet in history, would work with the Congress and with our allies in the country and around the world to produce the Family and Medical Leave Act, twice vetoed by the previous administration, which became effective this week, to guarantee that working people can take a little time off when a baby's born, a child's sick, or a parent's ill, won't lose their jobs; would produce the motor voter bill, which is a significant advance in voting rights for the young, the poor, and the dispossessed; would produce a bill with the National Institutes of Health which would take the politics out of medical research and finally do what ought to be done in medical research with regard to women and their health care problems; would produce a dramatic change in environmental policy which would be applauded all around the world for putting the United States back in the forefront of energy conservation, of responsible efforts to deal with the population explosion, of all kinds of efforts to reconcile the conflicts between the environment and the economy; if someone had told you that we would take the lead in trying to keep democracy alive in Russia in ways that would be good for ordinary Americans by continuing to reduce the threat that nuclear weapons will ever be used and by opening up future markets there; that the United States would be able to go to a meeting of the great industrial nations of the world in Tokyo and for the first time in a decade not be attacked because we are a drag on world growth because of our deficit, and instead, we would be complimented and they would agree with us to lower tariffs on goods in a way that every American analyst concedes will add hundreds of thousands of jobs, good, high-paying manufacturing jobs, to the world economy if we can get all the other nations to agree with it; and that in the middle of this budget debate we would pass the program for national service which will give Americans a chance to bridge the gaps of race and income and earn credit against their college education by dealing with the human problems of Americans at the grassroots level—I'd say that's a pretty good record for 6 months, and I think the American people ought to be proud of it.

But let me say to you that there is much, much more to be done. And whether we can get about the business of doing it will be determined in the next 48 hours or 72 hours or so by how the Congress of the United States responds to the challenge presented by the economic plan.

I thank the Urban League for its early endorsement and support of this plan, and I would remind you here briefly why you did it, what is in it, how it makes a difference to ordinary Americans. Remember that for 20 years now, literally 20 years in 1993, most working Americans have seen the power of their incomes eroded. Wages for wage earners have been virtually stagnant for 20 years as the cost of health care, housing, and education has exploded.

In 1980, we had a Presidential election which said that this problem that the American people were having paying their bills and dealing with global economic forces was a problem of too much Government in America and what we needed to do was to cut taxes, get Government out of the way, and everything would be wonderful. What that rhetoric masked was an old-fashioned attempt to cut taxes and increase spending, except it was done in a different way. We cut taxes on the wealthiest Americans, increased primarily defense spending, and got out of the way.

And for a couple of years it worked. We had a couple of years in which jobs came into the

economy because we were spending a lot more than we were taking in and putting a lot of people to work in defense industries. But after that, the patterns imposed on the United States by the realities of the global economy returned with a vengeance and were made worse by the decisions made in the early eighties where we cut taxes on the wealthy, ran the deficit up.

What happened later? When the Congress and the President started going back at it, we had a decade in which taxes were cut on the wealthy, and the top one percent got more than half of the income gains on the 1980's. Taxes were raised on the middle class whose incomes were going down. We reduced our investment in our children, their education, our economy, and our future. We cut defense spending without reinvesting in California, Connecticut, Massachusetts, and the other States that were hurt. And all of the money went to pay more for the same health care, to pay more interest on the massive debt, and to deal with the fact that we were creating a whole new class of poor people. It reached the point that by 1992, 1 in 10 Americans was on food stamps.

So I say to you, that path didn't work very well. We now have evidence that it didn't work. In the last 4 years, only a million new jobs came into the economy. We are 3.5 million jobs behind where we would have been in a normal economic recovery.

And so I presented a plan to the Congress—and I have asked them to adopt it, and I asked the American people to support it last night—which brings down the deficit by $500 billion over the next 5 years. Why should liberals be for that? Why should people in urban constituencies be for that? I'll tell you why. Because as long as that deficit keeps getting bigger, we'll spend more and more of your tax money, hard-working middle class people's tax money, paying bond payments to wealthy bond holders instead of investing in reinvigorating the American economy. Interest rates will go back up, and we won't be able to provide the things that people need.

If we pay the deficit down—look what happened again yesterday: It looks like we're going to pass the plan; the interest rates dropped to an all-time low. I'm telling you, folks, we need to have a consensus in America without regard to race or political philosophy that we have to gain control over our economic destiny again and stop being paralyzed. If we don't do something about this, within 5 years we'll be spending all of our money paying more for the same health care and interest on the debt. And there will be nothing to grow America and grow our people and bring us together. That is the first issue.

The second thing is that this plan is fair. This plan is fair: Eighty percent of the new revenues will come from people with incomes above $200,000—80 percent, 80 percent; no income tax increases on couples with incomes below $200,000, actually $180,000 in adjusted gross income. The 4.3-cent gas tax that is in this plan amounts to about $35 per year for a family of four with an income of $50,000. Working families with incomes of under $30,000 are held harmless. This is a fair plan. In 1990 when there was virtually no burden on the wealthiest Americans in the budget plan, the burden on the middle class was 2½ times as great as this.

The third point I want to make is, unlike 1990 and unlike the other plans which have been offered to the Congress this year, this plan has real incentives for economic growth that will affect a lot of you in this room. Every small business in America will be eligible to increase their expensing provision by almost double. What does that mean in plain terms? It means that over 90 percent of the small businesses in this country are going to get a tax cut out of this bill if they reinvest more money in their business. Now, that's something the Republicans haven't told you in the last few weeks: Over 90 percent will get a tax cut.

For those of you who live in California and are worried about the economy out there, this plan increases the incentives for companies out there to invest in research and experimentation. That's where a lot of it is going on. That will create more jobs. For those of you who live in Michigan, Ohio, other States with heavy industry, this plan gives those big companies some relief from the minimum tax provisions if, but only if, they invest in new plant, new equipment, and they do things that will make them more competitive and able to hire more people and create new jobs.

This plan gives a sweeping new investment incentive for people with the courage to invest in new and small businesses. It says if you do it and hold the investment for 5 years, you get a 50 percent cut in the tax you'd otherwise have to pay to get people into that. This plan

will grow the economy.

Finally, let me say this plan is fair to people who deserve our support. There is some more money in this plan for Head Start, to help pregnant mothers, to start people off well, to invest in the apprenticeship training of our young people, to help to pay for national service, and for more access to college education. And the most important thing of all, which has received very little attention until the last few days, this plan arguably has the most important piece of social reform in the last 20 years because it puts $21 billion into the earned-income tax credit program, which means we can say to the working poor, if you have children in your house and you work 40 hours a week, you will be lifted out of poverty. We are tired of seeing people work their heads off and work their fingers to the bone and be in poverty.

That is something that every conservative in this country who's talked about how bad the welfare system is for years ought to embrace with tears of joy. Think about it. For the first time in the history of the country we can say, "If you go out and work hard and play by the rules and you're still living in poverty"—and almost one in five, 18 percent of the workers in this country work for a wage that will not support a family of four above the poverty line—this says "the tax system, not a Government bureaucracy, not a program, the tax system will lift you out. You will be rewarded for your work."

That is a dramatic advance. It will change the lives of millions of Americans who are out there just killing themselves to raise their kids and to obey the law and to do what is right. And that, too, is in this program.

But when they say, our opponents, "This thing doesn't do anything for jobs. It doesn't do anything to cut the deficit. It taxes the middle class, not any different from what we've done before," it is just not so. And I ask you in these closing hours, if you have a Senator or a Representative who is potentially a vote for this, call them and tell them you'll be with them.

I've spent a lot of time talking to the Members of Congress. I hear two arguments from people who say they may not or they won't vote for the program. Argument number one is a terrible indictment of democracy, but a lot of them have said it: "This is a good program; it's good for America; it's good for my district, but our people don't believe it. So much misinformation has been put out. They don't believe there's any deficit reduction. They don't believe there's any spending cuts. They believe the middle class is paying the taxes. They don't think there's any incentives for growth. And we'll never convince them of that. So even though it's good for America, I can't vote for it because my people are not capable of hearing the truth." I think that is wrong.

As soon as this bill passes, we will clear away the murky fog of misinformation and reality will take over. And we've been doing a better job of that in the last month. But you need to give courage to those people.

There are others who say, quite rightly, that "This bill doesn't solve every problem America has, and therefore, I won't vote for it." Well, we'll never vote for any bill if that's the test.

It is true, this bill brings the deficit down for 5 years, and then it will start going up again unless we do something about health care costs. But the time to do that is when we reform the health care system and provide affordable health care to all Americans and control health care costs in the private sector as well as the public sector. It is not fair to say we're going to control health care costs and doing it by slashing Medicare benefits to middle class elderly people or by simply shifting the costs onto the private sectors.

Now, I want to say this again. This is something we all have a common interest in. We do spend too much on health care. We spend it in the private sector and in the public sector. We spend over 14 percent of our income on health care. Only Canada, of all the other countries in the world, spends as much as 9 percent of their income on health care. Everybody else is less. And we spend it partly because the whole system costs too much to administer—it is a bureaucratic nightmare—and because we are the only advanced country that doesn't provide some quality coverage to all of our citizens and security of people so that they'll have health care coverage even if they lose their jobs or if they move jobs or if somebody in their family has been sick before. We have to deal with this.

But if we did what these folks are saying and tried to solve the health care problem now by slashing what we spend on Medicare and Medicaid without reforming the system, you know what would happen? We'd either hurt the

middle class elderly or the poor, or we'd keep on doing what's been done in this country now for about 15 years: We'd be sending the bill to the private sector. All of you who are in the private sector—most of you are paying health insurance premiums that cost too much already. If we just cut what the Government pays, you'll pay more.

So I say to those people who say we have to do something about these entitlement programs and health care, you are right. Let's do it right. Let's not use that as an excuse not to move forward with this program. There's too much good in it.

Finally, let me say we have a lot more to do. We have to move on to health care. We have to move on to welfare reform. We have to move on to the crime bill, which will do a great deal to help us to put more police officers on the street in community policing settings where we will be working with people in the community to make them safer and to prevent crime from occurring in the first place. We need to pass the Brady bill. We have fooled around with this too long. It is time to pass it.

I had a heartbreaking conversation over the weekend with a friend of mine who is a Member of Congress who had a friend whose son was shot in one of these blind, mad encounters between children over the weekend, where four young boys got in a fight with four others, and they didn't know the other guys had guns. And finally they just took out the guns and started shooting them. This is crazy. This is crazy.

Our television news is filled at night with horrible incidents of violence in Bosnia and other places in the world that break our heart. Twenty-four people were killed in this town, our Nation's Capital, in one week last month. We have to get on with that.

You had Hugh McColl here the other day, my friend Hugh McColl, one of the most enlightened bankers in America, a supporter of our community development banking proposal. We've got to prove we can bring free enterprise and investment back to distressed urban and rural areas in this country. That is out there waiting for action. None of this stuff is going to be addressed until we get this budget economic plan passed and get it behind us and move forward.

The Vice President is going to present a stimulating plan to reorganize the Federal Government in ways that serve you better at the grassroots level and still save the taxpayers money. We are not done with trying to control the budget. But we cannot move forward unless we act on this now.

And so I say to you, my fellow Americans, we have tried delay, denial, gridlock. We've had all this tough talk and easy action. I've been criticized in some quarters for not talking tough enough. My theory is if you do the tough things, your actions can speak louder than your words. We've had too many words that didn't mean a thing in this town for too long.

So I ask you as Americans to continue your support of these endeavors. I ask you for your partnership for the future. Let's make the national service program work and make it an instrument of healing and unity and real problem-solving, just what the Urban League has always been about. Let's prove we can deal with the health care issue in America, that we don't have to be the only advanced country in the world that can't seem to find a way to either control health care costs or provide security to our families. Let's prove that we can bring our deficit down and grow our economy.

In short, let us prove that together we will assume more responsibility, create more opportunity, and come together again in this great American community. I am tired of hearing about all the things we cannot do. I am tired of hearing about cynicism and skepticism being the excuse for inaction and paralysis. This is a very great country. And when you travel abroad and you see the problems that these other nations are having and you see all these other rich countries with higher unemployment than we have, you know that there is nothing before us that we cannot deal with if we simply have the vision and the will to do it.

We are being given a chance now to demonstrate that vision and that will. It is consistent with everything the Urban League has ever stood for or done. I ask for your prayers, your support, and your memory that—President Kennedy once said it better than I ever could, "Here on Earth, God's work must truly be our own." Our work is before us. I'm trying to do my part. I hope you will do yours.

Thank you, and God bless you all.

NOTE: The President spoke at 10:48 a.m. at the Washington Convention Center. In his remarks, he referred to Reginald K. Brock, Jr., chairman and chief executive officer, Time, Inc.; John Jacob, president and chief executive officer, National Urban League, Inc.; and John W. Mack, president, Los Angeles Urban League.

Remarks on Signing the Executive Orders on Budget Control and the Deficit Reduction Fund and an Exchange With Reporters

August 4, 1993

The President. Before I sign these orders, I'd like to make a brief statement, if I might. Nothing has done more to erode the confidence of the American people in our Government than our chronic failure to manage our finances and to stabilize the economy so that it can create jobs. Year after year, the public has been told that sustained economic growth and deficit reduction would come from actions taken here. And as deficits have grown larger and incomes have shrunk, the people have become more and more skeptical, even cynical, about everything that is said and done here even with the best of intentions.

We have a budget deficit, we have an investment deficit, and we clearly have a trust deficit in America. I am determined to do something about all three. I know the American people are doubtful about any claim by our Government, and I know they wonder if the cuts that we are proposing are real and if the taxes will really be used to pay down the deficit. That's why I want to go the extra mile to ensure that this plan is fundamentally different from what has been done in the past.

This plan is based on conservative revenue estimates of future revenues, with year-by-year, line-by-line specific spending cuts; new incentives to expand the private sector's contribution to economic growth; minimizes the burdens on the middle class; and now creates two safeguards to keep a watchful eye on future spending, especially in entitlements, while protecting the savings produced by the plan.

We owe the Executive orders I am about to sign to the hard work of the Members of Congress who are here today. The House included both provisions in its version of the reconciliation bill. The Senate would have done the same with similar amendments supported by Senator DeConcini, Senator Feingold, recommended publicly by Senator Bradley and others, but for the procedural maneuvering by people who feed the public cynicism by talking about deficit reduction on the one hand and nonetheless have prepared to block action for these needed reforms on the other. The fact that the Senate rules required these Executive orders today, that we could not do it by statute, is something that should be debated at a later time. But I want to make it clear that the Senators who are here and others strongly support what is being done.

These orders are almost completely identical to the provisions adopted by the House and approved by a majority in the Senate. The deficit reduction order creates a deficit reduction trust fund, an account in the Treasury that guarantees that the savings from the reconciliation bill are dedicated exclusively to reducing the deficit. This locks in deficit reduction and mandates all members of the executive branch to follow these procedures.

The entitlement and review order requires that entitlement spending be limited to the estimated levels included in the reconciliation bill. If those levels are exceeded, I will present recommendations to Congress on corrective action. No longer can we permit entitlement spending to soar out of control without some concrete action being taken to restrain it.

These Executive orders are the product of years of hard work by the men and women represented here today. I am grateful to them for their inspiration and their tenacity in getting this work done.

As important as this plan is for reducing the budget and investment deficits, these Executive orders deal also with the trust deficit. They are the assurance to the American people that our good words about deficit reduction and economic growth will be matched by good works