AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Let me just close by saying this: This is a difficult time. I told somebody the other day that I was absolutely convinced after 100 days as President that all the easy decisions had already been made by somebody else. Every day I meet with my staff and I say, send me just one easy one. Let's declare a moratorium. We won't talk about anything hard today. Send me an easy one. I'm still waiting. [*Laughter*]

But I want you to know that we can turn this country around; we can secure our future. It is in our power. We can bring the deficit down. We can increase our investment in education and jobs. We can meet the competitive challenges ahead of us. We can face the health care challenge. But we have got to have the courage to change. And we will win if we do that. I wish to goodness I could just say to every one of you, you don't have to do any of this. I'll just go to some other State and make them do it. [*Laughter*] But I can't.

Everybody will always be able to find some fault with every comprehensive proposal like this. There's no such thing as a perfect proposal. I don't like everything about everything that we have presented in the hope of passing and securing change. But the test for this generation, the test for this whole generation is whether we are going to have the courage to make these changes, to rebuild the middle class, and to lift up the economy of this country and to lift up all these children in this audience today. I believe you have that courage, and together we're going to do it.

Thank you, and God bless you all.

NOTE: The President spoke at 11:10 a.m. at the Galleria Mall. In his remarks, he referred to Martin Cleary, president of the Richard and David Jacobs Group, and Keith Masters, general manager of the Galleria and Tower Erieview. A tape was not available for verification of the content of these remarks.

Remarks to the Cleveland City Club

May 10, 1993

Thank you very much. Well, I don't know what you had for lunch, but I wish I'd had some of it. [*Laughter*] I do want to say I'm delighted to be back in Cleveland and glad to be back at the City Club. And I hold here in my hand a membership to the City Club given to me by Senator Metzenbaum. Now, I'd rather have his vote on all the issues, but I'll take this. [*Laughter*]

Actually, I want to thank Howard Metzenbaum and Lou Stokes and Eric Fingerhut and Congressman Hoke, and all the others who are here, your Mayor, your State treasurer, your State attorney general. I'm delighted to be here with all of you. I saw in the introduction that you mentioned something I was going to say in my own remarks. I very much enjoyed being here last year and having the opportunity to talk in Cleveland about family values.

Two years ago, I came here; the Mayor hosted the Democratic Leadership Council's national convention. And I said at that time that I thought the time had come for us to move beyond the political debate in Washington between one party which seemed to have advocated the politics of abandonment and another which seemed to advocate a politics of entitlement. It seemed to me that time had come for us to face our problems squarely as a country and to try to do something about them, but not to pretend that the Government could give a solution to the American people, solutions to problems that require all of us to give something ourselves and to do more. I feel that even more strongly today.

For 110 days, I have lived and worked in Washington, DC. I think that all of us would agree that for too long our great Nation's Capital, which is filled with monuments to men and women who have done so much to bring us to this point in history, has practiced more politics than progress. I'm glad to be back here in a place like Cleveland where it's not possible to produce more politics than progress. Here you have to produce steel or automobiles or biomedical technology, real things with real value. This debate in which we are all engaged about America's future should properly take place here in the Industrial Belt and in the Grain Belt and in the Sun Belt and in the Bible Belt, all across America where people live

in a world that is determined by consequences and not by talk.

If you're a Mayor in a city like Cleveland, you either provided more houses and people moved into them, or it didn't happen. There either are more economic opportunities, or there aren't. You can measure that. In Washington, we're told that the most important thing to do is not more than one thing at a time. [*Laughter*] And some want you to do one thing at a time because it's easier to stop one thing at a time than it is a whole range of things.

But I would argue to you, my fellow Americans, that the challenges of the moment require both a focus and a discipline on the big problems of our Nation and a determination to face them in a comprehensive way. The challenge of international competition, new technologies, soaring health care costs, defense cuts without an offsetting strategy to invest in America, a global recession, a global inability of wealthy countries to create new jobs in an open and competitive environment, all these things create great new challenges for our country.

Here in the heartland, I've seen you stepping up to the challenges. When the Mayor and I rode in from the airport today, he talked to me about how people were moving from the suburbs back into the cities, how more houses were being built. I looked at some of your economic development projects. I see a partnership between the public and private sector here that does not require someone to check his political label in when you roll up your sleeves and go to work. That is the sort of thing we need to do in Washington and the kind of spirit I hope to be able to bring to our Nation's Capital.

I believe very strongly that in the last 12 years, our Nation's Government has collectively produced two immense problems. Problem number one, obviously, is the enormous explosion of the national debt and the continuing growth of the annual Federal deficit. In 1980, our debt was $1 trillion. Today, it's $4 trillion and rising to about two-thirds of our annual national product, a much bigger percent of our annual deficit than, for example, the debt in Japan is. Now, how did it happen? It happened partly because we liked it when politicians told us what we wanted to hear. It happened because we had big tax cuts and big spending increases at the same time. First the spending increases were in defense. And then when defense began to be cut, they were totally offset, those cuts, by even bigger increases in health care spending through Medicare and Medicaid, the fact that one-tenth of America is now on food stamps, and by huge increases in interest payments on the national debt.

The deficit is also aggravated by the fact that we index both payments to people and income taxes. Now, it's fair to index income taxes. If you get pushed by inflation into a higher bracket, we adjust the brackets upward. For the first time, that's happened in the last few years. No one can doubt that is fair. But consider the impact on that if you offset on the one—hello, Congressman Brown, I didn't see you out there—you offset, on the one hand, your income, and at the same time you promise to pay more out. So everybody that gets a salary or a retirement check, their payments go up with inflation even as your intake comes down with inflation. So these are the two things that have created the kind of problem we have in the budget deficit.

The second thing that happened, interestingly enough, is that that portion of our Government budget which is in partnership with the private sector, making investments in our future and promoting economic growth, actually shrank as a percentage of the whole and often in absolute terms. So that at a time when we are more dependent than ever before on how skilled our work force is, the Federal commitment to education and training of the work force went down, as other nations were exploding their commitment. At a time when we were cutting high technology in the defense sector, the peace dividend was not automatically reinvested in new technologies in the commercial sector and new partnerships. Why? Because, as any Member of Congress here will tell you, the easiest place to cut spending is in that broad category known as discretionary nondefense spending. That doesn't mean anything. That's a lot of gobbledygook. But when you strip it away, a lot of it is our investment in our future. So we wind up with this unusual dif-

ficulty: a huge debt, an increasing deficit, and a diminished commitment to invest in our future.

The results have been clear: a limited ability to create new jobs, even when productivity is growing. We're allegedly in an economic recovery of some 17 months in duration, and yet the unemployment rate is higher this month than it was at the depths of the recession. We had a huge increase in productivity in the last 3 months of last year and in the first 3 months of this year, another big increase in output for a person in the manufacturing sector. But that money now is being plowed back into new technologies or kept for profit, not to increase new jobs. As any small-business person here knows, it is difficult to increase employment in a small business because of the extra added costs. By the time you pay the Social Security and the worker's comp and all the other costs, you've got more and more small businesses using overtime workers or part-time workers and fewer new jobs being created there.

So here we are. What are we to do? I have asked the United States Congress to adopt a plan that I believe over the next 5 years will do something to make real, measurable change in both those areas. It will substantially reduce the Federal deficit in the most disciplined deficit reduction plan ever presented to Congress, and it will permit some very disciplined, targeted increases in those investments which are critical to our future. We do it by a combination of things: cutting spending, raising taxes, and targeting investment.

Because this involves a whole lot of change, as you might imagine, it challenges a lot of established interests in Washington who would prefer that things go on as they are. Because while as a whole our country is disadvantaged, I would argue, by what we're doing, certain specific groups benefit from everything that is done. Now, the lobbyists are lining the corridors of Washington as never before. There are about 80,000 of them there. And unless all the American people speak out loud and clear, it's going to be hard for us to hold this program together. There are those fighting for the national interests and those who are properly there to be heard about more narrow interests. There are those who believe we can make things better and those who believe that any change will make things worse for them. There are those who believe we can spend money more productively and less wastefully and others who believe that we ought to just keep on spending it the way we are now.

This is the oldest conflict in our history and the eternal battle of any great democracy. The impetus for inertia is always strong, and very often a country does not have the courage to change until it is almost too late. But I believe with all my heart that the voters said last November—not just those who voted for me, either—but all the voters said, we know this country has got to take a different course. We know we can't keep drifting. We know we can't wander. We have to have a plan; we have to follow it. We have to try to make some things happen that will lift this country's spirits again, lift this country's prospects again, and yes, that will insist that all of us have the discipline and will and vision to change.

Now, I think that there are a lot of, I would call them preachers of pessimism in our Nation's Capital who underestimate the capacity of the American people to know the cost of what is happening to us right now. I readily admit that none of these changes can occur unless a vast majority of us understand the cost of what is happening to us right now: the cost of maintaining this deficit at its present level; the cost of maintaining the present health care system; the cost of maintaining a system which is underinvesting in our future compared to all of our major competitors in a high-wage, high-growth economy; the cost of maintaining the credit crunch on small business; the cost of having no technology policy; the cost of having no plan to convert from a defense to a domestic economy. I would argue that those costs are very high. The cost of having no strategy to put young people to work in our cities, and instead spending money to pay for the clean-up and the consequences of drug problems, gang problems, gun problems—the costs of the status quo are very, very high, even when you don't see it directly attributed on the Government's ledger books. I believe we don't see that enough.

So I think we can do more than one thing at once. I think we can reduce the deficit and provide the opportunity for all of our young people to go to college. I think we can reduce the deficit and provide decent job training and education for our working people when the average worker will change jobs eight times in a lifetime. I believe we can reduce the deficit and put more police on our streets to protect our communities better. I believe we can reduce the deficit and offer more targeted incentives for real investment to American businesses and to their workers. I believe we can reduce the deficit and change the welfare system so that we move people from welfare to work after a certain amount of time. I believe we can do these things. I believe we're strong enough to provide for a budget that reduces the deficit and invests in the future in a prudent way. And I can't help noting that some of those who say that we can't do that are the very ones that brought the debt from $1 trillion to $4 trillion over the last 12 years.

Our greatest Republican President, perhaps our greatest President, Abraham Lincoln, used to tell the story about when he was practicing law in Illinois. It kind of reminds me about some of these folks today talking about the deficit in Washington. He said it reminded him of a man who killed his parents and then threw himself on the mercy of the court because he was an orphan. [*Laughter*] I think we've all got to understand that we didn't get where we are overnight. We have to accept where we are. I don't care about who should bear the blame, but I don't think we should have people pointing fingers who helped to create the current course of events.

We should pull together. My whole approach has been to try to say to the American people, we are all in this together. If we ask, what's in this program for me, instead of what's in it for us, we'll all find something we don't like, including me. If the issue is going to be now, what's in it for me, instead of what's in it for us, we are defeated before we begin. But the what's-in-it-for-me decade didn't work out very well for us over the long run, and I think we can do better.

Now, shortly after I took office I submitted to Congress a blueprint of a budget that makes now over 200 specific budget cuts, reduces the deficit by over $500 billion over 5 years, and refocuses the priorities of our Government from consumption to investment in our future. Both Houses of the Congress passed that blueprint in record time; the first time in 17 years the budget resolution had passed within the calendar required.

Our commitment to cut the deficit clearly boosted confidence on Wall Street, and it's beginning to be felt on Main Street. It is beginning to change lives for the better already. Starting after the November election, when we announced a clear determination to bring the deficit down, interest rates have been going down. The trend line is steady, with only minor interruptions whenever there's some sense that maybe we won't really reduce this deficit after all. The plan that I announced and the outline that Congress adopted clearly played a major role in bringing interest rates down to historic lows, mortgage rates to 20-year lows. There's been a huge wave of refinancing. I'll bet you anything there are lots of people in this room that since November have refinanced their home mortgages. I know that there are people in every city in America who have gotten business loans, whose consumer loans have gone down, whose costs of car financing have gone down.

It is estimated that in the aggregate, if we can keep these rates down just a few more months, this will lead to enough refinancing of debt that it will release another $100 billion to be reinvested into this economy. That's one and two-thirds percent of our total gross domestic product in a given year. That is a huge impetus to stay on the track we're on to bring this deficit down. According to a bipartisan survey, a poll recently conducted in these conditions, 74 percent of all Americans now believe that homeownership is within reach for most young people. Do you know that it was a year ago? The reverse, 47 percent. The reason for the change is obvious: lower interest rates.

Businesses are paying less to borrow. That means new investments and new jobs. The taxpayers, by the way, are saving billions of dollars in financing the Government debt. We've already brought the deficit down this year because of those interest rates. Along

with that, we have launched a real effort to attack the credit crunch in partnership with community banks all across America, and that should mean that farmers, small-business people, and homeowners will be able to do even more in the weeks and months ahead. These are things that happen when a people take some responsibility for their financial future. Having passed the budgetary blueprint, the Congress is now about to move into the specifics in what is called the budget reconciliation process. That means they've got to take the targets that were adopted in the budget resolution and specify how we're going to meet those targets: What kind of taxes are going to be raised? What kind of spending is going to be cut? What kinds of investments are going to be made? That is the process now beginning. And that is the kind of thing that will require us all to make tough choices to make good on the results that are being achieved. I've asked Congress to join me in making real spending cuts, and that process is now unfolding.

Our budget contains, as I said, over 200 specific cuts. I thought I should start as President by setting an example. In the new fiscal year we'll be operating the White House with a staff that is 25 percent smaller than my predecessor's. I must say, I made that commitment, and we're going to do all that work. I have to say, in parenthesis, I didn't know that I'd receive more letters in the first 100 days than came into the White House in all of 1992. So if you haven't gotten your letter answered, hold on, I'm coming. [*Laughter*] We're trying to do it. We are going to reduce just in our office alone $10 million in payroll and perks and costs of Government.

In the executive branch, I have ordered over the next 4 years a 14-percent cumulative reduction in the administrative costs of the Federal Government, 100,000 person reduction in the Federal payroll by attrition. That will save well over $9 billion. I have asked the Federal employees to have a pay freeze in this coming year and reduced raises in all the rest of this first term. I just left the Galleria, and right across the street there's a big Federal office building, and a lot of those Federal employees said they weren't looking forward particularly to doing without a raise next year. We have put the clamps on Federal spending, and we have asked Federal employees to make a sacrifice. I didn't see how I could ask people to raise their taxes unless the people who were getting the tax money also made a sacrifice.

I come from a rural State where the Rural Electrification Agency, the REA, has been very important to my family and our people. They have brought life and hope to millions of Americans. But now our country is about 100 percent electrified, and I have recommended that we reduce the interest subsidies to the REA, something that is tough to do for Members of Congress from rural areas and for this President who came from that place. I may get shocked instead of light when I go home. [*Laughter*]

I've asked the Congress to join me in repealing the special interest exemption for lobbying. It's only been in the Tax Code since 1962. Before that, it didn't exist. You had to pay if you wanted to go lobby. Now the taxpayers actually, at large, bear the burden of people's lobbying costs. Now, again, I'm all for people lobbying, and frankly, it's a good thing if it's in balance. But I don't see why the taxpayers should subsidize someone's costs when they go and try to influence the outcome of legislation in Washington.

I've asked to cut urban programs that don't work. While I plead guilty to trying to get more community block grant funds for Mayor White so he could build more houses in Cleveland, I also called for the abolition of a designated project program at the Housing and Urban Development Department because it had no real accountability to the taxpayers and cost over $100 million a year.

I also believe that after all these cuts are in place, if you really expect this deficit to be brought down, we have got to raise some more tax money. And I believe that we ought to do it in a progressive way. I can tell you this just to start out, I have proposed more budget cuts and more taxes than I thought I would when I was running, and the reason is simple: After the election the Government said the deficit was going to be $50 billion a year bigger in 3 of the next 4 years than we thought, and $15 billion in the 4th year. The deficit was announced after the election in each year to be much, much bigger than had previously been forecast.

So we asked for about 73 percent of the money to be paid for by people with incomes above $100,000; the rest to be paid for, 27 percent, by the 93 percent or so of us that are under $100,000. And then there is an exemption in effect for the energy tax burden for lower middle income working people and middle income working people with children up to the levels of about $29,000 by the increase in the earned income tax credit, which will offset the impact of the energy tax. I think it is a very fair program, and I hope it will be adopted.

We take on the entitlements in this plan. People say, why don't you take on the entitlements? I'll tell you why, because people get mad at you when you do that. We asked Social Security recipients who are in the top 20 percent of income to pay taxes on more of their income than they do today, coming from Social Security. We have done our best to restrain the exploding costs of Medicare. We have taken on these tough issues to cut spending and to raise some money. But I would also argue to you that we must have some disciplined increases in investment. And I'll tell you where my recommendations are.

I recommend, first of all, that we focus on rewarding work, strengthening families, and creating more jobs, especially for the middle class. These ideas include the following—this is where we spend money: First of all, in tax cuts to encourage investments for new jobs. Private enterprise is, after all, the engine of this economy, not the Government, and we need to get it running as close as we can to full throttle. So there are substantial new incentives in this program for both large business and small business to lower their taxes through direct investments. Investments mean lower taxes and more jobs and, therefore, more revenue to the Government by putting people to work if you target it to investment. I think it's very important.

Secondly, we focus especially on the depressed areas of the country, both rural and urban, with establishing a new network of community development banks to make loans to people who want to go into business in these areas with special incentives to get others to do the same thing. With special kinds of enterprise zones, especially in the urban and rural areas which are particularly depressed, that will at least give us a chance to see if free enterprise alone can revive these areas if the Government gives them enough incentives. These are things I believe that will make the private sector work for all Americans.

The plan also strengthens our schools by providing access to Head Start to all children who need it, by setting higher standards throughout the country and enshrining in the law the national education goals and the standards that they will produce. The plan encourages experimentation with things like public school choice and charter schools in public school. It contains a bold national apprenticeship program where the Federal Government is a partner with the private sector and State and local government in helping to retrain the work force for a lifetime. We are the only advanced country, the only one, that doesn't worry about having a systematic way of training high school graduates who don't go on to college. And yet we now have clear evidence, in the 1990 census, that anybody who graduates from high school but gets no further training or who drops out of high school who goes into the work force is likely to have declining earnings. This is good money, and it will be really shaped by private sector people and public trainers at the local grassroots level, not a national program but a national partnership. And it will really, really increase the productivity of the American work force.

This plan also will open the doors of college education to all Americans by changing the nature of the student loan program. And I want to explain this. Today, the way the student loan program works, you can go down to your bank, you borrow the money, you pay it back based on how much you borrow. If you don't pay it back, the Government gives the bank 90 percent of the loan. That's the way it works. The college dropout rate is more than twice the high school dropout rate, in part because of the cost of a college education. The student loan program is very profitable for many banks and for the national mortgage organization that's behind it. They have made a killing out of it. It's terrible for the taxpayers. Why? Because if somebody defaults on the loan, there's no incentive to

go get it because there's a 90 percent Government guarantee. And no offense to all of us lawyers in the crowd, but it's going to cost you more than 10 percent of the loan to pay a lawyer to go get it. Not only that, the repayment terms are often too burdensome.

Here's what we want to do: Set up a system to make the loans directly. Let people pay back the loans only when they go to work, and then as a percentage of their income. So no one will ever not be able to repay, and no one will be discouraged from taking a lower paying but perhaps more rewarding job as a teacher or a police officer or whatever, but collect the money at tax time so you cannot beat the bill. Don't let people welch on their student loan anymore. And we estimate this system can save you $4.3 billion in the next 5 years. That's a lot of money. Let me tell you what we'd like to do with that money, or some of it, anyway. We'd like to give tens of thousands of our young people the opportunity to earn credit against college or pay off their college loan by doing community service before, during, or after they go to college: working with housing projects, working with environmental projects, working to help keep streets safer, working after they graduate as teachers or police officers in underserved areas. We can have a program of national service that is community based that will help us solve so many of our problems.

I got a letter from a friend of mine, with whom I was in grade school, the other day, reminiscing about all kinds of things. And she had a very wise thing in this letter. She said, "You know, somebody came up to me the other day and said, 'How are we going to save all these kids that are in trouble? How are we going to get them back?'." And she said, "Without even thinking I said, 'We're going to get them back just the way we lost them, one at a time'." Now, you think about that. That's what this national service proposal could do. It could give all kinds of young people a chance to do something meaningful to help earn credit to go to college and to help solve the problems of Cleveland and Cincinnati and Columbus and Dayton and every other community in this country. That's the kind of thing that I think is money well spent. And we can pay for it if we just have the discipline to make the student loan program make sense again. I think we have to do it.

Let me say, there are many other issues I could talk about, but I want to mention one other. I have spent a lot of the last 6 years working on the issue of welfare. I have probably spent more time than any elected politician talking to people who live on welfare checks. And I can tell you that nobody likes the system, least of all most people who live on it. But if you want to move people from welfare to work, you have to realize three or four basic things. First of all, you've got to make work pay; welfare can never be a better deal. Secondly, we've got to realize that it's not the welfare check that keeps people on welfare as much as it is the child care and the medical coverage for the children. Most people on welfare have kids. The third thing you've got to realize is that most people, not all but most people on welfare are woefully undereducated and can't claim a very good paycheck in the market that we're in, not all but a lot. So what is the answer? The answer is a comprehensive plan that will empower people to go to work, require them to take jobs when they can, and set a date certain beyond which no check comes without an effort being made either in a public or a private job. That's what I think should be done. We should do away with the system as we know it forever. It is a shackle on the spirit of millions of Americans, and we can change it.

Now, here's what we're going to propose. One, in this plan, increase the earned income tax credit. You can fill out a form on your taxes and get money back if you're eligible for the earned income tax credit. And let's fix it so that any American who works 40 hours a week and has a child in the house is not in poverty. That is a simple, elemental principle that will reduce the incentive of welfare. Second, strengthen the system of child support enforcement. Don't lose $20 billion a year for people who beat their bills and won't support their kids. Let it cross the State lines. Third, provide a system of education and training so that people are empowered to do what can be done in this economy. Fourth, deal with the health care issue through the national health initiative that I'll

say more about in a minute. And then finally, set up a system, it will take us a while to do it and to work out the financing, but set up a system so that after a certain amount of time, if there is no private sector job, to keep drawing a check you must make an effort. I think that will be a very good thing. And most people on welfare, once you take care of these other issues, will applaud the American people for changing that system. Nobody likes the system we've got. We've got to have the courage to change it, and I think we will this year.

Finally, let me say a word about the last issue, which incorporates so much of the other. If you want to bring the deficit down to zero, which is what our goal ought to be, over a period of years, we must face the biggest exploder of the deficit and perhaps the biggest human dilemma America faces, and that's the health care crisis.

This year we're going to spend 15 percent of our income on health care. The next nearest country will not spend 10 percent. Now, we should be spending more than everybody else for a number of reasons: Number one, we do more on medical research than any other country. Number two, we rely more on new technologies, and we enjoy that when we need it, as opposed to somebody else needing it. Number three, we have a more diverse population with more poor people than most other advanced countries, more cases of AIDS than most other advanced countries, and we are a more violent country than any other advanced country. So we pay more money, keeping emergency rooms open on the weekend for people getting shot and cut up. [*Laughter*] You can laugh about it; these are true things. Anybody comes and paints some miracle picture on health care without telling you the truth is not credible.

We cannot get our costs down to the level of other nations unless we make changes dealing with these big structural things. We can do something about this violence if we wanted to, and I'll have more to say about that as we go through this term. I've already tried to do too much at once, according to the experts. But let me tell you, we cannot continue to have health care costs go up at the rate of inflation anymore. We cannot do that here. This deficit, no matter how much we bring it down in the next 5 years, will start to go right up again because health care costs are going up at a projected 12 percent a year for the Government. A hundred thousand Americans a month are now losing their health insurance, coming right onto the Government rolls: people giving up jobs because they have sick children; people giving up health insurance to keep the small business from going broke; people giving up health insurance because they have to change jobs, and they have somebody in their family sick.

And there are things that can be done about this. We are spending about 15 percent of every dollar in health insurance on administrative costs and insurance profit. That is exorbitant. It's about a dime a dollar more than any other country in the world is spending. The average doctor in 1980 was taking home 75 percent of all of the money that came into the clinic that he or she brought in, 75 percent. Do you know what it is now? Fifty-two percent; lost 23 cents on the dollar. Why? Because of paperwork. The blizzard of insurance requirements, the blizzard of Government requirements, and a few other things as well. We can do something about this.

Now, the trick is going to be not to spend a lot more money but to move the money from where it shouldn't be to where it should. And some people will have to pay some more. But we are going to do the very best we can to make sure that the people who are entitled to a reduction in their insurance bills start to get it right away, and that we phase in the burdens of this so that no small business is bankrupt, so that the providers are relieved of a lot of these paperwork burdens, and so that we can actually both lower the costs to the millions and millions of Americans who are entitled to it and stabilize the rate of increase for everybody else.

Now, the nay-sayers can always call any new responsibility that anybody assumes, that they are not assuming now, a tax. Five will get you ten, they'll never want to give any credit for all the cost reductions that will go to the tens of millions of Americans who are paying too much now. We have got to do something about this. We are the only advanced country in the world that has no system for covering everybody, maintaining

health security for working families, and trying to keep costs somewhere near inflation. We can do that and preserve everything that is best about the American system, keep spending more than everybody else is, but not run this country into a ditch. And we've got to do it.

In order to do it, all of us will have to take a view about the national interests that will not enable us to say, what's in it for me? We'll have to say, what's in it for us? There are a couple of things moving through the Congress that are very hopeful in that regard. One is the Senate passed a bill this week, that I strongly support, that requires all the lobbyists in Washington to register for a change. Did you know they didn't have to register before? A whole bunch of them never even registered. And limit very strictly the gifts that any Member of Congress can receive without reporting them. They're going to have to report the money that all the lobbyists make, and the lawyers.

And now, we introduced last Friday a new campaign finance reform bill that will limit the cost of congressional campaigns, limit the influence of political action committees, and open the airwaves to challengers and incumbents alike so that the people get a real race every time, and pays for it by repealing the deduction for lobbyist expenses. I hope that those two things can pass. To get economic reform, you're going to have to have political reform. I'm sure of that.

Bring down the deficit; do it with spending cuts and tax increases. No tax increases without the spending cuts. Invest in education and training, new technologies, incentives to business, changing the welfare system. And have political reform; face health care. That is a big agenda, but that is America's agenda. If we're going to bring this country back, that is what we must do. I hope you and every American, without regard to political party, in good faith, will ask the United States Congress to engage these issues this year so that we can move this country in the future.

Thank you very much, and God bless you.

NOTE: The President spoke at 12:45 p.m. at the Statler Tower Building. In his remarks, he referred to Representatives Lou Stokes and Eric Fingerhut.

Question-and-Answer Session With the Cleveland City Club

May 10, 1993

Gays in the Military

Q. Mr. President, based on the congressional hearings so far, how do you expect to resolve the issue of gays in the military this July?

The President. I can only tell you what I think should be done and what my guess is will be done. And I'm glad you asked this question.

Let me say one thing by way of background. The difference between my position and that of many people in the military, including most folks in the military, is over a very narrow category of people, actually. That is, in the last few months, the armed services have, on their own initiative after meeting with me, stopped asking people when they join up whether they are homosexual or not. That is not being asked anymore. For many years that question was not asked. It only started being asked in the relatively recent past. That will solve most of the problems.

I do not propose any changes in the code of military conduct. None. Zero. I do not believe that anything should be done in terms of behavior that would undermine unit cohesion or morale. Nothing.

Here is what this whole debate is about. It is about whether someone should be able to acknowledge, if asked or otherwise, homosexuality and do nothing else, do nothing to violate the code of military conduct and not be kicked out of the service. And my position is yes. Others say no. Others say if you let someone acknowledge it, it amounts to legitimizing a lifestyle or putting it on a par with—I don't see it as that. I just believe that there ought to be a presumption that people ought to be able to serve their country unless they do something wrong. But you need to know, that is it is not such a big difference. That is what we're arguing about. We're arguing not about any kind of conduct but about whether people can acknowledge that. Like that young man who was the 6th Army soldier of the year and who's now about to be