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State that moved this country so much in the 1980's. It is wrong not to have a strategy that will not work miracles but that will make progress day in and day out, month in and month out, year in and year out. And I want you to know that we are going to work our hearts out in Washington together in order to move this State forward, and move this country forward. And I want you to help us do it. Will you do it?

Lynn Schenk said it better than I could, but I want to reiterate it: The country went in one direction for 12 years, and it was a popular direction. The most popular thing in the world to do, if you're in public life, is to cut people's taxes and spend more money. But sooner or later, your string runs out. Sooner or later, people look around and they say, ''How did we have a $4 trillion debt? How can we be spending over $300 million a year over and above what we're taking in? How can we be working harder for lower wages? Why are these other countries able to invest and create jobs and grow, and we don't have the money?'' The reason is because we stopped thinking about the future. We did what was popular in the short run. We took the easy way and the shortcut, and we are paying for it. But I'm telling you, this country is still the strongest country in the world economically, militarily, politically. The fabric of our people, the strength of our families, the will of individuals to succeed is as strong as it has ever been. All we have to do now is to have the courage to face these problems forthrightly. Let's pass a budget that puts our house in order. Let's invest in the education of our people and the new technologies of the future. Let's provide health care to our people. Together we can do it. We need your help. We need your support for people like Lynn and Bob who care about the future and are willing to make the tough decisions. Stay with us and we can turn the country around and California around together.

Thank you, and God bless you all.

NOTE: The President spoke at 4:55 p.m. at the North Island Naval Air Station.

Remarks at a Town Meeting in San Diego

May 17, 1993

Moderator. Mr. President, these are the people of San Diego. We've got a lot of people out there watching right now that want to hear what you're talking about, and we have a lot of folks here in the studios who want to ask you questions directly.

The President. May I say one word before we start? First I want to thank all of you for being here and to say I think this is probably the second town meeting I've done like this since I have been President, but I want to start scheduling them on a more regular basis now. I'd like just to take a couple of minutes by way of opening statements.

Since I became your President, I have spent most of my time working on two things, the economy and the health care issue. We have worked very hard to present a budget to the Congress and the American people that would do two things, that would decrease the Government's deficit, which is very large as all of you know, and that would provide some targeted money for increases in areas that are very much needed here in southern California, in education and training and new technology, primarily. We also have developed a new policy on defense conversion to try to help provide jobs in areas hit by defense cutbacks, on making the most of our technology in America, and trying to get more jobs from technology. I presented a bill to the Congress, as I pledged in the campaign, to provide for a national service program to open the doors of college education to all Americans. And we will soon present our health care plan to control the cost of health care and provide basic health care to all Americans.

That has been the basic agenda. There are lots of controversies in all these things, and I know you'll ask the questions, but I hope we'll get a chance to talk about what's in the budget and how I proposed a deficit trust fund so that we can't raise any taxes unless we also cut spending. I think that's very important. But I want to answer your questions and spend most of the time talking about what you want to talk about. I just wanted

you to know what I've been doing for the last 4 months.

Middle Class Tax Cut

Q. First, President Clinton, let me thank you for giving the opportunity for common folks like us to ask the President of the United States a question in person. It's an honor and a privilege, thank you.

President Clinton, I believe that you were elected largely on the basis of your promise of a middle class tax cut. But for the last 90 days or so, we've seen both you and the Congress transforming that promised middle class tax cut into an unprecedented round of more taxes and new spending. Our country has been in a deepening recession for the last 3 years. There's no end in sight, and a malaise is beginning to set in our country, like the Carter era. Please understand, Mr. President, San Diegans just don't have any more money to contribute to the coffers of Government. My question is, can you name one country that has ever taxed and spent itself back into prosperity? Thank you.

The President. The answer to your question is, I can't. But you can't fairly characterize my program as that. I have cut more spending than my predecessor did. My budget calls for $250 billion-plus in spending cuts net. The first thing I did was cut the White House staff by 25 percent, even though I've already received more mail in 3½ months than came to the White House in all of 1992. If any of you have written, and I haven't answered, that's why. [*Laughter*] I cut the administrative expenses of the Federal Government 14 percent across-the-board. I froze Federal employee pay in the first year and cut back their raises for 4 years. There have been massive spending cuts in this budget. So that's just a big myth that there hasn't been. I also worked hard to pass a budget resolution that would make it clear that we couldn't raise any taxes unless we cut spending.

Now, let me address the middle class tax cut specifically. Number one, after the election, after the election, the previous administration announced that the Government deficit was going to be $50 billion a year bigger in 3 of the next 4 years, a year, after the election. Therefore, I concluded that I could not in good conscience give anybody an across-the-board tax cut in the first year of my Presidency. I still think there should be an evening-up of the tax burden.

Secondly, it became clear to me that the best thing I could do for the middle class was to bring interest rates down and to try to get control of our budget. So I proposed a plan of budget cuts first and tax increases that are highly progressive. And let me just mention a couple of things that you may not know, having heard the press about the tax program I presented to the Congress. While it does raise about $250 billion over a 5-year period, it also provides significant relief to small business. Expensing provisions in the Tax Code, for example, are raised from $10,000 to $25,000 a year. That will lower a lot of people's tax bills. For people with incomes under $30,000, we increased the earned-income tax credit so much that they will not be affected by this tax increase in any way. And over 70 percent of the money that will be raised in this program will come from people with incomes net above $100,000.

So it's a progressive program; the burden is broadly spread. If we can bring the deficit down, we'll keep interest rates down. I'd just remind you folks that just since the election, when we announced our intention to seriously reduce the deficit, interest rates dropped dramatically. This year, 74 percent of people under 35 in a bipartisan poll said they thought they had a pretty good chance to buy their own home. Last year, the figure was 47 percent. That's because the interest rates are down. That will put another $100 billion back in the economy.

Now, I've got 4 years. Give me 4 years to try to deliver on the middle class tax cut. But the first thing we need to do is drive the deficit down with cuts and some prudent revenue increases. Most of the people paying the taxes are people whose taxes were lowered while their incomes increased in the 1980's. And I think it's very important to get the budget back in balance.

I will also tell you that all of our major competitors imposed tax levies at higher rates than we do, and they manage to grow rather briskly. I don't like taxes. The State I ran, Arkansas, in all the years I was Governor,

kept taxes in the bottom 5 percent of all of the States in the country as a percentage of income. I was very proud of that. I don't like this, but we've got to get a hold of this deficit. It's going to kill us if we don't.

Justice System

Q. Mr. President, it's been more than a year since the first King verdict out of Simi Valley and the riots that followed. Yet the perception lingers that justice is still not being administered even handedly in this country. I think that perception is especially strong where the victim or the accused of a crime is a member of a minority group. And this is true in the administration of justice from the streets to the courts. Sir, what specific steps is your administration taking to correct this terrible perception and this dismal reality? And I'd appreciate it if you would include the importance of greater African-American Federal judges and more appointments there, but not limit your response to that issue, sir.

The President. I wouldn't limit it to that. I think, first of all, you can look at the appointment decisions I made. The woman I appointed Attorney General, Janet Reno, was the prosecutor in Dade County, Miami, one of the most ethnically diverse and difficult counties to deal with in the United States. I appointed her because I thought she would understand the importance of having all the communities in this country, including the minority communities, believe in the justice of the justice system. She and the other people we've appointed at the Justice Department I think will change the whole feeling about justice in this country. I think they will vigorously enforce the civil rights laws; I think they will move aggressively against abuse of power.

The second thing we're trying to do is to change the dynamics on the streets in a lot of these communities with about three initiatives. Number one, we are determined to try to put as close as we can to 100,000 more police officers on the street in the next 4 years, sensitive to the community, working in the communities in community policing settings. That leads to less police abuse and stronger relationships. Number two, we intend to spend more money in targeted ways to put our young people back to work and to educate them at the same time, not makework jobs but really building opportunities. Number three, the empowerment proposal that I have recommended will dramatically increase the incentives that people in the minority and majority communities have to invest in these communities so that they can be brought back into the mainstream. All these things will change the way justice operates at the grassroots level, I believe.

Q. What about more judges?

The President. Well, I'm going to do that. I mean, I think that you've got to appoint judges and U.S. Attorneys that fairly reflect the diversity of America and meet a very high standard of excellence. And I don't think you have to sacrifice one to get the other.

Immigration

Q. I'm a taxpayer. My question is, why are my taxes going to subsidize the health care and the education of illegal immigrants while our own citizens are doing without?

The President. That's a good question. I think there are two answers to that. One, frankly, is a practical one, and that is that the United States does not have the means at the present time to enforce its own immigration laws. And one of the things that I've asked the Attorney General to do is to conduct a nationwide search for the best person to head the Immigration and Naturalization Service, who can really make some changes there and then try to get more border patrol and more ability to enforce the immigration laws. One of the things that was in the jobs package that I proposed—the emergency jobs package that was voted down by the filibuster in the Senate—was money for several hundred more border patrol officers here in California. So we have to deal with that.

The second reason is that the United States Government sets immigration policy but for as long as I can remember has left it up to the States to bear the burden of the immigration costs of the localities, so that California, Texas, and Florida and, to a slightly lesser extent, New York pay huge bills for national decisions. So in spite of all the budgetary problems we have in this budget, we have recommended several hundred million more dollars to come into the State of Cali-

fornia so that your local tax dollars will be freed up for education and for the other needs of the people in California.

It is not fair the way you've been done by the National Government. And given our financial difficulties, we're doing as much as we can to change that. I've got to give a plug to a Californian, Leon Panetta, who's now the head of the Office of Management and Budget. He helped us to redraw the laws so that more of this money for medical care and other health-related and welfare-related costs of immigrants could be borne by the National Government, because it's the national policy. And so your tax dollars here can be freed up for urgent California needs for your own folks.

Welfare Reform

Q. I'm really frustrated with the welfare system. Right now, I'm a single parent, and I just moved into an apartment. Since I moved into the apartment, my benefits have been cut, and I figured I'd try to make a better life for my child and myself, so I started to go to school. Since I've been going to school, I can't get any child care benefits. And the question that I want to ask you: What changes are you willing to make within that welfare system so that people such as myself can make a better life for their child and themselves?

The President. First of all, I'm glad you want to do that. And secondly, I'm glad you're here so that other people who may never have met anybody drawing a welfare check understand that most people on welfare would like to get off.

I've spent an enormous amount of time in the last 6 or 7 years working on this, and I'll bet I have had more personal conversations with people on welfare than any other public official in America. Here's what I think should be done. And you may not agree with all of it, but let me say to you and to everyone here, you just said something that's very important. Most people on welfare do not stay because of the welfare check. They stay because the cost of child care or the cost of medical coverage for their children makes taking a job prohibitive. Because if you don't have a lot of education and you take a low-wage job and no benefits, what you give up is not the check, you give up the child care, because you've got to pay for that, and you give up the health insurance you get out of the Medicaid program. So what I propose to do is the following: I want to change the welfare system so that in any State in America, anybody who is on welfare has to go through an education and training program, then has to take a job, if offered, but gets child care and medical coverage when they do it. And furthermore, I want to make sure work always pays.

So to go back to your question, one of the things we propose to do in this tax bill is to say, for everybody, families with an income of under $30,000, that you get an increase in what's called the earned-income tax credit. And if you're a working poor person, if you work 40 hours a week and you've got children in your house, you would be lifted above the poverty line, so there would never be an incentive not to work.

Now, the flipside of that is if after 2 years on welfare and going through the education program you don't have a job, then everybody under my plan would be required to go to work, either in a private sector job or a public sector job, in order to continue to draw the check. So we would end it, welfare as we know it, but we would give you the tools to succeed in the private sector. The tax system would support it, the child care system would support it, the health care system would support it. If we did that, you'd see a dramatic drop in the number of people on welfare and on food stamps. One in 10 Americans is on food stamps today. That is awful. And a lot of them are working people. So what we need to do is stop penalizing work. We need to reward work, and we need to reward responsible parenting. And I think that these changes will do that.

That bill will be coming up. I'll be introducing that into the Congress sometime in the next few months as we try to work through all the details. But changing the welfare system could do more to strengthen family and work values in this country than just about anything else we could do.

Defense Cutbacks

Moderator. This is a retired Marine Corps general.

Q. Nice to see you.

The President. You should have been with me last week, I was out at the Marine Barracks for the parade.

Q. My son told me.

The President. It was wonderful.

Q. Sir, we're pretty much a service area here, and we're mindful that the United States is famous for building up its military in time of crisis and then dismantling it as soon as the crisis is over, with the result that the next crisis brings a lot of terrible white crosses. And it looks like we're doing that now. I hope that's not true, but it looks like we're doing it. My question is, how do your professional military, your Joints Chiefs of Staff, feel in the light of the crisis that we face and the build-down that we're going through now?

The President. Well, let me tell you that I have spent a lot of time with the Joint Chiefs of Staff since becoming President. I've had to, because of the work we've done not only with the defense budget but the crisis in Bosnia, the moving out of our commitment in Somalia—which was a real success—and a lot of other issues. I think it's fair to say that most of them have mixed feelings. They know that we have to reduce defense. They know that we don't need a 2-million or a 3-million-person Armed Forces, but they know there's a limit beyond which we should not go. And I can tell you that in my own mind, I'm very apprehensive about going below where these plans take us. I don't think we should go below about a 1.4-million-person armed services. That will still enable us to have a vibrant and diverse service in all of the service branches to keep them going.

I think there are some weapon systems that we still need to continue to develop. We need more air and sealift capacity, for example, and we will have to do that. And I am very concerned, frankly, that we keep up a vibrant Reserve and Guard component so that if we have to bring people back in in a hurry, we can. But the general feeling is that we're right on the brink of what we can do, and we shouldn't go any further than this budget takes us. And in the foreseeable future, we should really be very reluctant to go much further, unless it is in dropping a particular weapon system that we think we shouldn't have. But we don't need to reduce the uniformed forces, I don't believe, any faster or any lower than this 5-year budget plan, that the Congress is voting on, proposes to do.

A lot of people don't understand this, but the defense budget, which exploded in the eighties, has been going down for about 5 years now. And the reason the deficit keeps getting bigger is that even though defense is going down and we're not spending much new money on other things, you've had an explosion in health care costs, in costs associated with the bottom dropping out of the economy, I mentioned food stamps and interest on the debt. But there is a limit to how much you can cut defense responsibly.

This country's still the world's only superpower. There are a lot of things only the United States can do. Even our allies in Europe, even the wealthier countries simply cannot do a lot of the things that we might be called upon as a free world to do, not the United States on its own. So I'm glad you asked the question. And we're watching it closely, and I promise you I will watch it every year when I'm there.

Jobs and Training for Youth

Moderator. Mr. President, of course, in all the major cities, San Diego being no exception, crime probably ranks second to the economy right now, and the gang problem specifically. We have with us right now Ariel Zuniga who in San Diego is a gang member.

Q. Mr. President, I live in a gang community, and a lot of gang members want to get out of the gangs, but there's nowhere to go, there's nothing we can do. One big thing that could change a lot of gang members' minds is jobs. If you give us jobs, that will open our minds to live better. Now, that's one way. Do you have any other suggestions for gang intervention or to help gang members go somewhere when they want to get out of the lifestyle?

The President. I'm just glad to hear you say a lot of people want to get out. My own belief is that we do need more jobs and that we do need jobs tied to continuing education and training. And if possible, we need jobs like a lot of the work done by the Los Angeles Conservation Corps, just to mention one ex-

ample, where people, particularly people who are street-smart, who have been in gangs, can work in community projects with others so that they become accepted by their community, and they become a part of a different kind of gang, if you will. You know, all of us want to be in gangs. We just need to be in positive gangs, good gangs. We want to be part of something bigger than ourselves.

One of the things that I asked for in this emergency jobs package, which was stopped by the minority in the Senate, was enough money for another 900,000 summer jobs, tied for the first time ever, tied to real training programs so that there would be education along with the jobs and tied to an effort to get the private sector into the program so they could match the jobs one for one so that when the summer was over, all the young people in the gangs, let's say, who had summer jobs would have relationships with people in the private sector who could help to continue to work with them.

I still think these are the best things to do. And I'm going to come back and try to get some more funds for summer jobs, coupled with education. And then we're going to keep working with people all across the country to try to figure out how to create more jobs. I have presented to the Congress a program which doesn't spend a lot of Government money, but which gives real, meaningful incentives to people like the businessman, who was the first person who spoke, and others, whether big or small, to invest in areas to create jobs and then hire people like you and your colleagues. We'll give them big jobs tax credits for hiring you. We'll give them other tax incentives for trying to create economic opportunity.

A lot of these places would not have as many gangs if there were more people who could get up every day and go make a living. And this is a great resource. There are a lot of people out there who have money in these distressed communities, but people wonder whether the streets are safe enough or whether you can really make a return on your investment. So this empowerment zone concept is designed to make sure that there's enough tax incentive in there to give people at least the nudge they need to try to get a return on their investment. And we'll keep working on it.

I also think, frankly, it's not popular to say, but every country in the world now with an advanced economy, except Japan, which is more closed than we are—but if you look at Germany, if you look at Great Britain, if you look at France, you look at all the wealthy countries, they all have high unemployment rates. They're all higher than America's except for West Germany. And we have so many young people that we're going to have to use a Government-private partnership to put people back to work.

You just think about it. I mean, I'm glad you came here. If everybody in this State who wanted a job had one, you'd have about half the problems you have, wouldn't you? But I do think it's important not that you just be given jobs when you're young, but also that we do an honest assessment of everyone's skill level and give them the education and training they need, because the average young person's going to have to change jobs seven or eight times in a lifetime. So it's not just important that you have work but that you be able to get other work, like all these—we're going to have to retrain a lot of these defense workers. A lot of them are 50, 55 years old. So that's important, too. It's not just work, but it's education and training.

Q. But summer jobs aren't good enough——

The President. Because they're over, right?

Q. You have a more permanent—is that what you're saying?

Q. Yes.

The President. Absolutely, that's what I'm saying. But what we've tried to do with this summer jobs program, let me explain again, is to try to make sure we brought the business community into the program more, so it wasn't just a bunch of Government jobs, and try to make sure we had a good educational component.

And the other thing I want to say to you is that if the national service plan I propose to Congress passes, then all the young people in your neighborhood will be able to earn credit to go to college or a 2-year training program by working in your community. And if you choose, you can borrow all the money

you need to go to college and then not have to pay it back until you actually go to work and then at a small percentage of your income, something that we've never done in this country before. So I'll also be able to go in those neighborhoods and say, look, even if you can't get a job in this neighborhood, you can go to college. You can borrow the money to live on and to pay your expenses, and you don't have to pay it back until you go to work. And here's a system that you'll always be able to afford to pay it back. That has also never been the case. A lot of people in this country think they'll never go to college. And even if they go, the dropout rate's more than twice the dropout rate from high school because of the cost. But I don't think there are any easy answers. I think it's work and education. I don't think there's any simple shortcut.

Defense Conversion

Moderator. Mr. President, you mentioned laid-off defense workers. Well, coincidentally, we just happen to have a couple, both of whom are laid-off defense workers.

Q. Before I ask my question, I would like to say, it's a pleasure to be in the same room with the President.

The President. Thank you. I work for you. It's a pleasure for me to be in the room with you.

Q. We've heard of the conversion plan. What is the conversion plan, and how is it supposed to help those of us who are employed? And what is it supposed to convert us into except jobless, homeless, and hungry?

The President. That's a good question. First of all, let me make one thing clear right away, because I owe it to the people of California who had been harder hit by the defense cuts than anyone else—the marine general, the retired general that was talking about cutbacks. California's been hit hard in two ways: first, by base closing but even harder by cutbacks in contracts so that people who work for defense companies lost their jobs, a lot of our high-wage base manufacturing, and that's you guys.

One of the problems that we have in California is that when we started cutting defense as a nation back in '87, there should have been in place, right then, a conversion program so that you wouldn't have to wander around for 2 or 3 years out of work with no real strategy. So there is a catchup here to be done. So I'm having to play catchup because we're starting in 1993 something that should have been started in 1987.

Now having said that, defense conversion normally means three things, and I'll tell you what we're doing and what I hope to get out of it. Number one, in some cases industries themselves can convert. That is, the employers can find new things to do to keep either all or part of their work force working. The second thing it means is communities converting. That is, communities can figure out how they're going to recruit or start or finance new economic activities which will hire the people who were laid off at the old place. Number three, it means total retraining for workers. Sometimes we've had workers—I know in my State where an air base closed and we lost tons of jobs, sometimes people retrained and went to work in the local steel mill or started their own small businesses or started something entirely different.

So when you hear defense conversion, it means three things, not one thing. It means: Can the company do something different and keep you working? If they can't, can the community find a way to start new businesses? And regardless, is there some retraining program that would put you back into the work force fairly quickly at more or less the same income you were making before? Those are the three things.

We have released this year alone $500 million in a technology initiative to try to really focus on creating jobs for people on the theory that if the jobs are there, people figure out how to get trained. That's what our focus is. This year we're going to try to spend about $1.7 billion in all three kinds of activities. But California should benefit primarily from the technology focus. There's been a lag time; I admit it. We waited 6 years too late as a Nation to do this. But I think you're going to see an enormous number of jobs created in this State in the next 4 or 5 years in new uses of technology. I mean, right here in San Diego, there is a consortium trying to figure out, for example, how to use old defense technology to build bridges that won't break

in an earthquake. If they could do that, you could go through and rebuild or support bridges, create tens of thousands of jobs, not just people working on the bridges but in all the plants making all the materials and designing everything. That's just one tiny example. There are an unlimited number of things like that, if we will get at it. So that's what we're trying to do.

Economic Redevelopment Strategies

Q. My question is a little bit different. What is available as help for those of us that have been forced into the processes of bankruptcy and foreclosures to stop these proceedings against us and to help us maintain our credibility until we are able to obtain gainful employment?

The President. Well, it's interesting because the bankruptcy laws were, in a way, reformed to make it easier for people to file bankruptcy so they wouldn't lose everything. But the practical matter is if you were basically a wage earner in a factory, it doesn't work that way, as you know. So I'm afraid the answer is right now there isn't anything available. But those are the kind of things we're trying to put in place. That is, we believe that local community groups—and I know you've got somebody working in San Diego on this—that every community that's had a significant displacement because of defense cutbacks should have a community strategy for redevelopment. And among that should be that if you're getting job training and if there's a real effort to create new economic opportunities, then we think at the local level people should be working on creditors to exercise forbearance to try to keep from having people losing their homes and things of that kind. And I believe a lot of that could be negotiated at the local level if people think things are happening.

One of the reasons a lot of people like you are suffering so badly is that people don't sense that they're part of the big plan to turn this whole thing around. So they just treat case by case. And let me say, in an attempt to accelerate that, I've asked the Secretary of Commerce, Ron Brown, basically to head up a team with five or six other Cabinet Departments just to focus on California, because I think if we can turn California around, we can turn the country around. California has 12 percent of the country's population, 21 percent of the defense spending. That will tell you why you boomed in the eighties and why you're getting the shaft in the nineties. Okay, so we're working on things just like that. And if you've got any specific ideas about what we ought to do, maybe you can give them to me after the show. But my thought is that that has to be handled community by community. And what we're going to try to do is make sure every community has a committee that could work with people like you as long as we're moving forward.

Shipbuilding Subsidies

Q. My question kind of relates to the defense cutbacks from a different angle. During that past 10 years, 50 percent of American shipyards have gone away, basically disappeared because of the foreign countries that subsidize their shipyards with billions of dollars. Do you plan in the next 10 years or during your term to allow the remaining shipyards to completely disappear? Are we going to start——

The President. The answer to your question is, I'm going to do what I can to avoid that. It's difficult, with a big Government deficit like we have, to start a subsidy program. But there's no question—if you go back and look at the history of what happened in the eighties—and this is the same thing to me with farmers or anything else—we unilaterally, that is, all by ourselves without asking anybody else to do anything, cut our shipbuilding subsidy. Our major competitors either kept them the same or increased them. So what do you think the result was? I mean, predictably, if the government by artificial means in another country lowers the cost of production and people are going to buy the least expensive ship, America got the shaft.

One of the things that we are doing at the present time is, by the way, reviewing our whole posture on all these shipping issues and especially in connection with California. As you probably know, I was out at the NASSCO yard during the campaign. They turned the whole place out for me—it was wonderful—just because of some specific is-

sues they were interested in that I had taken a position on.

On the question of the subsidies, I think there are two issues here, two possibilities: We can either have some sort of tax incentive for those companies, or in the alternative, we can put the subsidies for shippers on the table when we negotiate with the Japanese, with the other shipbuilders in the other countries. It can be a big issue. You know, I've been criticized for saying I wanted to bargain more toughly with some of our trading partners, but a lot of these folks are doing as well or better than we are now in some of these areas, and I think we have to be pretty firm. We don't have to fall out with the Japanese in the whole range of areas where we share the same values, we have security interests. I admire them and care a lot about them. But I think we have to have tough bargaining on the trade issues with all these countries. So we are trying to decide what the best way to go is. But the answer to your question is, I'll be sick 10 years from now if we're not making any ships in America.

Small Business Loans

Q. Mr. President, availability of funds for minority small businesses through SBA loans and commercial banks is generally agonizing, then followed by defeat. My question is, is what can you do to change this or to correct this so that we can acquire loans in the future?

The President. I can tell you what we're trying to do. And first, let me say this is a big issue for small business, generally. There has been a credit crunch in California and in New England and in Florida and a lot of other places in the country, but heavily concentrated, which means that small business people, especially people who aren't traditionally good sources of credit or haven't gotten a lot of credit in the past, had real trouble, and that's a nationwide thing.

So we try to basically do three things. Number one, we've got all the financial Agencies, the Treasury Department, Comptroller of the Currency, all those folks together, and we came up with a plan to reduce the credit crunch, to simplify the ability of banks to make character loans to people that look like they'd be good risks. And we're trying to make sure every bank in America understands that there are new rules that they can follow to exercise good sense in doing that.

Number two, I appointed, the first time in a good while, a person to head the Small Business Administration whose job in life before he became head of the Small Business Administration was to start small businesses. That's what he did, he went out and raised money for people who wanted to start small businesses. It was not a political appointment; he was a serious business person. And we are trying now to make the Small Business Administration a real job creator. We have slashed the rules and regulations; it's going to be a lot simpler to apply for loans. It's going to be very different.

The third thing we have to do, and this will affect minority business people especially, I think is to create a national network of community development banks, either within existing banks or separate institutions, where the people that are set up to make loans to people who traditionally have not gotten them but are good risks, modeled on a bank in Chicago called the South Shore Development Bank, and I set up in rural Arkansas, too. And they made loans to minorities, to women, to low-income people, people who had a good reputation, who had a good product or service, who seemed like a good risk. And they had been quite successful in bringing free enterprise to places where they haven't been.

So, community development banks, a different Small Business Administration, ending the credit crunch, those are the things we're trying to do. I hope it works. Write me in a year and tell me if it is.

POW–MIA's

Q. Mr. President, this is my brother, Colonel Charles Sharpe. He was captured in North Vietnam October 1st, 1965, and I have very good reason he is still alive today. Mr. President, you promised a clean sweep when you became President. The POW families have been stonewalled for more than 20 years by the same people in power. The gridlock continues. And at the same time, the Vietnamese Government, the policy of the

Vietnamese Government, ''we can keep you forever,'' continues. But it could end with the removal of the old guard and replacement of a new guard. My question, Mr. President, will you extend this same clean sweep as promised to our POW's, change in the gridlock? And why haven't you signed an Executive order releasing information to the families so the truth can finally be told and to pave the way for the return of our alive prisoners?

The President. Well, I think we have made public a lot of information. And I will go back and check and see what the status of that is. Let me say, first of all, if you have any information about your brother you want to give me, I will do my best to run it down.

Q. I would be happy to, sir.

The President. Secondly, let me say that I have sent or supported a number of Vietnam veterans going over to Vietnam in the last several weeks to try to get more and more information. For the first time, when General Vessey was over there the last time, just a few weeks ago, we actually got a list. They gave us their list, which appears to be a very authentic list of every POW and MIA that they knew and what happened to them, with a lot of information that they had never even revealed that they had before. So I think they are moving forward. Our big stick now is they want to make money, they want to do business with us. And the United States, unlike a lot of other countries—France, which colonized Vietnam and in a way got us into it, is over there doing business with them. The United States has no intention of doing that, at least I don't, until we have a full accounting of the POW's and MIA's.

So I do believe we're making progress. We have more information by far, just in the last few months, than we've ever had before. We are trying to run down all these cases. All I can tell you is, I'm going to do the very best I can to run down every case and to make sure that no family is denied access to reasonable information. And I'll follow up on that last question you made. But if you'll give me whatever information you have, I'll have it run down. We have people going over there all the time now and digging around. And we're doing our best. And they've finally begun to open some files to us that have never before been opened.

Q. Because the right questions have not been asked in the past.

The President. You tell me what questions you want asked, and I'll get them asked.

Q. If you would give the opportunity and promise to go into detail—I've been in this for 27 years with my brother, worked with both Governments and the families and the American Legion and all the friends—if you would take some of our suggestions. Thank you.

Moderator. Mr. President, we've got a very bright young San Diegan who has a question for you.

The President. You've got a nice tie, too.

Moderator. Yes. I think that it rivals the President's tie tonight, don't you think so? He's a sixth grader here in San Diego.

Prospects for the Future

Q. Hello, President Clinton. My question is, my birthday is tomorrow and I'm 12 years old tomorrow, and my question is, what kind of future am I going to have in store for me and the country?

The President. That's a neat question, isn't it? I think you've got a very bright future. The world you will live in will be freer of the threat of total destruction than any world we've ever known. It will be smaller, in the sense it will be in closer touch more quickly with people around the world of all different races and ethnic groups and economic systems. The volume of knowledge will double more quickly. And you will know more and do more with technology than any group of Americans or any group of people ever have. So if you get a good education, by the time you're grown, we will have worked through a lot of the terrible problems we're facing now. And I think you will be part of a new burst of American prosperity, if we fix the problems the country has now.

But our job, my generation's job, is not to leave you saddled with a huge debt, no investment in your future, and an economy that doesn't work and a society that's coming apart, where there's too much crime, too much division, too much violence. If we can simply face our problems today and deal with them like grownups, be honest about them—

it's okay to differ, it's okay if we differ about how we should do things, but if we just work on our problems, I think you're going to have a great future. I believe that by the time you get out of high school, that America will really be on the move again and things will be looking great and you'll feel great about your future. That's why I ran for President, to make sure that happens. I'm going to be really disappointed if it doesn't.

Moderator. What kind of a tax rate might he expect to see when he grows older?

The President. I think about what it is now, maybe even a little less, depending. You know, one of the things that we don't know, that we're looking at now, and I meant to go back to the first question you asked, we've got a second round of budgetary changes that I think could come along about September when the Vice President finishes this review I've asked him to undertake about the way Government operates and whether we should just stop doing some of the things we're doing and change the whole way the Government operates. I think that it is conceivable by the time he becomes a taxpayer that technology will render a lot of governmental functions totally irrelevant. And I think that the cost of Government might actually go down.

Now, the cost of health care will be there, the cost of Social Security will be there, and the need to continue to invest in new technologies will be even greater, and the need to educate people will be greater. But a lot of the things that we think of as Government bureaucracy, if this thing is properly managed, could be handled with computers and cards and a lot of the hassle that you think of as Government, everything from waiting for your driver's license to applying for a loan, to dealing with the farm programs, could just be obliterated, if we manage the thing right and get the technology right.

Indian Gambling Rights

Q. Mr. President, the Governor's opposition to the Indian gaming act is full of misinformation. As a former Governor, Mr. President, we know you've heard their side of the issue. Would you be willing, in the next 60 days, to meet with a select group of tribal leaders for a briefing on the matter as it relates to economic impact, jobs, and Native American sovereignty?

The President. Oh yes, I would do that. I have a little different approach to this, and I don't want to take a lot of the program on it because I intended to do that, but I have a little different approach and a little bit of perspective, I think, than either the Indian tribes or the Governors. The Governors are worried—you all probably don't know what we're talking about. Basically, the Indians who live on Indian lands have been able for many years to have some kind of gambling, like bingo parlors. A Federal magistrate ruled several months ago that if any kind of gaming could occur on Indian lands, then all kinds of gaming could, basically, right? So that means that, essentially, if they so chose, that any Indian land could become Las Vegas, to do any kind of gambling. So the Governors are all real nervous about that, partly because they think that they'll have to turn their States into Nevada because the pressure to give the gambling rights to everybody else will get so great, and that the whole thing will get out of hand. So they argue for restrictions which would enable the States to restrict the range of gaming. The Native American tribes don't want that; they want to have this maximum amount of flexibility.

I have a different perspective. I'll just give it to you, but I intend to meet with tribal leaders; I welcome that. I grew up in a town with the largest illegal gambling operation in America when I was a kid. Hot Springs, Arkansas, had the biggest gambling operation except for Las Vegas anywhere in the country. A young man, the age of that fellow that just asked the question, could walk in any restaurant and put a nickel in a slot machine. There were open casinos. What my belief is, is that it is a lousy basis for an economy past a certain point. The Indian reservations have been kept dependent for too long, have suffered from the patronizing attitude of the Federal Government, have never been empowered to seize control of their own destiny. And I do not blame the tribes for wanting the maximum possible flexibility on gambling. But what I'd like to see is a whole range of different initiatives so we can have real long-term economic prosperity, because there is a limit to how much gambling the

country can absorb. There's a limit to how many Las Vegases can be successful. So we need to talk about it, and I would be happy to see some tribal leaders about it.

Health Care Reform

Q. The finest medicine in the world is practiced in the United States. Eighty-five percent of our population has access to this medical care, either through private insurance, Medicare, or Medicaid. And most of these are very happy with their physician, with the way he works up their problem, and with the outcome of their situation. Fifteen percent of our population, of course, is outside this mainstream. My question to you is, really, how do you want to get that 15 percent into the mainstream, how do you plan to finance it, and what's the way it could be done with minimal—in our current system?

The President. Well, let me first of all say what you already know, which is that the Health Care Task Force that my wife is chairing is, at the moment, trying to finalize their recommendations so they can then take it to the doctors, to the hospitals, the nurses, to the business community, to the labor community, everybody, and try to let them evaluate it and then bring it back to me so I can introduce it in the Congress.

I would like to just reshape what you said just a little bit. I agree we have the finest medicine in the world for people who can access it. I agree that we ought to keep a system where people can have some real choice of their doctors, particularly their primary providers whom they know. I agree that we need to keep medical care in private hands. I think that's all very important. It's a little more complicated than that just 15 percent have no health insurance. About 100,000 Americans a month lose their health insurance and either fall into the category of uncompensated care or onto the Government's Medicare and Medicaid rolls. We also have medical inflation rates at far higher than the world average, and we spend a third more of our income on health care than any other country, even though we don't insure some of our people.

So what I think we need to do is to find ways to reorganize the insurance market so that you can't lose your health insurance if you've had somebody in your family sick and you've got a preexisting condition and you have to change jobs. I think that employers should bear some responsibility for their employees, but I think employees should pay some of their own health care costs, too, because if they don't, there's a tendency to overuse the system, which I'm sure you've seen. It's very important to point out that everybody gets this—I'm sure you would acknowledge—everybody gets health care in this country, but it's too late, too expensive, and often at the emergency room. And if the employers who don't do anything for their employees say, well, they shouldn't have to, the truth is that those who do are paying the bill, as you know. Employers who provide health insurance are paying for not only their employees but everybody else, too. And their cost goes up. So what I want to do is to see a system where we phase in the requirements on employers who don't cover their employees in very reasonable way, where the Government basically provides for the nonemployed uninsured and where we have insurance reforms that will simplify billing and regulation and dramatically reduce your paperwork burden. The average doctor—let me just say another thing—a lot of people complain to me and say, "Well, these doctor fees are going up so fast." You need to know that in 1980—let me just say this, this is real important—in 1980, the average doctor took home 75 percent of all the income that he or she generated into a clinic. In 1992, that figure is down to 52 percent. Twenty-three cents on the dollar gone, mostly to bureaucracy and paperwork and regulation and insurance costs, right?

Q. Right.

The President. So, what I think we have to do is to reorganize the system so it's much more simple from an administrative point of view and so we all take some responsibility for our own health care, including all the employers. But we have to be very sensitive to the small business sector and phase that in. That's basically where we're going with it.

Multilingual Education

Q. Hello. I'm a teacher of English to students who speak another language, and I have observed that those students that do

well are those students that feel good about their native language, about being bilingual. I therefore believe that teachers as professionals, as role models, need to be required to have at least a conversational ability in a second language. I'd like you to respond to that.

The President. I think it would be a good thing if all teachers did, but it would take a good deal of time to get that done with the present American teacher corps. And my own view is that that decision should be made at the State level, not nationally. I think the National Government should facilitate and support the development of multilingualism among our teachers. But since over 90 percent of the money is raised for education at the State and local level, I think if there's going to be a regulation about it, it ought to be done at the State or local level. I think the United States should support more language instruction, and I have vigorously done that in my State. We tripled the number of kids in foreign language courses in my State because of the standards we adopted. And I agree it would help if more teachers did it. But I have to tell you, I don't think the National Government should mandate it.

Q. I like your diverse tie.

The President. Thanks. This is the "Save the Children" tie. I just got it last week. A 12-year-old student designed it.

Endangered Species and the Economy

Q. Mr. President, the economy of San Diego is probably the hardest hit in the country. Our construction industry has an unemployment of about 40 percent to 50 percent, yet the Federal Endangered Species Act has put about 200,000 acres on hold. That could impact about 150,000 jobs, billions of dollars to the economy. And within the last month, three projects were stopped because someone saw or thought they saw a bird, a gnatcatcher, fly through the project area. That eliminated about 200 jobs on the spot and millions of dollars to the economy here in San Diego. What will you do to give us a better balance?

The President. Well, you know, just north of here, I thought the Secretary of the Interior had made an agreement that allowed construction to go forward there. And so what I think we have to do—I'm glad you told me this because I didn't realize there were any issues continuing down here about that. One of the reasons I asked Bruce Babbitt to be Secretary of the Interior is that he'd been a Governor, he had practical sense, he'd been in the business his family had been, and he believed in the environment. But he had common sense about it. And I thought the deal that he hammered out on the gnatcatcher up north—but north of here—would have general application and would stop this kind of problem. So I will—I didn't know about it. All I can tell you is I'll get on it.

Q. Thank you very much

The President. I think a lot of these problems—let me say one other thing. I think as long as we have a big and complex society, you can't make all of the problems go away on the front end. But one of the things that I'm trying to do at the White House and one of the reasons I asked perhaps my oldest friend to be my Chief of Staff, a man who made his whole career in business building new businesses and starting things, is to try to make sure that the White House could maybe be a place that could break some of these bureaucratic logjams and change things. And I tried to appoint a Cabinet full of really practical people who could solve these kind of problems. You've told me something I didn't know. I'll go to work on it. And if you'll give me a card or something before you leave tonight, we'll get back in touch with you next week.

Immigration

Moderator. Mr. President, we've only got about 3 minutes left. I'd ask you one quick question on my behalf here, something that hasn't been touched on this evening. Our border here with Mexico has become somewhat of a sieve lately—we have Chinese immigrants trying to get across our border. To what extent do you favor closing off that border, or do you favor it?

The President. I think that the immigration laws, we have to try to enforce them. And let me say, to go back to this lady's question—and if you're going to have laws that you don't even try to enforce, you don't have

the resources to enforce, then you shouldn't expect the State to pick up the tab. So even though we're broke and in trouble, I did, as I said earlier, try to get the Federal Government to pick up more of the tab for California this coming year than we did before.

But my own view is that there have to be some limitations on immigration and that once those limitations are concluded, once we agree as a society on whatever they are, then we ought to try to enforce the law, knowing that it's hard to do. And I say that as a person who basically believes America has been greatly strengthened by its immigrants. Almost everybody in this room, except for the Native Americans, were once immigrants. And even most of them had forebears tens of thousands of years ago that came from someplace else, when the land was connected to someplace else. So I am basically in favor of a vibrant, diverse immigrant population, but there are limits to what we can afford to do. And once we accept that, then I think we ought to try to enforce the law.

I thought you were going to ask me about the problems with the sewage treatment in Tijuana. I'm also going to try to deal with that. San Diego got the shaft on that in the Congress last year. I'll try to see if I can't fix that this year.

Tijuana Sewage Treatment

Moderator. Real quickly, any suggestions?

The President. On what?

Moderator. On how to fix that.

The President. I just think—it's not that much money, it's about $3 million a year. And we'll just see if we can't, when that particular appropriation comes up, we'll see if we can help on that. I think we should do that. Again, that's something that's not your fault.

Moderator. Mr. President, we're down to one minute, unfortunately.

NAFTA

Q. The question is, with the NAFTA agreement, will you mandate that when a person loses their job as a result of this agreement which our Government entered into, that they would be guaranteed any new job that is created?

The President. I don't think I could do that, but what I think I can do is to identify areas which are likely to be hurt and do more to direct Government investment there and other incentives to hire people back. And I would certainly do that. But I have to tell you, I think California will gain a lot more jobs than you'll lose if we have the right kind of trade agreement. Mexico is now our second biggest purchaser of manufactured products. California wins big on that. I think we will win more than we lose. But some will lose, and we need to have offsetting investments. I agree with that.

Thank you.

Moderator. Thank you very much, Mr. President. The people of San Diego thank you.

The President. Thank you.

NOTE: The town meeting began at 8 p.m. at the KGTV studio. In his remarks, the President referred to Erskine Bowles, Administrator of the Small Business Administration; General John Vessey, Special Emissary for POW/MIA Affairs; and Thomas F. McLarty, Chief of Staff at the White House. A tape was not available for verification of the content of this town meeting.

Nominations for Posts at the Departments of State, Transportation, and Labor

May 17, 1993

The President named four new members of his administration today, announcing his intention to nominate Richard Moose to be Under Secretary of State for Management, Gordon Linton to be Administrator of the Federal Transit Administration, Louise Stoll to be Assistant Secretary of Transportation for Budget and Programs, and Anne Lewis to be Assistant Secretary of Labor for Public Affairs.

"This is a first-rate group of people," said the President. "Richard Moose brings significant experience in both foreign affairs and corporate management to the task of making the State Department work more efficiently. Gordon Linton is a distinguished public servant with an unquestionable knowledge of transportation matters. Louise Stoll has been