

Apr. 9 / Administration of George Bush, 1991

Note: The President spoke at 1:21 p.m. in the Cabinet Room at the White House. In his remarks, he referred to William E. Brock and Robert S. Strauss, former U.S. Trade Representatives; President Carlos Salinas de

Gortari of Mexico; Dan Rostenkowski, chairman of the House Ways and Means Committee; George J. Mitchell, Senate majority leader; and Thomas S. Foley, Speaker of the House of Representatives.

Remarks at a Meeting of the American Business Conference

April 9, 1991

Thank you very, very much. And, Bob, thank you, sir, for that introduction and for letting this distinguished group use this meeting room today. It's always a pleasure to be back here. Let me also salute the ABC's leader, Jim Jones. What a job he's doing. But I remember his effectiveness in the leadership role in the Congress, and I'm glad that those energies that he has are being used and shared by all of you. We have many distinguished visitors with us today, and I won't single them out. I was told that Bill Seidman and Richard Breedon were here. But as I look around, unless they're basking way back in anonymity somewhere, they may not have made it.

But in any event, I'm delighted to see this group. Great to talk to the American Business Conference. We did a little homework on this, and I've been here four times in recent years. And then, of course, we're privileged to have two of your own with us in the administration, Bob Mosbacher and Arthur Levitt. And it's an honor and a pleasure to, as Bob says, talk to a group that stands for success—a group that admits only medium-sized companies that thrive in the marketplace. But I've got to tell you, I feel a little funny being here. After all, I'm the CEO now of an outfit that's lost money for 33 of the last 35 years. [*Laughter*]

But in keeping with today's theme—charting economic growth in the nineties—I'd like to talk about our administration's plan for generating more American success stories like your own. Our recent success in the Gulf has renewed Americans' belief in themselves. In just the past couple of months, consumer confidence has soared.

And the stock market, of course, has been climbing toward that 3,000 mark. Most economists predict that the recession soon will give way to a new cycle of growth. And, incidentally, we agree with that assessment, inside.

But we can't rest on our laurels. There's an entire world of competition out there. The administration's economic growth package is designed to let people like you do what you do best—create jobs, create new opportunities, create wealth.

Let's start with an issue that we all have to address in the next month. And I think Bob just talked about it; Jim has been participating in a meeting with me in the Cabinet Room at the White House about it—I'm talking about the issue of free and fair trade. As you know, I have asked Congress to extend the Fast Track trade authority.

Fast Track, in my view, is another term for good faith. It guarantees that Congress will accept or reject the very same agreements that our negotiators and their counterparts have worked out. And this doesn't weaken the Congress' power to review agreements; it simply prevents eleventh-hour changes that would force negotiators from all countries to start over, to start from scratch.

Our trading partners consider Fast Track a vital test of our reliability. And if we do not retain the Fast Track process, we jeopardize three critical foreign trade initiatives: the Uruguay round of trade talks, the North American free trade agreement, and the Enterprise for the Americas Initiative.

Americans understand the benefits of free trade. In the last 4 years, exports from the United States have increased 55 percent, more than twice the rate of import

growth. And export business has grown more rapidly than the rest of our economy. This trade boom has helped everyone involved. A North American free trade agreement would place us in the largest integrated market on Earth: 360 million people, \$6 trillion of annual output. It would also give our neighbors access to the technologies and products that they need to improve their standards of living, further clean their environments, and create a true community of nations on our continent.

We also believe strongly in promoting trade. I have asked Bob Mosbacher to lead a governmentwide effort to help small and medium-sized companies sell their goods and services abroad. I know you support free trade, which is why I want to help you in persuading Congress to extend the Fast Track process. Without it, we will surrender our chance to shape the emerging world economy. Without it, we risk setting off the kind of protectionist warfare that helped produce the Great Depression. And with it, American workers and businesses will be able to demonstrate their strength in a new and vibrant world market.

Let me say that we are approaching this Fast Track process on the Hill in a totally nonpartisan manner. The Democratic leaders, several of the key Democratic leaders, are as enthusiastic about this Fast Track authority granting as I am. And we're approaching it strictly because we believe that it is best for the United States of America. And I also know that it's good for our trading partners as well.

This brings me, then, to a second part of our growth package: creating an educated, innovative work force. Our budget emphasizes the importance of building an America that is ready to take its place in an emerging world economy. It stresses the absolute necessity of an educated nation. We want to reinvent the American school, to create a nation of students, to make sure that education offers opportunity to everyone.

Our education strategy starts with some very obvious truths: that schools succeed when teachers teach; when parents support the schools; when schools accept help from people with skills—local businesses, community colleges, that huge pool of untapped

talent, our retirees; when communities fight harder to rip down barriers that prevent effective teaching, barriers such as crimes and drugs and community indifference.

And we also want to encourage entrepreneurship in education. We will support research into the best teaching methods and techniques. We want to help workers improve their knowledge and skills. Your Vital Link program offers a great way to achieve this goal. And we want to ensure that the American people are the best educated, best motivated in the entire world.

Our economic proposals also sweep away obstacles to free enterprise. What we're trying to do—we're trying to unleash the power of American imagination.

Your organization understands, I'd say better than most, that runaway government spending steals opportunity from private citizens. Last year's budget agreement—controversial though it was—placed real and stringent caps on congressional spending. If Congress wants to spend money now, more money on certain programs, it'll have to make the hard choices. It'll have to raise taxes or take the money from other programs.

This year, for the first time in years, Federal spending will actually increase less rapidly than the inflation. And I can promise you that if Congress sends me these spending bills that break this budget, I will send them back, with a veto message.

But there's lots more to do. We in government must do more. As Vice President, I headed the Task Force on Regulatory Relief. And as President, I remain committed to weeding out regulations that prevent people from creating jobs and opportunities. I see some know what over-regulation means. *[Laughter]* But we're going to continue to do this, and we must. Last year regulations—here's why—last year regulations cost the economy at least \$185 billion, or \$1,700 for every taxpayer. The Government generated more than 5.3 billion hours of paperwork last year. And that's enough to keep 2 million people busy doing nothing but filling out forms.

Our Council on Competitiveness, as chaired by Vice President Quayle, attacks the scourge of unnecessary regulation. We want to let people turn their attention to

the more important and rewarding work of building a prosperous future. We've followed the same approach in looking at our Tax Code. We want a tax system that rewards enterprise. I have repeatedly asked the United States Congress to cut our high capital gains tax. And I can't think of any issue that's been more badly misrepresented than this one. Our critics say that a capital gains cut helps only the rich. And in my view, they are dead wrong.

Here are the facts on it. More than a quarter of all families who file capital gains have annual incomes of less than \$20,000 a year. More than three-quarters of all families who declared make less than Members of Congress. A capital gains cut isn't a sop to the rich. It rewards people who turn good ideas into goods and services—goods and services that people need.

When taxes on entrepreneurship are high, investors have no incentive to risk money on untried businesses and entrepreneurs. Before Congress cut the capital gains rate in 1978, the pool for start-up businesses had virtually dried up. And after the cut, we experienced an investment boom. Between 1978 and 1986, the number of initial public offerings increased nearly 1600 percent, from 45 to 719. The amount of investment seed money increased nearly a hundredfold, from \$250 million to \$22.5 billion. Capital gains payments to the Federal Government quadrupled. This is what happens when you reduce the cost of capital.

We must encourage savings and discourage debt. And for the past 4 years we've taxed capital gains like any other form of income. And at the same time, we have encouraged people to take on debt. Not surprisingly, people have borrowed more and invested less. Home equity lines of credit offer a perfect example. These devices, which let homeowners borrow against their increased home values, have nearly tripled in volume since tax reform.

No other major industrial power taxes capital gains at nearly the rate we do. Germany and Japan enjoy much higher savings and investment rates in part because they don't punish successful investment.

My point is simple: Taxes on growth are taxes on the American dream. We should clear away obstacles to the American dream.

And similarly, we should foster innovation wherever we can.

Our budget advocates increased Federal support for R&D, for research and development, in basic and applied science. It also encourages private-sector innovation by extending the research and experimentation tax credit. Our administration understands the power of knowledge, and we want the Tax Code to reward people who turn their big dreams into revolutionary new goods and services.

And finally, this administration believes in protecting workers' earnings and savings. Our banking reform proposals—they try to modernize the laws that affect our banking system. Let's face it: 1930's regulations and restrictions don't cut it in the 1990's.

To pick just one example, under our current laws, a California bank can open a branch in Birmingham, England, but not in Birmingham, Alabama. Think of the banking system as an irrigation network for the economy. When it works properly, it nourishes the seeds of economic growth. And when it doesn't, companies like the ones represented here can wither and die. Our reform package tries in a very comprehensive way to make our banking system more competitive, up to date, safe and sound.

We also believe in protecting retirees from undue hardship. Eight years ago, Congress adopted measures to guarantee the short-term solvency and long-term stability of the Social Security system. Congress should resist any temptation to undermine that stability by permitting raids on the trust fund balances. We need to honor our promises to the workers and retirees. I know we've got a fight on this one. But I believe we're going to prevail.

I know I have covered a lot of ground, touching on a lot of different issues here, but I wanted to make a point. Our growth package addresses the challenges posed by a new, exciting, rapidly changing world. Our themes: We want to promote growth. We want to create jobs for all Americans. We want to unleash the power of American imagination. We want to ignite people's ambitions, rather than inciting their fears.

Many people call the 20th century the American century. Well, we shouldn't be

content with that. The stunning collapse of communism in 1989 was no accident. During the 1980's, the Communist world learned that no wall, no barrier can fend off powerful ideas. It saw our prosperity and our vitality. It saw that our way is better. The prosperity of the 1980's, which began with tax cuts and progrowth policies in the United States, transformed the entire world. Our challenge now is to shape the revolution that we started to make the 21st century the next American century.

And so, I ask your help in that quest. Together, with business working cooperatively with government, we cannot fail.

Thank you all very much for coming to Washington. And may God bless our great

country.

Note: The President spoke at 2:07 p.m. in the Great Hall at the Department of Commerce. In his remarks, he referred to Secretary of Commerce Robert A. Mosbacher; James R. Jones, chairman of the American Business Conference; L. William Seidman, Chairman of the Federal Deposit Insurance Corporation; Richard Breedon, Chairman of the Securities and Exchange Commission; Arthur Levitt, nominee to the Defense Base Closure and Realignment Commission and founder of the conference; and Vice President Dan Quayle, Chairman of the Council on Competitiveness.

Remarks at the Presentation Ceremony for the National Teacher of the Year Award in Slanesville, West Virginia

April 10, 1991

The President. Well, please be seated. Kids, it's great to be with you. And you ought to be very happy that I'm here because you don't have to be in school working hard, you see. [*Laughter*] To all those who handled the arrangements for a complex visit like this, let me at the very beginning express my sincere thanks to you, and we promise to leave right on time so things can get back to normal in this beautiful part of our country.

I want to thank Secretary Alexander for his remarks, for his kind words. Thank all of you for this West Virginia welcome. It's good to see the Governor of this State here, a friend of education, Governor Caperton, who you met earlier.

I'm told that a former Member of Congress, Harley Staggers, is here. I'm not focusing too well from up here, but if he—they're pointing out here. But anyway—way back over there. But Harley, nice to see you, sir—a man that served his State with great distinction. I want to single out Commissioner Benedict and Superintendent Marockie; John Quam, the director of the National Teacher of the Year program; and of course, your own principal—and now

that I feel a part of this school, our own principal—Gary Kidwell.

Let me say that I'm especially pleased, on this whole broad national education front, to be side-by-side with Lamar Alexander—a former Governor, a man that is committed, a former head of a great university system, now our Secretary of Education—a man who has made it his mission, his sacred mission, to join with the teachers of this school and others all across this country to make America's schools second to none. And very soon, back in Washington, we are going to unveil our national education strategy. It's a long-term strategy to make America all that it can be, to spark a nationwide movement that touches every school and every student in America.

But today I want to focus on the fact that, in the end, everything we try to do in education comes down to teaching and learning, to each teacher and each student in our classrooms. There's no better way to make that point than to come here to honor someone Slanesville knows so well, the 1991 National Teacher of the Year, Rae Ellen McKee.

You know, the last time I went to a