

ing now. But I just want to say how pleased we are that you, representing Canada, are a part, a fundamental part of this. I think it's a wonderful thing, and I think in a wonderful way it shows the strength of ties between our two great countries.

So, I understand the Prime Minister, my friend Brian Mulroney, called. Did he actually get through the other day?

Dr. Bondar. That was right about the time we were having our briefing just near launch time. And instead, I had a lovely telegram from him, and he wished us all well and Godspeed.

The President. Well, keep up the good work. Now, have you got time for one more question? We've got a real eager one right here. Front of the line. Here we go.

Q. I wonder how you feel in space.

The President. They're trying to decide here.

Commander Grabe. The question was, how do we feel in space?

The President. Yes.

Commander Grabe. Well, in space, it takes a little bit of time to get used to it. When you first get up, you might feel just the slightest bit queasy or so. But by about today—this is our third day in space—we're beginning to adapt pretty well. I think you can see we all feel pretty comfortable up here. So after you get over the initial adjustment, you can live in space quite well and do things that you do on Earth.

The President. I have a rather technical question. What happens if you get the flu in space? [*Laughter*]

Commander Grabe. Some of the older as-

tronauts—[*inaudible*]—anything that can give you the enthusiasm a kid has, has got to be a great experience. And I feel like I'm about 12.

Q. What planets have you seen?

The President. What planets have you seen?

Commander Grabe. Well, of course, we've got the world's greatest view of our world. But on some of our night passes we can see Saturn and Jupiter and Mars and Venus. It's really spectacular up here. Hope we can go to Mars here one of these days.

The President. Well, we're going to keep trying to get this program geared up to do just that. And maybe, just maybe, Colonel, one of these kids here today will be a part of that. Maybe sooner, maybe later. But I'll bet one of them will be a part of that mission.

But listen, I'm told we've got to run on. I've got a lot of eager questioners, but unfortunately, I guess we don't have the time. But we certainly want to wish you well. Your fellow astronauts are standing here quietly in the shadows, and I know that they are wishing you well for a successful conclusion of this productive journey.

You have our blessings and our support, and keep up the fine work. You're on the cutting edge, and you're setting a great example for the rest of our country, the rest of the world. Congratulations, and thanks for taking the time out.

Note: The President spoke at 3 p.m. in Room 450 of the Old Executive Office Building.

Teleconference Remarks to the National Association of Home Builders

January 24, 1992

The President. Thank you so much. And Mark, thank you for those very kind words. And I wish I were there in person, but from a distance, hello to Roger Glunt and Tommy Thompson and Martin Perlman and Kent Colton; Jay Buchert, your incoming president; and to all of you celebrating the

golden anniversary of the National Association of Home Builders.

I heard via the grapevine that we were promised a daytime fireworks display. So I will give this my very best shot, and after Mark's enthusiastic endorsement there, welcome there, I must say I've got a tough job

to fulfill here.

First, though, Barbara and I wanted to remind you that we're doing our part for homebuilding and remodeling, thanks to a little rough weather back in Kennebunkport, Maine. So we want to be a part of this rebuilding. But there's been more than a little rough weather in your industry. I heard what you said there, Mark, and I've heard it for a long time. Back in December, I met with Mark and Kent at the White House. And to you members there, let me just say we talked about the tough times you've experienced. These men were both very articulate. We agreed on the need for strong action to get this economy moving again.

The housing industry has been hit hard. And you've been pinched by the credit crunch, hurt by first-time homebuyers forced by economic circumstances to defer their shot at the American dream and homeowners who have watched their equity erode.

On the credit front, we've been working hard to get the message out to lending institutions and the regulatory community that sound banks make sound loans. And I am also pleased to see interest rates down, lower than they've been since the late seventies.

There's a pent-up demand for new housing that promises a strong comeback, one that will bring homebuyers back into the market and have homebuilders working overtime. But no issue right now matters more than the state of our economy. Next Tuesday, I'm going to take my economic action plan to the American people in the State of the Union Message. And without tipping my hand today, I can say that some of the reforms that I want to see are geared specifically to get the housing market back on its feet.

I pledged as President that we'd see an increase of one million in the number of new American homeowners, and I'm proud to say we've reached that goal. And I'm convinced our housing initiatives will help even more Americans reach their dream.

One way we'll succeed is by breaking down the barriers to affordable housing. Jay and Roger served on my Advisory Commission on Regulatory Barriers. Many of the

recommendations in what the Commission called the NIMBY report, Not In My Backyard, have been built into the 1993 budget. I'll be calling for prompt action by the Congress because it's even more urgent we get these critical reforms through Congress now. So count on it. I'm going to hit the line again, push hard to turn solid proposals into policy. And I hope I can count on your strong support to help me get the job done.

As for the rest of my progrowth plan, you've got to stay tuned for Tuesday. But I can say right now, by way of a coming attraction, that any growth package worth the name should pass the following five tests: First, it must stimulate the investment necessary to create jobs. Second—and this points up the vital importance of your industry—it must bolster real estate values and increase home sales. And third, it must give Americans confidence that the costs of health care, providing for their kids' education, and raising a family will be affordable. And fourth, it must increase America's capacity to compete in the global economy. And then fifth and finally, it must control wasteful Government spending and bring the Federal deficit under control.

So, please listen, and please hear me out in the State of the Union. I will avoid, and I'll be frank about this one, the quick political fixes that cause the deficit to skyrocket and cause long-term interest rates to go right through the roof. I'm confident that we have a sound plan, the best plan, to get this economy growing again. And I am absolutely certain that we will get this economy turned around. I plan to do what Mark says: Take that same leadership we used in Desert Storm, bring this country together, and get the job done. And I am sure that once again it is your industry, it is the housing industry, that will lead the way to a strong and steady recovery.

So, good luck to you all. We've listened to your leaders. We appreciate the support from so many people there. And I am going to do my level-best to lead this country to a vigorous recovery.

Now, I guess I'd better stop there and be glad to take some questions. And thanks for your hospitality.

Q. Thank you, Mr. President. You are a

“take charge” kind of President, and you have been a tremendous asset to this country and the world. We, the homebuilders, support you continuously. Your remarks are excellent, and we are ready for you to take charge in this State of the Union. And we’re going to go hand-in-hand down the path with you to try to get your programs implemented. We think it very, very important that housing leads this economy back to the great state that it was before. And we think that together we can do this.

The question I have, Mr. President, is: NAHB has suggested a number of proposals to stimulate housing-led economic recovery, including a tax credit and use of IRA’s for first-time homebuyers and reinstatement of passive losses and capital gains tax. Is there any hope that any of these will be included in your State of the Union?

The President. Hey, listen, I will not be betraying any secrets to say that the answer to that question is a resounding affirmative. I hope you’ll let me off the hook if I don’t respond to each and every one of those points, but I think you’re going to be happy with the message in that regard.

You have known, and I don’t say this as targeting what I’m going to say, but you’ve known of my commitment to capital gains. I’ve been hit, as you know, for a capital gains tax cut as a tax cut for the rich. It isn’t any such thing. And families benefit. I’m worried, Barbara’s worried about the decline in the American family. One thing that strengthened it is owning their own home. One thing that puts some value under a person’s home is a capital gains differential. And so I am committed on that one, and you can bet that that’s going to be there.

The others, I think you’ll be happy; I’d like to stop right there. But the reason I give you encouragement, without going into which I will accept and can propose and won’t propose, is that these initiatives that you’ve talked about here, it’s not a quick fix; it’s not something that’s going to just spread money around in a political year. They will stimulate investment. And that’s what—there’s a crying need for investment and savings in this country. And let me just say philosophically, I feel very comfortable with those initiatives that you have outlined

there. But you’ll have to excuse me if I don’t give away absolutely everything that’s going to be in this message.

Q. Mr. President, you talked just a moment ago about the credit crunch, and we truly appreciate your personal work on behalf of the credit crunch and all of the work that has been done in that area.

In the meetings I’ve attended in the last couple of days here with all of the builders that have gathered, we’re now confident that the economic stimulus package will contain provisions to let housing lead this economy forward.

I think the big concern here is: Will the credit be available for the builders to then build those homes? And the feedback we’re getting from the builders here today, Mr. President, is that despite our combined efforts, you working hard, your administration working hard, and us working hard, the banks and examiners still aren’t getting the message out according to the builders.

Is there anything that can be done more, Mr. President? Is there anything else we can do to get this message out? Our fear is that without it, we’re not going to see an economic recovery. And as you said so well, sound banks should make sound loans now.

The President. I would welcome suggestions from you all after your meetings finish as to what in addition we might do.

Let me say this. First place, I think the regulators do have some responsibility. I think everyone would agree that we got into kind of a go-go period of excess over the past few years and some loans were made that should have been questioned at the time and that weren’t. And we’re paying an enormous price. I might say that I take some pride that not one single depositor has lost money, but it’s taken an awful lot of money to bail out some questionable loans.

What I’m about to say, I am not suggesting that the Government does not have some obligation in our regulatory authorities for the soundness of the banking system and the S&L system. I frankly think that there has been an overreaction. And we have gotten the Treasury to bring into Baltimore the other day well in excess of 500

regulators and tell them that what we're looking for is balance. What we're looking for is certainly not to go down the path that we went down before but to stop impeding progress and kind of putting a damper on this concept that good banks should make good loans.

We have sent out bulletin after bulletin to the regulating community out there. I have convened meetings with the Chairman of the Fed, Bill Taylor; others from the various Agencies; the Office of Thrift Supervision, saying, let's find a reasoned approach.

Frankly, I think the pendulum has swung at times too far over in terms of dampening the enthusiasm that these lending institutions sometimes should have, and that they're almost afraid in some areas to make loans. So, I hope that the programs we have in effect of trying to work for the balance is good.

I'll be honest with you, we are encountering some resistance. The Office of the Comptroller head was held up, because they thought he was lightening up on the regulatory burden, by a couple of Senators who leaned over too far the other way in favor of labeling what we were doing as forbearance. In their view, that meant too little regulation. I've got to do a better job with Congress, getting them to understand that the excesses of regulation are bad.

On a fundamental point, I am firmly—I am of the conviction that the lower interest rates have things ready now for a good recovery. At some point those interest rates definitely will translate into a much better situation for the homebuyer, for the developer. And some of that hasn't taken place because of what you're talking about. I think banks have taken the difference now and tried to strengthen their balance sheets. They're getting stronger, and I think that's probably a good thing.

So, we will continue to struggle against this concept of overregulation. Some report to me arrogance on the part of some regulators, and we're trying very hard to sensitize these people. We will continue to work hard for a financial reform package that is long overdue. We've got to bring these banks and lending institutions, through a change in the law, back up now

to 1992 and not have it back in the 1930's somewhere. We got stifled by Congress on trying to get that banking reform bill through. And I'm going to try again on that one. I think that will help your industry very much.

And again, the third point, less regulation, banking reform, financial reform, and then, of course, this whole concept of interest rates and inflation being down, setting the base for a sound recovery for this country.

And I don't want to be accused of being too optimistic because there are still some very, very troubling signs around. But I believe that these things I've mentioned here will inevitably contribute to an upturn in this economy and an upturn in this industry that is absolutely essential. I believe that homebuilding will lead the recovery. It's not going to be a lagging industry. It will be a lead industry. I believe the ingredients are there. And I hope that the proposals I make in the State of the Union will guarantee, if I can get them through Congress, will guarantee the recovery will be right around the corner and not way down the road.

Thank you again. And if there's another one, fine. Otherwise, I'll let you go back to work. But send the suggestions; if you have specifics, send them along, Jay.

Q. Thank you, Mr. President, for taking time out of your busy schedule. Ladies and gentlemen, let's give the President of the United States a great thank you.

The President. Good luck to you all.

Note: The President spoke at 3:34 p.m. via satellite from Room 459 of the Old Executive Office Building to the National Association of Home Builders annual convention and exposition in Las Vegas, NV. In his remarks, he referred to the following association officers: Mark E. Tipton, immediate past president; Roger Glunt, first vice president; Tommy Thompson, vice president and treasurer; Martin Perlman, a past president; Kent Colton, executive vice president; and Jay Buchert, president.