

June 18 / Administration of George Bush, 1992

Monica, CA. He also served as a senior staff member for Asian Affairs with the National Security Council at the White House, 1971–76.

Dr. Solomon graduated from Massachu-

setts Institute of Technology (S.B., 1960; Ph.D., 1966). He was born June 19, 1937, in Philadelphia, PA. Dr. Solomon is married, has three children, and resides in Bethesda, MD.

Appointment of Mrs. Potter Stewart as United States Representative on the Executive Board of the United Nations Children's Fund

June 18, 1992

The President today announced his intention to appoint Mrs. Potter Stewart, of the District of Columbia, to be the Representative of the United States of America on the Executive Board of the United Nations Children's Fund. She would succeed Peter B. Teeley.

Mrs. Stewart has served as a volunteer

with many organizations involved in youth, human needs, and international affairs. Mrs. Stewart has also served as a researcher for Time magazine and Life magazine, 1941–43.

Mrs. Stewart was born June 3, 1919. She currently resides in Washington, DC.

Remarks and a Question-and-Answer Session With the Industrial League of Orange County in Irvine, California

June 19, 1992

The President. Thank you, Reed, very much. Please be seated. I was riding over here today with Senator John Seymour, our outstanding Senator in Washington who's fighting a good battle for everything those of us interested in business believe in, and he told me I was walking into the most influential group of people in Orange County. I want to just say to Reed Royalty, thank you, sir. To the Mayor, Sally Sheridan, I'm pleased to be back on her turf. I want to salute the other Orange County mayors.

And I would single out once again my good friend Senator Seymour, who's out here some place. And let me just say this is supposedly nonpolitical, but I want to see him return to the United States Senate; let's get it right up front. While we're at it, if we are going to move the growth and opportunity agenda forward, we must select Bruce Herschensohn, and so permit me yet another partisan plug. Both of them have earned it, deserve it, being in the United

States Senate. And we need their leadership and support.

Now, Todd Nicholson and everyone from the Industrial League, the Orange County Forum, the many leaders of the local chambers of commerce who helped with this event, my sincere gratitude to you. You had one week, and look at this, it's unbelievable. I'm glad to be here with so many businessmen and businesswomen. Forty years ago I did start a business and that made me, I think, have some sensitivity and understanding what it means to take risks, to meet a payroll, and to add to the productivity of this great country.

I'm proud to work with three solid, strong leaders, not only for Orange County but for this country. Two of them are here, and I'm talking about Members of the House. My dear friend "B-1" Bob Dornan is not here, regrettably, but he's a good friend, and he's a champion of American values. But Chris Cox is with us, and he

embodies the entrepreneurial spirit here today, and he's pushing great new ideas like turbo-enterprise zones. I salute him. And Dana Rohrabacher I'm told is here—I'm having a little trouble with the lights—but anyway, he is a stalwart advocate of reform, too, fresh off his surfboard. [Laughter]

All three of these Congressmen—the point I want to make is this: All three of them stood solidly with me in the fight to do what the American people want, to pass a balanced budget amendment to the Constitution. And we are not going to give up that fight. That will discipline the executive branch, and it will discipline the United States Congress. And it will facilitate the day when we can get done what the American people want and are properly demanding: the elimination of these deficits that are mortgaging the future of our children.

Today I want to talk about our Nation's transition into the post-cold-war era and what this means to a competitive economy. Three days ago I met there at the White House with Russia's freely elected President, Boris Yeltsin. It was indeed an historic meeting. We rejoiced at the new breeze of freedom that has swept the entire globe, scattering the last dust of that grim totalitarianism. And we spoke of the dreams that we share for our people, the American people, the people of Russia. It really was an extraordinary moment in history.

We stood next to each other in the Rose Garden and together announced the most sweeping nuclear arms cuts in history, reductions far deeper than we could have hoped for even 6 months ago. And in the process we will eliminate the most destabilizing weapons of all, those that terrify mankind the most, those multiple-warhead ICBM's. Russia will eliminate all 308 of those giant ICBM's, those SS-18's which alone carry more than 3,000 warheads. Each one of those warheads aimed at the United States, each one of them is more than 10 times more powerful than the bomb dropped on Hiroshima. That means that you and I will no longer fear for our children and grandchildren the threat of nuclear war that plagued us all for 40 years.

I know people in Orange County love politics, but I wish you could have seen Boris Yeltsin at work with the crowds and the

people and the waving. We took him out on the Truman Balcony just before he left. I said, "I want you to see how a President spends some time," because we had the Presidential scholars out there on the lawn. No sooner do we get to the balcony and all of them were facing the other way. I really wanted him just to see the event. The next thing I know, he was waving so vigorously they all left the event, turned around, and came up, and he was greeting them like a long-lost brother. This guy really has a flair for public opinion, I'll tell you. But it says something. He was elected democratically. He came here as the first democratically elected leader of Russia, and the American people understood that and gave him a warm welcome.

But now with the cold war behind us, we have that freedom to focus more resources and more talent on the concerns that trouble us at home. And with the new partnership of peace we forged with Russia, we have the chance to expand trade, and that means then creating jobs and opportunities for Americans that will benefit both of our nations in the process.

While we look ahead to these exciting new horizons, there is one critical element that we must never forget: The cold war is over, but we still need a strong deterrent. Our requirements are changing, but the need will never disappear. Look at the threat posed by global instabilities, by terrorists, by renegade regimes looking to get control of sophisticated weapons. We must continue to invest in military R&D, and we will.

And in order to keep the peace, I make you this pledge: As long as I am President of the United States, I guarantee you that our country will remain the strongest country on the face of the Earth. We owe that to our children. Who knows where the next difficulties will crop up. And it's only the United States, only our country, that can lead for democracy and freedom.

The new challenges we face in the post-cold-war go beyond world security. There are still pioneer days ahead. At one point in the movie "Awakenings," a fellow who's been asleep for decades finally wakes up and has the whole world in front of him.

When his doctor asks him what he wants to do that day, his face breaks into a huge grin, and he shouts, "Everything!" That is the spirit that we need to call up right now, that purely American belief that America's future knows no limits.

I am tired of all the pessimists in this political year telling us what is wrong with the United States of America. I'm tired of it. The fact is we're entering a different economic world than the one we grew up in. William Jennings Bryan captured the bold spirit which will lead us to success when he said, "Destiny is not a matter of chance; it's a matter of choice. It's not a thing to be waited for; it's a thing to be achieved." The world economy of the 21st century will be a new age of American competition in a fiercely challenging global marketplace. And we simply have to make some changes if we expect to compete.

First, we have to realize the intensified need for sophisticated, well-educated workers. The worldwide high-tech explosion will leave us behind unless we literally reinvent American education, make our schools the best in the world, to turn out the best prepared workers in this world. To do this, let's borrow a page from business. I want to bring competition into our schools through ideas like school choice. Parents should have the right to choose their children's schools. And beyond that, I'll use every resource I can to pave our way into the future.

Our national technology initiative brings Government officials together with private businesses to let them know what Government can offer in technology. This moves new discoveries out of the Federal laboratories into the marketplace to save existing jobs and create new jobs.

Today, for example, I'm announcing an important regulatory change that will help many companies with defense-related businesses make the transition to the post-cold-war era. One unnecessary obstacle has been what they call the recoupment fee or tax, if you will, that DOD charges on military and commercial products sold to customers other than the U.S. Government. These fees hurt American workers by making it more difficult for them to compete for business here and abroad. Given the historic changes

we've seen during the last year, this burden is no longer justified. And today, I am directing my Secretary of Defense to take what actions he can to eliminate these fees.

I will continue fighting for American jobs by encouraging trade and opening markets abroad. You know how vital that is since America is the world's leading exporting nation. And California leads America, accounting for one of every 8 U.S. export dollars, one out of every 8 to California. Just last year, a 13-percent increase over 1990, this State exported over \$50 billion in goods, creating jobs up and down this golden coast. I will keep pushing for the North American free trade agreement. And some say NAFTA will cost jobs, and they are dead wrong. It will lower trade barriers, and it will establish one of the biggest and richest markets in the world with the potential of creating hundreds of thousands of jobs.

For the long term, Washington must have the courage to make hard choices. The Federal Government is too big, and it spends too much. It is time that the Congress woke up and listened to the American people. Most Americans believe as I do that the only way to discipline both the executive branch and the Congress is a constitutional amendment to balance the Federal budget. For years I've called for just such an amendment because to ensure long-term economic growth, we must get the Federal spending under control.

Now, I have a detailed plan before the Congress right now. It is up there. I brought along a copy just to show it to you. You might not have read much about it in this strange year out there. But the way it does it is the only way that the budget can be brought under control, and that is to control the growth of the mandatory programs. And it does it without raising taxes on the American people or on American business. Here it is in considerable detail. But we need, again, the discipline and the sense of urgency that the balanced budget amendment will bring. And while I'm at it, I would like to ask the American people this fall to give me what 43 Governors have, the line-item veto, and let the President have a shot at getting spending under

control.

Nationally, our economy is recovering. Some good fundamentals are in place: low interest rates, low inflation, exports are strong. But in California, as everyone in this room knows, it is a challenging time. It's been a tough time. But you've risen to the challenge before. In particular, as the Defense Department downsizes, you face adapting from a military to a competitive civilian market. It's tough for companies and employees, but remember: Our Nation's economy is the most productive in the world. Together, we're going to use our strengths to bring back growth and opportunity right here to Orange County.

For 200 years, our prosperity has sprung from our ability to innovate, to create, to change as the world changes. And now is your time to shape your own identity in an evolving economy. That's the heart of what we call entrepreneurial capitalism, a heart that I still hear beating in Southern California. This area is like an R&D lab for the whole country.

All around us are marvelous examples of the technological transition from the cold war to the era of global economic competition. We will depend upon companies like many in Orange County who still develop and use technology that was begun for defense. I've seen examples here of some remarkably creative thinking. During the cold war, the military funded the development of many new manufacturing techniques. And now you're demonstrating astounding innovation by turning systems developed for national defense towards the commercial market, worldwide, I might add.

Right here, Hughes Aircraft is applying the military's global positioning satellite system to a new procedure controlling shipping traffic along our coastal waters. McDonnell Douglas, their SDIO-funded Delta Clipper program will dramatically reduce the costs of reaching into orbit. This will ensure that we lead the world's commercial aerospace industry. Rockwell is developing ways of using SDI's high-tech offshoots to give us smart cars and smart freeways and breaking gridlock on our highways. Now, that's got to be good news for Southern California. To them I say: Hurry up.

The more closely we look at these compa-

nies, the more we understand why they're thriving. It's because they are able to adapt and they're at the cutting edge of the post-cold-war era, transforming this world into a productive peace. Defense conversion puts Orange County back in the business of job creation, a skill that you mastered in the eighties with the high-tech start-ups that made this area famous. And now you're redefining it for the nineties. Here, job creation doesn't mean job training. Your workers are already the most qualified in our labor force. What they need is opportunity. And if we give a budding entrepreneur a chance, he'll bring training, experience, and old-fashioned American hunger to his own business and create jobs for dozens, maybe even hundreds of fellow workers.

Venture capital regrettably has dried up. And so we must take action to get it flowing again. And so I am going to keep pushing Congress to slash the capital gains tax. They can call it a tax break for the rich, and I call it job opportunity for those that need jobs and need work. I'm going to keep pushing the Congress to make the research and experimentation tax credit permanent. As a Nation, this is how we must support our risk-takers, for their vision of today will be our future of tomorrow. We must bequeath to the next generation the legacies that define our future: strong families, good jobs, and world peace. As a Nation, we will chart a course to guide America into the new century where confidence and self-reliance produce greatness. I believe we're going to find that greatness.

I am delighted to be here. I appreciate this marvelous turnout and this warm welcome. Thank you all very much. And may God bless the United States of America. Thank you very much.

Be glad to take some questions out there.

Moderator. The President has graciously agreed to answer some of your questions for a few minutes. So what questions do you have?

The President. You've got to yell so I can hear you. Yes, ma'am?

Multilateral Trade Negotiations

Q. [Inaudible]

The President. The question is, how do we move forward the GATT, or what's the opportunity for it. As you know, the major stumbling block to a successful conclusion in the Uruguay round has been agriculture. We have had difficulties with the EC, particularly on agriculture. We are pushing to get this done, certainly to get it all but done before I go to Munich for the G-7 meetings.

This woman has put her finger on something that is vital, not just for the American economy but to Third World economies all over the world: the knocking down of these barriers. Because it is my belief that we can compete with anybody provided the playing field is level. So we're going to keep on. The stumbling block is agriculture. We still have some property rights differences. But I believe we'll get a deal.

The question is, how soon. We have pushed on it. We've had meetings recently with the EC ministers. I am now pressing for an EC ministerial before the Munich summit. I can't predict to you that GATT will be concluded before the G-7 meeting in Munich, but I am hopeful that then or shortly thereafter we will finally conclude a GATT deal. It is in our interest. There's a lot of special interest in various categories that are going to fight whatever agreement we get, but no longer should we be a protected society. We want to be the most competitive and the most productive society, and the way to do that, I think, is to knock down the barriers to our trade and just watch us move.

And so, we'll keep pushing on it. You want to put this in terms of benefiting the Third World, incidentally, I can't think of any action that would help them more than freer and fairer trade. The best answer is not these ever-increasing aid programs but trade. And that's all tied up in GATT. So we'll keep working on it. And we keep plugging away on knocking down the agricultural barriers that really have been holding up the GATT.

Yes, sir.

Budget Rescissions

Q. [Inaudible]

The President. We've tried that on the rescission. And we've sent them up there.

The Justice Department advises me that the President does not have the power that I wish he had. So I also have to be somewhat—well, I have to be very diligent in safeguarding the Presidency. But I don't believe that that power exists, but if I can get an opinion from Justice, on whom I depend for these legal matters, to say, okay, it's all right on this particular piece of legislation for some reason, then I'd like to try it because I really believe the President should have it.

I am not told by our experts that that inherent power lies in the Presidency. I don't know that Bob Dole feels that it does, either. What I think he'd like to find is what I'd like to find, is a case to test it without doing violence to the protection of the office. So we're going to keep pushing.

In the meantime, though, we have tried the rescission route. What I'd like to see is a repeal of the impoundment bills that were put into effect in the seventies which really removes from the President the right to control spending. And I think we need that, particularly when we're operating at these big deficits. But that's the way I'm approaching it, and I hope like heck we can find a case to test this in the courts, one that my top attorney at Justice, Attorney General, says is okay to do.

Who's next? Yes, ma'am.

Federal Industrial Policy

Q. I just returned from a study trip to Japan and Singapore, and we met with some of the top officials of companies and also the government. In both cases the government really plays an active role in helping technology-based companies focus their R&D, focus their technology directions and, as a result, position Japan and Singapore to be very, very strong players in the technology-based business. It seems to be—[inaudible]—somewhat in the United States in terms of that policy. What are you going to do?

The President. We spend \$90 billion in the United States in the Government level on research and development, \$90 billion. What we don't do—and you're correct, some of the Asian countries do do—is target. I do not believe in what is known as

industrial policy where the Government decides which businesses are winners and which businesses are losers. I don't believe in that.

I came out of a business background. I believe that the market should set these goals and targets, not the Government. But we do have an enormous bunch of research that will benefit certain industries. And that is correct because what we've done is use that in terms of Government service, and now what we're saying is let's open up this lab technology and let it spill forth into the private sector. So some industries will benefit, but I am going to stop short of an industrial policy. I am going to stop short of the targeting that, for example, MITI—I think you're probably referring to the MITI minister, what those officials do in Japan. It has worked hardship on some of our businesses, but I don't think that makes the policy correct.

Capital Gains Tax

Q. I'd like to see a lower capital gains tax rate, not across the board, that would benefit speculators in real estate and stocks; I'd like to see a lower capital gains tax only on securities newly issued by companies, large or small, equity or debt. This would reduce their need for bank loans, allow them to raise capital at a more advantageous rate, expand facilities, employ more people, and compete better in the world marketplace.

The President. I can understand that, and I'd rather have that than nothing. But I'd rather have the broader application to capital gains, and let me give you a good reason as it relates to Los Angeles. Peter Ueberroth is undertaking an assignment to try to bring private business into the heavily impacted urban areas. It is his belief, and I agree with him, that if we can get a broad elimination in these areas of capital gains that that would serve as a magnet to entrepreneurs to start new businesses.

So what you suggest may be the way that it evolves in the legislative process, but I would prefer to do what happened under the Steiger amendment in 1978, and that is have a broader across-the-board reduction of capital gains because I really believe that's what it's going to take to stimulate

creation of new businesses. I understand your point, but I would much prefer to see it broader.

Russia and Yugoslavia

Q. Mr. President, when President Yeltsin was here, did you discuss with him the situation in Yugoslavia? Are there constructive acts that he can take to help that situation improve?

The President. We did discuss Yugoslavia at length. You may remember a boat trip out of Annapolis on the Severn that I took with him. That was billed as R&R, but I think it was probably the most fascinating session that I had with him in terms of a give-and-take on specific issues. I'll get to your question in a sec, but I just wanted to share with you what we were talking about out there because we started with what the French called a *tour d'horizon*, but we're talking about just a wide review of policies as it affects the new states in the former Soviet Union. It was fascinating hearing him discuss what's going to happen in Azerbaijan or Armenia or how they're going to treat the problems of Ukraine. It was just a marvelous experience, and I gave him the U.S. view on this thing.

We did talk about Yugoslavia. In answer to your question, I do not believe that the Soviets have any special role anymore. There was a time when Yugoslavia, and I think that's what you're referring to, really was almost a satellite to some degree, less so than some of Eastern Europe, but a satellite of the Soviet Union. That has been dissipated now, and Russia doesn't want the responsibility to deliver the Serbs, for example.

I think the role for them is in the United Nations. I think the role for Russia is as a veto-holding member of the United Nations family to go along with the common objectives of getting a cease-fire, of having the U.N. keep the peace, of helping with humanitarian aid which we simply have got to do. But I don't see them having a special assignment, although in fairness, he did say that they would like to be helpful. But I don't think that their history gives them, he doesn't feel, the special leverage that we might think just looking back a year or two.

Aid to Russia

Q. Mr. President, what is your personal assessment of what is going on in Russia right now? We've heard a lot about the hardships there, and it seems that they are having a hard time. And, secondly, is the United States going to give Russia the support it needs to get its act together?

The President. What is going on there right now is indeed a manifestation of hardship. Yeltsin, I am convinced, really believes in democracy. I am convinced of that. It wasn't just the courage that he showed standing on the tank to put down the coup, but it was more than that. He has now put into effect some changes that really, really adversely impacts for the short run the lives of many of the people in Russia.

And so they're going through extraordinarily tough times. He warns things can get more difficult, things can get tougher. He is absolutely convinced that the path for prosperity lies through these fundamental reforms that lead to the convertibility of the ruble, for example; that leads to fairer trade; that invites investment in partnership. Therein lies tremendous potential for the United States, jobs and investment from America. Jobs in American investment and investment from America, it's there when you look at the tremendous potential of Russia.

But it is my view that we must not miss this opportunity to help them. We have spent trillions of dollars standing up against the Communist menace, and it was proper that we do that. We are now the undisputed leader of the world because we did it, and Russia is free and democratic, going through some of the darndest democratic gymnastics you've ever seen, challenging each other and fighting each other in the congress. Yeltsin's got problems worse than I do with the Congress. I mean, this guy's got real problems over there. But we want to help them. We want to pass the "FREEDOM Support Act" which unloosens tremendous amounts of money from the IFI's, international financial institutions, particularly the IMF and the World Bank. The U.S. contribution in cash is substantial but not all that substantial; it's in the hundreds of millions, not in the billions. But we are

trying to get an increased quota for the IMF through our Congress. I am committed to the "FREEDOM Support Act," and I am challenging the Congress to move on this as an insurance policy for the people of the United States.

And yes, the demands are tough at home. A lot of people don't understand it, but once in a while a President has to be out front for what is right. I don't want to have on my conscience missing this chance to solidify the democratic experience, the move to a market economy. So I'm urging the Congress to move, hopefully as expeditiously as next week, to support the "FREEDOM Support Act" because I believe it's in our interest. This isn't in the interest just of Russia. I've got to see what's in the best interest of the United States of America. I believe that if we go forward with the "FREEDOM Support Act" we will be doing just that, doing what's best for our country and for the generations to come, not just in peace and prosperity and democracy but in markets and in opportunity, investment opportunity.

Job Opportunities for Youth

Q. Mr. President, do you believe that starting a major program of work projects to put youth to work would be a good idea at this time?

The President. We think that we've designed a good program. I will sign soon legislation across the country to add to the summer job program \$500 million. I believe that what we've done in terms of helping the cities and through our SBA and FEMA response to what happened in Los Angeles, coupled with our what is called a "Weed and Seed" initiative, weed out the criminals and then seed the urban areas with enterprise, is the approach we ought to take.

I would stop short of yet a new federally run bureaucracy to create jobs outside of the private sector. I really believe that jobs with dignity in the private sector is not only help short-run but is a longer run answer to the problems, whereas the Government programs start off well-intentioned and sometimes have pretty good short-run effects, but in the long run do not provide the kind of jobs that good job training and

entrepreneurship and capital gains, bringing people to the cities, can provide. And so I am not in favor of a broad Government program, although I am strongly supporting aid that I have mentioned for the cities largely in terms of the summer job program.

Well, here's the last one, and then I promise to go peacefully and let you all eat or leave or whatever is next for you. I heard you were having broccoli, so I'm out of here. [Laughter] Now, what's next?

Racial Harmony

Q. Mr. President, Bob Johnson, from Washington, DC. What's your message to black and white Americans to help bring about racial harmony?

The President. That's a good question, Bob, and the answer is that the President must speak out at every opportunity, whether it relates to problems in the cities or whether it relates to the country in general, for racial harmony against discrimination of any kind. In addition to that, I point with considerable pride to legislation that some consider controversial.

I stood up against a civil rights bill that I felt would result in quotas. I don't believe in quotas. We passed a civil rights bill that I can say does not result in quotas and takes a step towards the elimination of discrimination in the workplace. We passed under our administration the ADA, which deals with people with disabilities. That is forward-looking legislation.

My point is, I'm not sure that more legislation is required. I do think more brotherhood is required; more compassion is required. I have tried very hard as President to speak out against discrimination, and I will continue to do so because we are one Nation. We're one Nation under God, and we ought never to forget it.

Thank you all very, very much. We're out of here.

Note: The President spoke at 12:26 p.m. at the Hyatt Regency Irvine. In his remarks, he referred to Reed Royalty and Todd Nicholson, president and executive director of the league, and Peter Ueberroth, chairman of the Rebuild L.A. Committee.

Statement on Signing the Los Padres Condor Range and River Protection Act

June 19, 1992

I am pleased to sign into law H.R. 2556, the "Los Padres Condor Range and River Protection Act." This Act designates seven new wilderness areas, encompassing 400,450 acres, within the Los Padres National Forest in California as components of the National Wilderness Preservation System, more than doubling the wilderness acreage set aside within the Los Padres National Forest. The Act also designates segments of three rivers within the National Forest, totaling 84 miles, as components of the National Wild and Scenic Rivers System.

By signing this bill into law, we further the protection of unique and sensitive lands within the National Forest System. Our action here today is important for several reasons:

- Much of this area includes habitat for the nearly extinct California condor and preservation of this habitat is critical to condor recovery efforts.
- Nearly half of the Los Padres National Forest is now designated for permanent protection under the Wilderness Act, one of the highest percentages of any national forest in the country.
- It increases by 10 percent the amount of national forest lands in California that are protected under the Wilderness Act.
- It protects segments of Sespe Creek and the Sisquoc and Big Sur Rivers as wild, free-flowing rivers under the Wild and Scenic Rivers System.