ernment is strapped, they don’t have any money. And the Federal Government has constantly broken their commitment to the people of south Florida to help them deal with the immigrant problem.

I decided that the better course was to launch an aggressive effort to restore democracy to Haiti and to launch an aggressive effort to protect people who want to apply to be political refugees in this country, in Haiti, and to process their applications all over the island, which is what we are doing now. And I might say, the ultimate proof that my policy is different is that President Aristide himself asked the Haitians to stay home and work with him to restore democracy. And if you noticed, just in the last day, the present rump government in Haiti has agreed to let us send observers there. And I look forward to fully changing the policy and in restoring democracy in Haiti. But I could not, in good conscience, let hundreds of people die on the high seas and create an enormous problem simply because the United States has not used its muscle to restore democracy to Haiti. That’s the problem, and that’s the one I’m trying to tackle.

Mr. Bonds. But Mr. President, if you place or slap an embargo on Haiti, you don’t hurt the people at the top, you hurt even more severely the people at the bottom.

The President. The embargo was there all along, and I support it.

Mr. Bonds. Yes, but I mean, it gets worse.

The President. Look, if we lift the embargo, then what incentive does the government have to change? That is an unelected government there. The man who was elected President, everybody down there conceded, if he were on the ballot again today would win overwhelmingly. And we have got to try to restore democracy there. I want to lift the embargo very badly. I want to do more than lift the embargo; I want to help rebuild the economy of Haiti. That would be good for America. They could be good partners for us. A lot of the Haitians who are in south Florida would dearly love to go home. But I am not going to lift the embargo as long as there is a government down there oppressing the people.

Media Relations

Mr. Bonds. You can’t do a town meeting every month, Mr. President, and many people in the White House press corps are saying, “He’s going to have to come and answer our questions.” You’ve got about 50 seconds left to answer that question. How are your relationships with the White House press corps?

The President. I think they’re all right.

Mr. Bonds. They’d like to talk to you.

The President. I answer their questions just about every day. They come in and ask me questions, and I answer them. We don’t see the world the same way.

Mr. Bonds. Well, I think the point is, are there going to be many more of these?

The President. Oh, I hope there will be a lot of these.

Mr. Bonds. Thanks, Mr. President.

The President. I hope there will be a lot of these.

NOTE: The town meeting began at 8 p.m. at the WXYZ-TV studios in Southfield, MI.

Remarks to Business Leaders

February 11, 1993

Thank you very much. I would like to thank all of you ladies and gentlemen for coming here to join me today. I would like to say a special word of thanks to the leaders of various organizations and sectors of our economy who came in a little earlier for a briefing. And thanks to the members of the administration who are here, who have been working so hard for the last 3 weeks on our economic program, and to the Vice President who went all the way to California last night to do a town meeting and came in about 5 o’clock this morning. He’s the only person here who’s had less sleep than I have. That’s what Vice Presidents are for. [Laughter]

I have asked you to come here today because we have to meet a challenge together. Many of you have been my friends for some time,
and you have worked with me in this campaign and in others. Many of you are members of the other party who love your country and care very deeply about the health of our economy. It doesn't matter. If you look at the history of our country, whenever the chips have been down, the private sector, the business community has rallied to help America meet its challenges in war and in peace. In two World Wars, business men and women were among the leaders in our great national mobilizations, putting aside narrow interests for the national interest.

When our Nation faced challenges from civil rights to the energy crisis, businesses have taken the lead in coping with change. Americans are at their best answering alarm bells in the night.

But I think every one of you know that today we face a crisis which, while quieter, is every bit as profound as those we have faced in our past. We risk losing the standard of living that we have taken for granted for so many years as Americans. Too many middle class Americans have already suffered through a decade or more of declining real wages and rising basic costs. Now, even though it is said we are in a recovery and the overall economic indicators are quite impressive, the job creation that normally accompanies a recovery is not in evidence. Small businesses are having trouble creating jobs because of the lack of the availability of credit or because of the costs of health care. Big businesses are continuing to restructure, not just manufacturing businesses now but service organizations, too, because of the demands of the global economy.

Business people have to deal with the realities they face, and they often make annual plans and 5-year forecasts, based on the best numbers they can get. Your Government for the last several years has either not been making annual plans or 5-year forecasts, or they've been based on numbers which aren't real and plans which were never intended to be carried out.

Early in my campaign for President I did what I had always done when running for Governor: I put out a plan which, as nearly as I could, set forth what I thought we ought to do as a country to increase jobs and incomes, to reduce the national debt, to restore the health of our economy, and to deal with the long-term problems we face. I wanted to increase investment, reduce consumption, restore fairness to the Tax Code and growth to the incomes of America, deal with the structural problems of this economy like health care and the credit crunch, and to do it in a context that would enable us to have long-term health by reducing the national debt considerably.

I did it last year based on the numbers that were then available. I revised the plan again in late spring. In August the Government said that the deficit was going to be bigger than we had anticipated. Then, still, I thought we could do essentially what we had outlined. But after the election, the Government revised the deficit figures upward again, this time by as much as $50 billion per year in each of the next 4 years.

Now I have a choice. I can do what has been done by people in both parties for the last several years and has certainly been done by administrations unwilling to give up the rhetoric of low taxes and less Government, even though costs were exploding; I can sort of deny the problem and finesse the numbers. Or I can tell you what I think is the truth. I think I should follow the latter course.

I believe that given the size of this deficit, given the burden it will put on today and tomorrow in terms of higher interest rates, given the fact that we also have a plain investment deficit in the education and training of our people and the investment in our infrastructure and those things that are critical to building high-wage, high-growth jobs, we have to take even more dramatic action than I had previously thought to increase investment for jobs and incomes, restrain unnecessary Government spending, raise revenues in a fair way, and reduce the national debt so we can have long-term growth.

I think if we do not do these things, we will pay for it. I think the cost of the status quo is far, far higher than facing our problems and moving forward. Business people have known for years that something had to be done about our deficit. The national debt has quadrupled since 1980. Even more disturbing, unless present trends are altered, the debt on an annual basis will explode in the years ahead with 50 percent of it coming from increases in health care costs.

I want to reduce this deficit, not as an end in itself but because I think it is a critical part of a strategy to build jobs and growth for America today and over the long run. In order to do that, I need your support and your contribution. Everyone will have to pay their fair share. But if you do, we will all be better off, and
the business community will be stronger in the years ahead.

Government has an obligation to provide the proper environment in which business can prosper, but the private sector drives the economy. If interest rates are too high, if the financial system is in disarray, if health care costs are crushing out discretionary income which can be put into new plant and equipment or hiring additional workers, the environment in which we operate will be crippled because the private sector cannot work. I want to be a better partner than that to you so that you can do your job.

Productivity has gone up at an astonishing rate in many sectors of the American economy in the 1980's and in the early nineties. This recovery, indeed, that we now see underway seems to be based on three things: home mortgages going down enough for people to refinance their homes and buy new homes; consumer confidence coming up since the election— I hope I can keep it up; but most importantly, dramatic increases in productivity in the private sector. Those productivity increases are not yet manifest in more jobs for the American people or higher incomes, and they won't be until we do something about health care, about the deficit, and about doing the things it takes to make our country a whole competitive over the long run. That is what I am trying to grapple with as your President, and what I need your support beginning next Wednesday in the Congress with, so that we can make progress on these great issues.

If we don't reform our economic policies, I'm convinced eventually we will fall further and further behind. Ten years from now we won't even recognize the country that we all grew up in. Ten years from now, if we don't change present policies, the following things will happen: The deficit will be $653 billion in a given year. The national debt will be 78 percent of our gross domestic product. Health care costs will take up almost 20 percent of GDP. They are at 14 percent today. Only one other advanced nation in the entire world, Canada, is above 9, and they're just a little bit above 9 today. Medicare and Medicaid costs will triple for taxpayers and people less able to bear the burden.

We have got to change. The short-term pain of making changes now is so much less than the long-term cost of continuing to do things the way we're doing them. So next week I will try to propose an economic package that will give the American people fundamental change. A goal is an economy that faces the world without fear and not only meets but beats our rivals in economic competition around the world; an economy that is growing, that provides jobs to everyone willing and able to work, that does not rest until the great American middle class that built this country once again feels that people who work hard and play by the rules will be rewarded and not punished.

The broad outlines of this plan are no secret, but I'd like to restate them. First, to ensure that we do not lose the momentum and the new confidence that we have seen among consumers and in the markets and to finally get sustainable job growth, I believe strongly that we need an investment-led jobs package. But all of us here know that our problems go beyond the business cycle. More importantly, we need a long-term plan to increase investment in the American people and their future. We will put in place a program of investment in the physical infrastructure that is a precondition for prosperity and productivity. Finally, we will reduce our deficit, not as an end in itself, as I said, but as a means to achieve higher incomes and more jobs. This will require tough choices from all Americans. And before I turn to the middle class for help I have to turn to people who did well in the last decade.

This past week we began with the Government, where we ought to begin, setting our own house in order. Too often in recent years our Government has been on automatic pilot. And believe me, it's been a very long time since the kind of searching reexamination of the mission of Government has been undertaken that you do all the time, that you do just to survive. And so we are beginning a process of literally trying to reinvent your National Government so that we can increase its productivity, its effectiveness, and its ability to be a partner with you in the great enterprise on which we now embark.

I believe that Washington has to change before we can ask America to change. On Tuesday I kept my campaign pledge to cut the White House staff by 25 percent below the level that I found it. That was a significant cut, but I want to emphasize to you I did it the way most of you would have done it. I didn't just slash the numbers. We have reorganized the White
House staff, and I believe this smaller group will increase its ability to serve the American people.

We now have an Economic Security Council to go with our National Security Council and our domestic policy operation. We’re going to have a smaller drug policy operation, but it’s finally going to have something to do with the rest of the Government. It’s not going to be politics and speeches and posturing; it’s going to be affecting the policies of every department of the National Government. We are going to have a smaller, but more importantly, far more productive White House.

And on yesterday, we extended those measures to the entire Government, ordering a reduction in Federal bureaucracy by 100,000 people by attrition over the next 4 years, with at least 10 percent of those cuts to come from senior management, and ordering agency and department costs to be reduced by between 3 and up to 5 percent over the next 4 years, for savings in excess of $9 billion by administrative actions alone—and again, not cutting for cuts’ sake but to redirect those monies to more productive purposes and leaving those departments not only leaner but more efficient than they were before.

This is just the beginning. We are going to reexamine whether you’re getting your money’s worth. One of the people I spoke with already this morning said, “I can give you some examples of things that work and things that don’t in the National Government.” I’ll just mention one publicly because we all know it doesn’t work: The Superfund has been a disaster. All the money goes to lawyers, and none of the money goes to clean up the problems that it was designed to clean up. Those are the kinds of challenges we expect to do a better job of meeting, perhaps with fewer people whenever possible, but with greater productivity.

Now I ask you to do your part. We have to replace this social contract that somehow crept into our thinking in the 1980’s, that somehow we had to have greater inequality in this country to get prosperity. That was the idea. Even in the years in which we created jobs, income inequality was exacerbated in America.

Now I think we need a new compact. Everybody does his or her part, pays their fair share, joins our national effort, and garners the rewards of a growing economy. The plan I will offer will give a climate in which you can grow, investing in people and the best trained work force in the world, giving us the kind of flexible employees that we all need. That is Government’s responsibility to work with you to do and one that we have not done a very good job of in the past.

We want to lower the cost of capital through long-term reductions in the deficit. We want to provide special incentives to new enterprises with long-term capital gains treatment. We want to provide some changes in the Tax Code that will plainly reward investment as opposed to consumption in the business sector. But we also have to face the fact that the deficit will not vanish in a flash. We will cut it, and we will cut it as much as we reasonably can. And if our plan is adopted, it will be the first time since the 1940’s that the Government has succeeded in dramatically slashing the debt. And I might add, it was inevitable then at the end of World War II, when the debt was running at about 120 percent of gross national product.

We are going to work as hard as we can, and we desperately need your support to do it, to bring health care costs under control. I have to say this: If you want this deficit brought down, not for 4 years but for 8 or 10 years until we can do away with it, it will never, ever be done until we pass a national health plan to control costs and provide a basic health system for all Americans and to stop shifting costs onto you for people who aren’t insured. It will never happen unless we do that.

Fifty percent—let me reiterate—fifty percent of the projected growth in this debt between now and the year 2000 is in health care costs. And we only pay 33 percent of the national health care bill. More than two-thirds of it is being paid by you. And the same thing will happen to your cost. The best thing the President and the Congress could do for the American economy over the next decade is to bring health costs in line with inflation. It would free up hundreds of billions of dollars to reinvest in new jobs and higher incomes and greater productivity and growth. And we must not delay that.

So I implore you not only to feel that you can be involved in our deliberations on what should be in the national health strategy but also to help us pass that, along with this budget, in Congress this year.

I want to also do something the governments of our competitors do without apology. I think
we ought to have pragmatic partnerships with the private sector to strengthen our technological leadership. Research and development resources should shift toward technologies that will translate into commercial successes. And we must work together to create a national information infrastructure.

One of the things I've been determined to do in all these budget meetings we've been having for the last 3 weeks is to make sure that every dollar by which we reduce research and development in the defense budget finds itself into an increase in the domestic research and development budget of this country, and more. We have got to do that. We also should give you more incentives to invest, as I said. I want to reform the corporate tax system to ensure that it rewards and encourages those who invest in productivity: in plant, equipment, research and development, in people who will create the jobs and the markets of tomorrow.

And in return, we must ask your contribution to bringing the deficit down. Let me say something I haven't said yet. We did not just cut the White House staff and the executive administrative costs of this budget. You will see there are a lot of other very real cuts in Federal spending—and they will be real, definable and measurable, not imaginary—that will be laid on the table before the Congress and the American people.

Once we do that, we must ask for greater contributions to close this deficit. And we should begin with those whose taxes were reduced and whose incomes went up in the 1980's, the wealthiest Americans and corporations. I will ask for an increase, as I said in the campaign, on the income tax for the wealthiest Americans and corporations, along with the incentives that I have recommended to get people—lower their tax burden if, but only if, they make investments in this country.

Our situation is worsened, and we may have to broaden the range of revenues which we seek. But we should begin by asking those who can most afford to pay to do so.

I have also been persuaded by my Treasury Secretary that it is unwise, indeed impossible, to raise the individual income tax rate unless there is a corresponding increase in the corporate tax rate to avoid tax shifting. But the corporations should also have incentives to reinvest as their rates are raised. And so we have done both things in the plan we will recommend.

I talked a lot in the campaign about an issue which has relatively small dollar impact but great significance to the American working people, and that is the enormously increased rate of executive compensation in the last 12 years as compared with the compensation of workers. I want to make a proposal that deals with the fact that the Tax Code should no longer subsidize excessive pay of chief executives and other high executives, excessive defined as unrelated to the productivity of the enterprise.

I believe, finally, that if all of us do what we're supposed to do, if I can ask every American honestly to look in the mirror and say, "What do I want this country to look like in 4 years? What do I want this country to look like in 10 years? What do I want this country to look like when my children are my age? Do I really want to let yet another opportunity go by when we just wander through a year instead of really investing in our people and our future, instead of really having a technology policy, instead of really having an economic strategy, instead of really doing something about the credit crunch, instead of really doing something about health care, instead of really doing something about the deficit, just because I wish I didn't have to change my ways?"—I think almost every American will look in the mirror and say no, no, this year we'll pull together and do our part.

If the business community leads the way, Congress will follow. I need your help. I hope you'll be there.

Thank you very much.

NOTE: The President spoke at 11:49 a.m. in the East Room at the White House.