

Remarks in a Roundtable Discussion on the California Economy in Canoga Park, California

December 4, 1993

Thank you very much, Mayor, and thank you, Secretary Brown. I want to say a few words and then introduce your State's two Senators, after which we will begin the program. First, let me thank all of you who are here today, those of you around the table and those of you who are out in the audience.

I wanted to do this in California, this meeting, as a necessary followup to what many of us have been doing here in the last year and also because I thought it would be useful to do this in light of the economic conference we had in Little Rock one year ago this month, that some of you here in this room attended. I held that conference in an attempt to get the best ideas I could from all kinds of people all over the country about how to implement the economic strategy that I had run for President to put into effect. I wanted to get our country moving again. I wanted to try to restore jobs and incomes, to make us more competitive as we move toward the 21st century, and to give people who were outside the mainstream of economic life a chance to get in it.

As Secretary Brown has said, we have been convinced all along, just looking at the numbers, that we couldn't restore the American economy without restoring the California economy. Most of this year, the unemployment rate here has been roughly 3 percent above the national average and has been aggravated into two areas which are causing us the most trouble nationwide, that is, the huge numbers of poor people in inner cities who can't get jobs at all and the very large number of middle class workers who have lost jobs who can't get new jobs or can't get jobs as good as the ones that they lost. Those two problems together are bearing down on the Nation and are certainly a big problem here.

We've learned some things in the last year. We've learned that there is no silver bullet, that the problems are complex and require a broad-base approach. We've learned that you can make real progress, especially if you're willing to be disciplined and pay the price of time. We've learned that national action is not sufficient, that there has to be a partnership that is public and

private and that is State and local and sometimes community based as well as a national effort. And we've learned that you can't really leave any stone unturned. I want to refer in a minute to a point the mayor made.

I'd like to briefly summarize what's happened in the last year that's affected California in terms of our national policies and some California-specific efforts. First of all, the deficit reduction part of our economic plan that went into effect on October 1st actually has real reductions in spending in 356 separate accounts in the Federal budget. That's not lesser increases, that's actual reductions this year over what we spent last year.

We did raise income taxes on something less than 2 percent of the American people, but we also lowered taxes for 90 percent of the small businesses in the country, passed the venture capital gains tax that the venture capitalists heavily concentrated in California have been asking for for years, passed some passive-loss rules that the real estate folks in California have been pleading for for years, expanded the research and development tax credit which is very important to this State.

Over the last 10½ months, you see a remarkable thing in a world economy that's in recession. In America, interest rates have stayed down at historic levels; inflation has been at historically low levels; investment is up; personal income is up; more private sector jobs, almost 50 percent more private sector jobs now in the first 10½ months of this year than in the previous 4 years; over 5 million Americans have refinanced their homes. And we see the beginning of a national economic recovery that is quite impressive. So that part of the economic strategy—keep inflation down, keep interest rates down, get investment up—is working.

The second part of our strategy was to have more sales, more markets, and more products. We sought more sales through removing controls on exports that had previously been controlled during the cold war, \$37 billion in computers and telecommunications equipment alone. About one-third of that market comes out of the State of California. So in the years

ahead that will create tens of thousands of new jobs in this State, just by a national economic policy that was clearly in the interests of our country. Now, the Secretary has already mentioned the national export strategy.

With regard to markets, we pursued NAFTA; we pursued a new relationship with Japan; we have reached out to the other countries in Asia. We are doing our best in the remaining 11 days to reach a world trade agreement with GATT. I don't know if we're going to get there, but it won't be for lack of effort.

I want to say since we are in southern California, I want to say that I think that Mickey Kantor has done an absolutely brilliant job as our Trade Ambassador, fighting for the economic interests of this country and still trying to promote an expanded system of global trade. If we get a good agreement, the manufacturing opportunities there and the opportunities for the audiovisual folks that are heavily concentrated in both California and New York, our first and second largest States with the second and third highest unemployment rates in the country, are absolutely astounding. So we're working very, very hard on that.

With regard to more products, we've got an unprecedented partnership with the Big Three auto makers to produce a clean car, a whole strategy with environmental products in general, and the technology reinvestment project, which all of you know about and which California has done very well in, indeed, getting about 15 percent of the grants but 30 percent of the money that's come out of our effort to work in partnership with the private sector to take defense technologies to create jobs for the commercial economy at home and abroad.

The next part of our strategy has been to invest more in people and communities. The Mayor mentioned our family preservation strategy. There have been many other things. We changed the education formulas in ways that have benefited California. We have provided hundreds of millions of dollars of more money to help deal with the burden of immigration here in health care and in education. We have supported the Community Development Bank, the empowerment zones, and increasing infrastructure in the Red Line extension here. These things are all very necessary. And I want to come back to that in a minute as I sort of leave you with the questions that I have.

The last point I want to make in terms of looking toward the future is that we've got to

do something about crime and violence if we want the whole California economy to recover. Look at the cover of Business Week here: "Rampant crime is costing America \$425 billion a year. What can be done?" Plenty. Now, if you assume this number is right, let me just give you some feel for what \$425 billion a year is. Our annual deficit is \$255 billion this year. It was about \$50 billion less than it was supposed to be when we took office; \$425 billion is considerably more than that. If we had \$425 billion to invest in this country, we could lower the unemployment rate by 3 percent in California within a year, just if we had it to invest in the whole country. This is a very serious thing. It says, "What can be done?" Plenty. And Business Week sort of advocated the administration's and the mayor's crime prevention, crime reduction strategy. More police reduces crime; it doesn't just help you catch criminals. If you deploy police in community settings, it reduces crime. It reduces the incidence of crime.

Focus on punishment. Do the right things by the juveniles, have boot camps, have alternative systems that give people hope that haven't done things so serious that you have to lock them up for long periods of time. Do more on drug treatment and drug rehabilitation and drug testing. Do more on job training and reinvestment and neighborhood safety. And do more to get the huge volume of guns out of the hands of teenagers and others who should not have them. That's what this says. And it's a money issue that is directly affecting the capacity of southern California to recover economically—don't ever think it's not for a minute—and every other urban area in this country.

So, having said that, we will have more investments as we can. Let me just leave you with the problems from my perspective at the national level, if I might. Number one, we've got to be willing to pay the price of time. Middle class wages have been stagnant or declining for 20 years under the pressure of the global economy. We have huge increases in productivity now in the manufacturing and in the service sector. That's the good news. But what that means is fewer people can produce more things. So we've got to have a lot more customers. We've got to have a lot more customers around the world. That's why trade's so important.

We've had social decline in this country for 30 years. A lot of the problems that we're deal-

ing with now are the tail end of a 30-year downward spiral that all of us bear some responsibility for not addressing earlier and more vigorously. We can turn it around. We absolutely can, but it's going to take some time.

Number two is the changing nature of jobless people. It used to be people would lose their jobs; they'd be called back to their old jobs after a certain period of unemployment. Now it's much more structural, and people are not likely to get their same old job back. We have to revolutionize our approach to unemployed people. We need to scrap the present unemployment system and convert it into a reemployment system to move people through this economy more quickly. It's very, very important, especially when you go through the same kind of restructuring you're going through here.

Number three is, we're still not making, in my judgment, enough investment in the areas—and this is not just California—but enough investment in the areas that have been disproportionately hurt by either defense cuts or by disinvestment in our urban areas.

And finally, our problem is, at the national level, we have a real conflict that the American people have imposed on the Congress and on me that can't—we don't need to glaze it over. We know we need to invest more money all across the country, pure investments, things that create jobs. At the same time, the American people are telling the Congress to adopt a balanced budget amendment. And we have already adopted a 5-year budget which cuts defense, holds domestic spending flat, and is increasing only in retirement and health care costs. So

every time I spend more money as the President or the Congress appropriates more money to invest in defense conversion, we have to cut something else out of the domestic budget right now. And all those people who said we haven't made any cuts, you just wait until we show up in January and I put that new budget on.

So all I'm saying is we have to keep bringing this deficit down. But we need the support of thoughtful people in the business community, in the labor community, and community leaders to work through these things with us. We also have to keep investing. This mayor and this city need the police officers on the street. We need investment, and we need partnerships in areas hit by defense conversion and in areas of the inner cities where there's been total disinvestment.

So we can do these things together but not if the political pressures force us to overlook the economic realities. And we're going to have to have really thoughtful support from the private sector if we're going to make the right kind of decisions, and it needs to be as non-partisan or bipartisan as possible. We need to try to make our economic policies a matter of our national security. Those are the problems from my perspective. I'd like to now call on Senator Feinstein and Senator Boxer to talk.

Thank you.

NOTE: The President spoke at 10:20 a.m. at the space shuttle main engine final assembly area, Rockwell International/Rocketdyne Division. In his remarks, he referred to Mayor Dick Riordan of Los Angeles.

Remarks to Employees at Rockwell International in Canoga Park *December 4, 1993*

Thank you very much, Mr. Beall, Mr. Paster, ladies and gentlemen of Rockwell and Rocketdyne. I am very glad to be here. I want to thank all of you for coming, the workers in this great facility. And some of my workers in the last campaign from the Inland Empire I know came here. They're here somewhere over there. I thank you for coming.

I also want you to know that we're all a little embarrassed to be so late here, but if you got

to watch the meeting that just occurred, you know that there were so many people with so many ideas about what we could do together to rebuild the California economy. Having asked them there, I could hardly walk away and not listen to them. I was so moved by the people who came and what they said and how very specific they were. It made me really have greater faith than ever before that together we can turn this economy around and get things going