

Message to the Congress Transmitting a Report on the Lapse of the Export Administration Act of 1979

June 4, 1996

To the Congress of the United States:

As required by section 204 of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)) and section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)), I transmit herewith a 6-month periodic report on the national emergency declared by Executive Order No. 12924 of August 19, 1994, to deal

with the threat to the national security, foreign policy, and economy of the United States caused by the lapse of the Export Administration Act of 1979.

WILLIAM J. CLINTON

The White House,
June 4, 1996.

Remarks at the Small Business Week Dinner

June 4, 1996

Thank you very much. Well, ladies and gentlemen, I don't know who spoke before or what happened, but whoever got you in such a good humor, I'd like to have them do more of it. I like that. Thank you very much. I'm delighted to be here.

I want to begin by thanking Phil Lader and Ginger Lew and Jere Glover and all the people who work at the Small Business Administration for their efforts on your behalf, their constant lobbying the White House, and the work that they do every day to try to help create more jobs through America's small businesses.

I'm also glad to see—I see some of you out there who were at the White House Conference on Small Business. That was one of the highlights of my Presidency when I got to read the Federal regulation on grits. Remember that? [Laughter] That conference nearly made a liar out of me. I told you we were getting rid of 16,000 pages of Federal regulations, and we are, but it turned out the regulation on grits was one of the hardest ones to get rid of. [Laughter]

We got one letter from a businessman—I read it, actually—pleading with me not to get rid of the regulation on grits, saying that people would just be desperate trying to sort out the different kinds of corn necessary to make grits. If I hadn't been living on grits since I was an infant, I might not have had the sense to resist the intrigue to keep the regulation. [Laughter] But somebody over at the Agriculture Department wanted to resist. It took

me a year to get rid of that regulation. But anyway, I'm here to announce it's over. Good-bye. [Laughter] But anyway, we got rid of the regulation.

I also want to begin by congratulating the honorees in the Small Business Person of the Year contest, all of you who won at the various State levels. And I just had a chance to meet with Phyllis Hannan and with Terry Anderson and with Robert and Laurie Lozano and to hear a little bit about the businesses they run and the work that they do.

But I want to say to all of you, one of the proudest achievements to me that America has had in the last 3 years is that in each of the last 3 years there have been more new small businesses started than in any previous year in American history. And I'm very proud of that. That means that this country is moving in the right direction, that we're becoming a more diverse, more solid, more balanced economy. And that's a very good thing.

I was very concerned 4 years ago when I became President that our economy seemed to be in drift and that the job growth rate was very slow, the economy was stagnant, the deficit was staggering. And we put in place a strategy that we believed would turn it around.

The first thing we did was to make a commitment to dramatically cut the deficit. We knew we had to cut it in half in 4 years, and we thought if we did we could get interest rates way down.

Then we wanted to try to open large numbers of new markets to American products and services and to try to get more American businesses into those markets. And that's a lot of the work that Mickey Kantor did when he was trade ambassador and the late Ron Brown when he was our previous Secretary of Commerce.

I just left a business meeting in which a man came up to me and told me that he was a member of the other party, but he said, "Nobody ever helped us—ever—overseas like Ron Brown did. And we appreciate it." We really tried to do that. We've had Mickey Kantor negotiate 200 separate trade agreements. And these things, we thought, would make a difference.

The third thing we tried to do was to take the money that we had left after we started trying to squeeze the budget and target the investment. We tried to shrink the size of the Federal Government and target more investments to education, research, technology, defense conversion in the States that had been really hurt by cutbacks in defense, the things that would grow the economy over the long run.

Now, after 3½ years, we see now that the deficit is less than half of what it was. Four years ago it was \$290 billion, and it's projected to be \$130 billion this year. For 2 years in a row we have run an operating surplus with your Federal budget. If it had not been for the interest rates—interest payments we make on the debt run up in the previous 12 years, we'd have been in surplus the last 2 years. So we are going to keep going.

Contrary to what you read about all the fights we're having with Congress whether we have this agreement or not, because we can't agree on what the structure of Medicare and Medicaid and what the investment levels in education and the environment should be, whatever, without that agreement, we're still going to keep bringing that deficit down every year until we balance the budget. We have to do it. It's the right thing to do. But we've already seen a dramatic decline in interest rates from where they were 4 years ago, and as a result of that—plus an all-time high in exports, plus the investments that have been made—we have now at least 8½ million more jobs. It's going to be recalculated later this week. There may be even more than that.

As I said, record numbers of new small-business people, 3.7 million new American home-

owners, the lowest combined rates of unemployment, inflation, and home mortgage rates in 30 years. Our deficit is the lowest as a percentage of our income of any advanced economy in the world, any big economy, and the lowest it's been in America since 1979. And business investment is the highest it's been since 30 years. And I think that is a pretty good record for the American people to be proud of, and a lot of it has been generated by you.

We have—because we know there are some things that we can't do anything about until we want to make something good happen—we've tried to change the emphasis of American policy a little bit. I want to just mention one because it affects you. It is obvious that if you look at the numbers, I believe it's every year since 1980, the aggregate employment of the Fortune 500 in the United States has gone down, I believe going all the way back to 1980. And the aggregate employment of small- and medium-sized businesses has gone up.

So if we want to grow jobs more rapidly, if we want to keep the unemployment rate at 5.4 percent or lower, and if we want to pierce the areas of high unemployment in America, the inner cities, the isolated rural areas, where no new jobs have come yet in this economic recovery, the only way to do it is to make those areas more attractive for small business, to make it easier for people to pierce those areas who are prepared to be there, to make a commitment, to try to relate to the people who live there.

Now, we've tried to do five specific things for the SBA, and I just want to go over them very quickly because I think the Small Business Administration under Phil Lader and under his predecessor, Erskine Bowles, has really done a very, very good job at trying to reach out and support the small-business community.

The first thing we want to do is improve access to capital. The SBA has doubled the loan volume over the last 3 years while cutting its budget by nearly a third. I know of no other Government agency that ever did anything like that, but that's exactly what they have done.

There is—more private capital has entered the SBIC program in the last 18 months than in the last 15 years combined. The 7(a) guaranteed business loan program has some 7,000 lending partners working with the agency to provide almost \$8 billion to small-business owners last year. That's a 52 percent increase over the

year before, including an 86 percent increase to women business owners and a 53 percent increase to minority-owned businesses. No quotas, no preferences, no nothing—everybody who is qualified had a chance to compete and get what they were entitled to. And I think you should all be proud of the record that American small businesses have made in that program.

The second thing we've tried to do in SBA was to set a better example than I did with taking a whole year to get rid of the grits regulation. And so the SBA has cut the number of its regulations in half, simplified the rest. A lot of you are very familiar with the one-page LowDoc loan program and the quick turnaround for loans of up to \$100,000. I'm very proud of that. But you should also know that we do have the SBA now working very hard with EPA, with OSHA, and with other agencies trying to get improvements in their regulatory pattern, especially with regard to small businesses.

The Occupational Safety and Health Administration now is working on measuring their performance of their own inspectors based on the safety results of the plants and the businesses that are measured, not based on how many citations they write or how many people they write up but on the safety records of the people involved.

We're working on cutting the total compliance time the EPA takes out of the private sector by 25 percent. And we're on track to make it by the end of this year. I hope we will, and I believe we will.

The third thing we've tried to do is to reinvent the SBA. We've had to cut everything nearly in Federal Government to try to reach our budget totals. There are now 237,000 fewer people working for the United States of America than there were the day I became President. We've had a reduction of 237,000. The Federal Government is now the smallest it's been since 1965. By the end of this year, it will be the smallest—as small as it was when John Kennedy was President of the United States in 1963. And by the way, as a percentage of the civilian work force, which is probably a better way to measure it, the Federal Government is now the same size it was in 1933 before the New Deal. And interestingly enough, one reason not very many people know that is that we only had to involuntarily separate 1,750 of those 237,000 people. We managed down the rest with early retire-

ment, with people finding other jobs, with other things. We didn't have to—we only had to involuntarily separate because of budget cuts 1,750 out of those 237,000 people.

But as a result of that, every agency had to take its cut. SBA employment has been reduced by more than a third. And yet they've still been able to double the loan volume. So we're working on doing that in a way that doesn't cut the services to the small-business community.

We've also, fourthly, tried to improve small business education, counseling, and information through our development center program, our business information centers. I think that they are working better with the one-stop approach to business counseling.

And finally, we've tried to let the SBA serve as my eyes and ears, to try to get better policy changes. That's one of the things that the White House Conference on Small Business was designed to do.

Recently I signed one piece of legislation that was recommended by the conference. The Small Business Regulatory Enforcement Fairness Act of 1996, which allows small businesses to challenge Federal regulations in court and is one of the most significant regulatory actions taken for small businesses in the last decade, came right out of the White House conference. So if you were a part of that, you should be proud of it because even though we supported it and the Congress passed it, it was actually your doing.

We also got some very important recommendations out of the White House conference on making retirement more accessible to small business. And one of the things that the Congress and the White House clearly agree on—and I hope we can get it passed, notwithstanding all the other budget fights—is a whole package of retirement simplification and access legislation, about five different bills that, as far as I know, has the unanimous support of the Republican leadership, the Democratic leadership, and the White House that would make pensions much easier for small businesses to access and make them much more portable for people who have to change jobs.

Now, I don't know how many—I got a letter the other day from a guy I grew up with complaining that it took him 9 or 10 months to transfer his 401(k) plan when he moved from one small business to another and a lot of those kind of problems would just go away if this

legislation would pass. As I said, as far as I know, there is no opposition to this package of legislation, again, not because of me or because of the leaders of Congress, but because it came out of the White House Conference on Small Business, and we are all trying to listen. I hope we can do more of that.

As far as I know, there is also very little opposition to an appropriate reduction in the estate tax burden, to expanding the expensing allowance—you know, we took it from 10 to 17.5 and I think it's going to go up to 25 under all the proposed new plans, budget plans—and to increasing the health insurance, the deductions for self-employed people, again, largely because of what you have been doing.

Now, finally, we had a White House Conference on Corporate Citizenship the other day at which your Small Business Person of the Year was present—we were just talking about it—in which a lot of the bigger businesses were saying that one of the things that we needed to do in this budget was to re-enact the tax deduction that employers get for helping provide for the education of their employees which historically has been a deduction of up to \$5,250.

In addition to that, I am going to recommend again in our budget plans when we get down to this, that we provide a 10 percent tax credit for small businesses who are willing to undertake some of the expense of helping their employees improve their education and training because we know it's a bigger burden for small businesses. It's more difficult for them, and very often you don't know if you're going to have the employees for as long as some of the bigger companies can guarantee that they'll have theirs. But since we know that one of the biggest problems with stagnant wages in America and growing inequality is the lack of skills among our already adult work force, we want to provide whatever incentives we can to help you if you're so inclined to support the education and training of your employees. So I hope also that that will be successful.

Now, finally, I'd just like to tell you about a proposal I made up at Princeton University today. I went up there and gave the commencement speech, and I learned that I was only the third commencement speaker in 100 years. It sort of embarrassed me. I was afraid nobody would ever get asked back if I did a bad job. And then I learned that they only asked the President to speak every 50 years and then they

didn't have commencement speakers the rest of the time. So I relaxed and said what I intended to. [*Laughter*]

I recommended at Princeton that we change the Tax Code in a way that would make available to every single American 2 years of education after high school because I believe—if you go back and look at the whole 20th century, when we started this century with a new industrial era was the first time we ever had States requiring people to go to school at all, any kind of required public attendance at education. And then after a few decades we required people to go to school for 10 years. Then after a couple more, we said, well, everybody needs a high school diploma.

Well, if you look at the 1990 census now, we know that on balance younger workers who have high school diplomas don't keep up with inflation in their earnings. But younger workers that have at least a community college degree of some kind do, and do quite well. We also know that nearly every American is within driving distance of a community college and that by and large they are more affordable than the 4-year schools.

So I had previously in my budget plan that we give everybody—and this would be good for a lot of your children—but we give everybody a \$10,000 deduction for the cost of education after high school, for tuition cost, up to \$10,000 a year as a tax deduction. Today I recommended that on the bottom of that, if you will, anybody who wanted to would be instead able to take a credit of up to \$1,500 which covers most of the community college tuitions in this country for a community college tuition for one year, no questions asked, and then, if they maintained a B average, to get it for a second year, which literally would make, instead of 12 years, 14 years of education accessible to every single American in the country. It could revolutionize opportunities for people, and I hope you will support that.

Let me just make one final point. I know we're going into an election season, and we have that every 4 years—really, every 2 years. And on the whole that's a good thing. If it's done right, it gives us a chance to reassess where we are, to debate the differences between us, to have an honest discussion. And it's a very positive thing. But what I'd like to point out is that when we work together up here and do agree on what we have in common and leave

our differences to the side, we can do a lot of good things for this country.

We adopted a budget, 6 months late, but we adopted a budget which continued to reduce the deficit and continued to meet what I think are our fundamental obligations to the people. We adopted a telecommunications bill which gave small-business people in the telecommunications area a chance to compete in this brave, new world we are going into and still will create hundreds of thousands of new jobs in the telecommunications area. We adopted a tough antiterrorism bill to deal with one of the biggest law enforcement problems not only the United States but people all over the world have. Just because we said, look, here's what we agree on. So we don't agree on everything. I gave up what I couldn't get. They gave up what they couldn't get. We passed the bill; we signed it. That's the way the American system is supposed to work.

So I would say to you, I am still committed to getting a balanced budget act. I'm still committed to getting campaign finance reform. And I'm still committed to getting the kinds of targeted tax relief we talked about here tonight that I believe would help to create more small businesses and help more small businesses stay in business and help generate more jobs.

I believe this country is in as good a shape to seize the future as any great country in the world. And I believe the best days of this country are still before us. What we have got to do is to recognize that with all of our diversity—you just look around here. Just imagine what the difference in the way this crowd looks today and the way it would look 30 or 40 years ago. Just look around this room. And there is no country in the world as well-positioned for the global economy as we are, managing its diversity as well, giving different people opportunities, and all we've got to do is to figure out that we've just got to keep working together, keep pulling together, and keep going forward. Our best days are still ahead of us, and you and small business are going to lead the way.

Thank you, and God bless you.

NOTE: The President spoke at 9:12 p.m. in the Presidential Ballroom at the Capital Hilton Hotel. In his remarks, he referred to Small Business Person of the Year Phyllis Hannan, first runner-up Terry Anderson, and second runners-up Robert and Laurie Lozano. The Small Business Regulatory Enforcement Fairness Act of 1996 was title II of the Contract with America Advancement Act of 1996, approved March 29 and assigned Public Law No. 104-121.

Remarks on Health Care Legislation and an Exchange With Reporters June 5, 1996

The President. Good afternoon. Let me say that I'm looking forward to this opportunity to meet with the House Democratic caucus to talk about the work that we have ahead of us. But before I do, I would like to make one particular point. Of all the issues before us, I would very much like to see the Congress take up and pass a good, clean version of the Kennedy-Kassebaum health care reform bill in the next few days.

Senator Dole has said that he will be leaving the Senate soon, and I respect that decision. But this is one issue that he and I agree on. He very much wants this bill to pass in a good form that I can sign. And I just want to say to him and to all of you that I'm prepared to do whatever it takes in the next few days

to meet with him, do whatever I can, and meet with other Republicans to try to get the Kennedy-Kassebaum bill passed before he leaves the Senate. I think that is something we ought to do for the American people. I know it would mean a lot to him. It would certainly mean a lot to me. And I'm very hopeful that we can prevail in getting that done.

Medicare

Q. Mr. President, the Medicare trustees are reporting today that there was one less year of solvency than originally expected. You have said in the past this should be put off until after the election. Do you still feel it should be put off?