

include reference to any hereafter-enacted provision of law that is the same or substantially the same as such provision.

The functions delegated by this memorandum shall be exercised in consultation with the National Security Council, Department of the Treasury and other agencies as appropriate, and may be redelegated as appropriate.

The Secretary of State is authorized and directed to publish this memorandum in the *Federal Register*.

GEORGE W. BUSH

NOTE: This memorandum was released by the Office of the Press Secretary on March 27. It was not received for publication in the *Federal Register*.

Remarks at Western Michigan University in Kalamazoo, Michigan March 27, 2001

Thank you very much for that warm welcome. I am honored to be back here in Kalamazoo. The last time I came, I think I went to the school right down the street, if I'm not mistaken. And it is a thrill to be back. It's an honor to be with my friend the Governor of the great State of Michigan, a man who I really enjoy being around, a guy who's done a fabulous job as being your Governor, John Engler.

It's good to be with the Lieutenant Governor, Dick Posthumus—good to see you, Dick; Candice Miller. It's great to be here with Dr. Floyd. I got to know Dr. Floyd last summer. I was impressed by him then; I'm doubly impressed by him now. He does a fabulous job for this important institution. Thanks for having us, Dr. Floyd. I'm honored to be in your presence again.

I want to thank the leaders of the Kalamazoo Chamber of Commerce, Kevin McCarthy. I'm honored that you would have me here. I'm here to talk about a subject that's dear to our collective hearts, our Nation and its economy.

Before I do so, though, I want to thank all of the Members of the United States Congress who are here. I see Upton, Fred Upton, is here, and Peter Hoekstra, Vern Ehlers, Nick Smith, Joe Knollenberg, and Mike Rogers. I'm honored to be in your presence. I would spend more time talking about you, except we're flying back to

Washington on Air Force One. It will give me ample time to visit with you about where I think we need to be heading. [Laughter]

But the good news is, with those that are here, I have no doubt that they're going to do the right thing. We've had a chance to see them in action before. I submitted my bill a month ago to Congress to reenergize our economy. And this Michigan delegation, at least these folks here, stood strong for the working people of Michigan and voted for real, meaningful tax relief for the people of this important State. And I want to thank you all.

Important elements have passed the House and are now before the Senate. We have made progress. But there's a lot of work to be done, and I'm here to ask for your help. If you like what you hear, you're only an e-mail away from letting two Senators know what you think.

I find it's important to get out of town—at least out of the Nation's Capital—to take my message directly to the people who matter. You see, oftentimes, what I try to say in Washington gets filtered. Sometimes, my words in Washington don't exactly translate directly to the people, so I've found it's best to travel the country. I'm coming in from Billings, Montana. We had about 12,000 people show up last night to hear my—gave me a chance to talk about

what tax relief means and what common-sense budgeting will do for our Nation.

You see, it's the President's job to look for warnings of economic trouble ahead and to heed them and to act. I got elected because the people want the President to act, and that's exactly what I'm going to do. My approach is based upon common sense, and here it is: We must put more money in the hands of consumers in the short term and restore confidence and optimism for the long term; we need an immediate stimulus for our economy and a pro-growth environment for years to come.

Some in Congress want America to choose between these goals, to think of the moment and not the future. But lasting prosperity requires long-term thinking. And if we face facts and act boldly, I'm confident we can build the long-term prosperity we seek.

The American economy is like a great athlete at the end of the first leg of a long, long race, somewhat winded but fundamentally strong. We pioneer new technologies in new industries. The dollar is as respected in Kiev as it is in Kalamazoo. The world's shrewdest investors put their money in America. The world's best students come to study in America. And the world's most ambitious people come to work in America. This is an economy that has done amazing things, and it's on the verge of even greater accomplishments and achievements.

Individuals make it happen. That's what we've got to understand. The future just doesn't happen; individuals make it happen. And the right public policy empowers individuals in America. My policies face reality as we found it and lay the foundation for future growth.

As many Americans know firsthand, U.S. stock markets have been declining steadily for more than a year. The NASDAQ peaked a year ago last March. The Standard & Poor's 500 did the same. The Dow Jones Industrial Average peaked 15 months ago in January of 2000. Since those peaks,

the Dow has lost nearly 20 percent of its value, the S&P more than a quarter of its value, and the NASDAQ more than half of its value. These declines have hurt almost all investors, and they've surprised and worried many new investors.

In the final quarter of 2000, the American economy grew at a sluggish 1.1 percent pace. In that same quarter, there was no growth at all in new business investment. Industrial production began dropping last October, and almost every week brings us reports of layoffs, especially in manufacturing. Michigan has been hit especially hard. According to the latest figures, unemployment has risen more in Michigan over the past year than in any other State of the Union. Some regions of America, and some industries, are doing better, but the trend is clear, and the need for action is urgent.

In the short term, the American consumer needs a hand. About 25 million families are carrying more than \$10,000 in credit card debt. Many families have tried to reduce their debt by tapping into their home equity, and partly as a result, the average home owner's equity share in his or her house declined in the 1990s. More than a few consumers counted on their earnings in the stock market to help them carry their obligations. They need tax relief fast. In fact, they need it yesterday. So I strongly support the idea of back-dating tax relief to get cash into the consumer's hands as swiftly as possible. And I applaud the Members of Congress, Republicans and Democrats, who have come forward to endorse quick action on tax relief.

Yet, our economy needs more than a pick-me-up, more than a one-time boost. Our economic health depends on people feeling comfort and confidence about long-term decisions to start a new business, to invest in a new idea, to buy a new home. And the people who make those decisions don't care only about this year's tax rate; they care about next year's rate and the year after that.

Immediate tax relief is good news. But tax relief that gets yanked away next year is not such good news. Lower rates do not stimulate much economic activity unless people can rely on them for years down the road. We must rebuild business confidence and market confidence and consumer confidence through a permanently improved business environment. Lower tax rates mean a new home will be more affordable, not just the first year but every year. Lower rates mean that a new investment will have a better chance of success, not just the first year but every year. Lower rates mean that a startup company will keep more of its earnings in not just the first year but in every year.

The long-term growth of our economy also depends not only on real, meaningful tax reductions but also on increasing productivity. America has prospered more than any other major economies in recent years because our productivity has grown faster than that of other major economies and faster than we, ourselves, once believed possible. Since 1995, in fact, productivity has grown nearly twice as fast as it did between 1975 and 1995.

What makes productivity go up? Well, you know as well as anybody, it's education and investment. If our productivity is to continue to grow, our people must know more tomorrow than they know today. They must read better. They must calculate faster and more accurately. They must understand science more deeply. So our education policies must insist upon results. We must be bold enough to measure our children's progress. We must hold schools accountable. And we must give parents and children better options if our schools fail to teach and will not change.

And if our productivity is to continue to grow, our tools and machinery and equipment must work better and faster. Our present Tax Code discourages investment by small business and entrepreneurs. The vast majority of American businesses—the vast majority of American businesses—

pay tax on the personal schedule, not the corporate schedule.

It's important for Congress to hear this. The number of unincorporated businesses and sole proprietors are huge, but they're the backbone of economic vitality in America. Back in 1990 they faced a top rate of 28 percent. Today, the unincorporated business can face a maximum Federal rate of nearly 40 percent. Those taxes come right out of cashflow, making it harder for small-business owners to make investments that raise productivity, boost incomes, provide benefits to their workers.

High taxes discourage potential entrepreneurs from taking the risk of starting a new business in the first place. Small business generates approximately 75 percent of America's net new jobs. High tax rates are weighing those businesses down. And so I've submitted a plan that not only reduces the rate at the bottom end of the economic spectrum but raises the top rate, as well, to give small businesses the lift they need to continue providing the job base that will keep America strong.

Oh, I know you've heard the rhetoric about only certain kinds of people are going to get relief if you reduce all rates. But I want to talk about two things, two principles: One, if we're going to have tax relief, everybody who pays taxes ought to get relief; and secondly, it's important to always remember, the role of the Federal Government—or any government for that matter—is not to try to create wealth; the role is to create an environment in which the entrepreneur can flourish, in which a small-business owner can grow to be big businesses.

So it's important to send a message to the Members of the United States Senate to be fair and principled and always remember the role that the small-business owner provides in America. Dropping that top rate makes good, strong economic sense for the future of this country.

My plan also will encourage the saving that makes investment possible. The marginal tax rate on savings can reach 68 percent when the impact of the death tax is combined with that of personal income tax. The death tax is unfair. It taxes a person's assets twice. It discriminates against savings, against investment, and against growth. And my plan repeals the death tax.

And my plan reforms Social Security so that every worker can be a saver and an owner. There is no human dream stronger than the dream of having something you can call your own. It is the promise of America, the promise of independence and dignity. And we must reform the Social Security system to give workers the option of directing some of their payroll tax contributions into personal retirement accounts, give every—every—working American an opportunity to be an owner, not just a wage earner.

We will protect those who rely on Social Security. We'll also strengthen our Nation's greatest social program by making it a powerful source of saving and investment, more money in people's paychecks in the short-term, greater incentives for work and saving in the long-term.

Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens. Projections for the surplus in my budget are cautious and conservative. They already assume an economic slowdown in the year 2001. Even if the slowdown were to turn into a recession similar to that of 1990 and '91, the Congressional Budget Office projects that the 10-year surplus would shrink by only 2 percent, from a little more than 5.6 trillion to a little less than 5.5 trillion.

Of course, there's more to economic growth than just taxes and budget. An industrial economy runs on energy, and we must have a strategy to keep the wheels turning and the lights burning.

I know you've seen the news. The lights are dimming in California. Consumers and businesses in California, the West, and all over our Nation are paying sharply higher energy bills. And as we compare our future energy needs to the currently projected domestic energy supply, we see an ominous, growing gap. Our people are paying a high price for years of neglect, and the time to act is now.

I directed Vice President Cheney to lead a task force that will produce the comprehensive energy strategy this Nation needs and has lacked for many years. The energy problem wasn't created overnight, and we won't solve the problem overnight. But we will at last start down the right road, so that the shortages we face today will not recur year after year.

We'll not solve the energy problem by running the energy market from out of Washington, DC. We will solve the energy problem by freeing the creativity of the American people to find new sources of energy and to develop the new technologies that use energy better, more efficiently, and more cleanly.

The tests for any energy policy are simple: Does it increase supply, and do its incentives encourage conservation? A policy that fails to meet these tests is bad public policy, and that is why this administration does not and will not support energy price controls. Price controls do not increase supply, and they do not encourage conservation. Price controls contributed to the gas lines of the 1970s, and the United States will not repeat the mistake again.

And there's another mistake we won't repeat, the mistake of putting artificial barriers in the way of world trade. When economy slows down, protectionist pressures tend to develop. We've seen this happen before, and it could happen again. So I want to say this as clearly as I can: Trade spurs innovation; trade creates jobs; trade will bring prosperity. If our trading partners trade unfairly, they'll hear from us. This

administration will always speak for American interests, but free and open trade is in our national interest. The world will know this, that I strongly and my administration strongly supports free trade.

Twenty years ago hundreds of millions of human beings were walled off from the global economy by the policies of their own Government. And those walls are coming down. And people in Mexico and the Americas and Asia and Africa and eastern Central Europe are being set free to join the world, to understand the promise of market-oriented systems. It's a big change, and change isn't always easy. But trade lifts lives, and trade furthers political freedom around the world. And it will build the wealth of our Nation.

I believe this. I believe I must speak straight with the American people. The American economy began slowing last summer, but we know how to emerge from trouble. I like to look at what my predecessors did in the past. John F. Kennedy supported tax cuts to jump-start a sluggish national economy in the early 1960s. Ronald Reagan used tax cuts to break us out of stagflation in the early 1980s. And I strongly believe that meaningful, real tax relief can ignite another generation of growth, a tax plan that doesn't play favorites, a tax plan that cuts taxes permanently, a tax plan that not only gets money in people's hands quickly but a tax plan that stimulates investment and enterprise and entrepreneurial growth. That's the tax plan I submitted.

You know, some in the Congress are saying, "Well, Mr. President, your plan is too little," and some are saying, "It's way too big." But after careful thought, I can look you in the eye and say, "I think it's just right," and I hope you'll join me.

I remember campaigning here in the great State of Michigan—I think John might remember this—and people kept saying, "Well, it just doesn't seem like your tax plan is getting much steam. Nobody seems interested." And I said, "Well, I

think you miscalculated our campaign. It's not one that's based upon polls or focus groups. The campaign I wage and the administration I'll run is one based upon doing what I think is right. I'm worried about hard-working people in America. I worry about the man or woman who goes to work every single day and has high energy bills to pay and credit card debt to worry about. I worry."

I also understand this basic premise of America, though, that we've got to trust the people of the country to make decisions, that the whole fundamental concept of America is based upon individual freedom, and our Government must trust people. And it starts with understanding that the surplus—it is not the Government's money; it is the people's money. And we ought to trust them with their own money.

And that's the fundamental debate in Washington, DC. If you listen carefully, the people up there will use every excuse in the book to increase the baselines of Government. At the end of last year, the discretionary spending in Washington, DC, increased by 8 percent. It's vastly larger than the rate of inflation. So the new administration came to town and said, "Why don't we focus and set some priorities and slow the discretionary rate of spending down to 4 percent?" And I must confess, it created some to squawk and holler.

But we submitted a budget that sets priorities. It doubles Medicare. It sets aside all the payroll taxes for Social Security. It focuses in education. It pays the people who wear the uniform of the military more money. But I think it's important—we pay down \$2 trillion of debt. There's \$1 trillion set aside over the next 10 years for contingencies, and there's still money left over. And I strongly urge the United States Senate to remember where that money came from. It's the people's money, and we need to send it back to the people who pay the bills in this country.

Now, this is an issue about trust, as far as I'm concerned. Who do you trust? And

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I want you to know, I trust the people of this country. I not only trust them to spend their own money more wisely than the Federal Government will spend it, but I trust the people to provide a compassionate tomorrow for our fellow citizens.

You see, I understand the great strength of this country is not in the halls of Government, faraway capitals; it's in the neighborhoods of Kalamazoo, Michigan. It's in the churches and synagogues and mosques that dot this landscape.

We'll debate budgets and line items and all that, but one thing that can't be debated is, the true strength of our country lies in the hearts and souls of citizens who hear the universal call to love a neighbor just like they would like to be loved themselves. The true strength of the country takes place in acts of kindness that no Government official probably has ever heard of, where somebody walks across the street and says, "What can I do," to somebody who needs a hand, or that Boy Scout or Girl Scout leader who dedicates time to teach a child values, or the after-school program run by a Girls' Club or Boys' Club, where somebody says, "Gosh, I'd like to help somebody understand somebody loves them." Now, that's what America is all about.

And our Federal Government not only must trust people with their own money; we must empower the great compassion of America by trusting Americans all across the country. It begins by working on changing the culture of the Nation's Capital, and I think we're making good progress. There's

a culture of responsibility beginning to become a part of our Nation's Capital that each of us understand if we're given the awesome tasks that we're responsible for upholding the offices we hold. There's a culture of respect beginning to take hold in the Nation's Capital, where good people can disagree but on respectful terms. The American people are sick and tired of finger pointing and name calling to try to tear somebody down to build themselves up. It's time to have good public policy become the focal point of this Nation's Capital.

And I'm convinced that by changing the tone of Washington and by setting lofty goals and remembering where the great strength of this country comes from, that this land of ours can achieve anything we set our mind to; that not only will this economy come roaring out of its doldrums, but we'll be a land where the fabric is made up of groups and loving centers that really say to somebody, "I want you to succeed"; that the American hope belongs to everybody who lives in this great land.

I love being your President. I'm honored you're here. Thank you for giving me a chance to state my case, and God bless.

NOTE: The President spoke at 1:42 p.m. in the Student Recreation Center. In his remarks, he referred to Michigan Secretary of State Candice S. Miller; Elson Floyd, president, Western Michigan University; Kevin McCarthy, first vice chair, Kalamazoo County Chamber of Commerce; and State Senator Mike Ross.

Message to the Congress Transmitting a Report on the National Emergency With Respect to UNITA *March 27, 2001*

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c),

and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-