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Remarks to Employees of the Office of Management and Budget

February 3, 1993

Thank you very much, Mr. Vice President. Mr. Panetta, Ms. Rivlin, ladies and gentlemen. I'm really sorry to know that the Vice President has a lavish office in this building. If it gets any hotter over at the White House he may want to occupy it. [*Laughter*]

I want to tell you how very proud I am to be here today, how grateful I am for the enormous amount of work I know all of you have been doing because of the tight timetables we have set on ourselves leading up to the February 17th address to Congress. Nobody in this country is working any harder than you are to give the promises I made to the American people a chance to take life. And I just wanted to come by here today and say a simple thank you.

For years politicians have run for President and Governor and other offices by running against the Government. And to be sure, there is a lot to run against; there is a lot which needs to be changed. There are people here in this room today who know more specifically about what needs to be changed than those of us who give speeches about it. But I think it is terribly important, in the midst of all that rhetoric, not to forget that behind that Government that needs to be changed there are people that have decided to give their lives to the interest of the United States and its citizens. And they deserve to be honored. And I do appreciate that.

I wanted to tell you today a little bit about why I think I got elected to this job and what I hope, together, we can do, and most importantly, what's behind the enormous and increasingly complex challenges facing this country.

Let me begin by relating a simple experience I had a few months ago, which affected me deeply, involving a man named Benjamin Edwards, a 52-year-old man who lived in Philadelphia. The night of the first Presidential debate, he had a viewing party at his house, but it was a highly unusual viewing party. He was out of work, and his electricity had been turned off because he couldn't pay the bills. So his neighbors brought over television sets and lamps and ran extension cords from a nearby apartment because that's the only way they could watch it. About 100 of them did. And the next day Benjamin Edwards took a bus 15 miles to attend one of our campaign rallies. As I came down the line, he grabbed my hand and told me to win the election because he had to have a job. I told him that if I won the election I'd try to get him a job. Well, he's got a job now because he became somewhat famous as a result of this incident. [*Laughter*]

But there are millions and millions of other Americans who still don't. I read an article yesterday in the paper about another unemployed person who had voted for me who had only gotten a form response from the White House. And I told somebody today to pick up the phone and call him and talk to him and try to make him feel connected to his Government again.

I say this to reiterate something that I think most of you already know, but it's easy to forget here working in the splendid isolation of the Capital City. Budgets are not about numbers; they're about people. They mean jobs and health care, education or training. We can't ever afford to let our people get lost in a blizzard of statistics.

Since the election we've learned even more about the difficulty of the budgets and the difficulty of putting together an economic program that puts people to work in the short run and deals with the long-term problems of this economy.

Just today we got the news about the economic indicators for the month of December being the best in 10 years; and yet the disturbing prospect that a lot of new jobs are not being created. How could this be so? Well, partly because there's been no inflation in the economy and interest rates have been down for some while; people are now beginning to refinance their home, debts, or buy and sell new homes. So that generates a lot of economic activity. And partly because we have an inordinate number of companies in our free enterprise system who have gotten more and more productive and therefore earning more money. The problem is that a lot of them are doing what we need to do, which is to gradually downsize. A lot of them are not hiring new people, even though their incomes are going way up.

Now, during the eighties that happened to the Fortune 500 companies, which reduced employment by over a couple hundred thousand a year, all during the eighties. But all those jobs were made up for in the eighties by small businesses hiring new people. And yet, now small business hiring is dropping, too, as small businesses are loathe to hire new people because they can't afford to pay for health care or because they can't get credit from their local banks.

So we have this anomalous situation where the economy seems to be growing but employment is not, and where more and more middle-income workers are working harder and harder every year but their wages aren't keeping up with inflation, and the costs of health care and education are outstripping inflation.

So we have this perplexing dilemma. How can we build on what the free enterprise system is doing that is good, get small business growth going again, and increase investment so that we generate more high-wage jobs, so that the economy can grow, not just in the overall statistics but in the real lives of real people? That's important to you, not only because of your mission at OMB but because how you do is a reflection of how the taxpayers do, since they pay your bill.

So you have an immediate as well as a long-range interest. And the success of what is our economic commitment to do something which the American people have never before had to do: to increase investment and bring down the deficit at the same time. That is our challenge.

And on February 17 we're going to start anew in an effort to meet that challenge. We've got to turn this country around to build a long-term stable growth of jobs and income. We cannot go 10 more years with insufficient jobs and insufficient income growth for people who are working hard, playing by the rules, willing to become educated and trained in ever new skills meeting ever new challenges.

That is our challenge. And we are doing our best to meet it. Since no one has ever tried to do both these things at once, to get the job base going, which we want to do with a modest stimulus program in the beginning, increase permanently investment in people and jobs and growth, and reduce the deficit, it is not always clear exactly what specific decisions we must make. But the general path we have to follow is clear; because if we don't do something about investment, we won't have the kind of high-wage jobs that will shape a good future for ourselves and our children. If we don't do something about the deficit, it will eventually overwhelm our ability to borrow money at affordable rates and to have any money left in the public purse to take care of people in need and to invest in our future.

So we have no choice but to embark on this course, but it is an uncharted course. No one has ever tried to do both things at the same time before. President Roosevelt elected to pursue investments in putting the American people back to work; deflation was so bad he didn't have to worry about the deficit. And before he had to deal with it, we were in a world war with full production and a massive deficit that then dropped dramatically as a percentage of our income for the next 35 years for the simple reason that we were growing so fast we didn't have to worry about it. Now we need a new commitment to investment, but we cannot ignore our debt.

We have to remember a few basic things, I think, in putting this program together. The first is that while every American is willing to make a contribution, the contribution we ask of every American must be viewed against what happened to them in the 1980's. In the 1980's, the middle class paid the bill while the wealthiest Americans enjoyed the fruits of their labors. Taxes went down on middle class—went up on middle class Americans while their real incomes went down. Taxes went down on upper income Americans while their real incomes went up.

The expansion of Government services, the expansion of all the public programs was basically done on the backs of the people who weren't having any income growth. That means before we ask them to do more, we have to demand that Government do everything it can to do with less.

Before I ask working Americans to work harder and pay more, I will ask the economic elite, who made more money and paid less in taxes, to pay their fair share. We have to

literally be about the business, as Vice President Gore said, first of reinventing Government.

I have been very careful, I will say again, to honor the contribution of public employees. I know that to a major degree, I cannot succeed as President unless you and the people who work in all these other departments believe in our common mission.

I know that for every subject I could bring up that I want do do something about there are 10 employees in this city of the Federal Government who know more about the details of what ought to be done than I do. I need your ideas and your energy. When I say we're going to reinvent Government, we're going to downsize some things; we're going to stop doing other things. We're going to do it in a way that lifts up the influence, the energy, and values the ideas of our best employees, not that grinds them down or uses them as political footballs. I have no interest in doing that to you or to anybody else. I think the American people know you want a change, too.

But let me just give you two or three examples. When I took office, the Labor Department had a nice executive dining room for its Secretary but not enough money to train unemployed workers. I'm going to propose a stimulus package that has some more money to train unemployed workers, and the Secretary of Labor is now eating in the dining room with the employees.

When I took office, the White House had a telephone system that had been there since President Carter and a switchboard that has been there since the 1960's. They talk about jamming the White House switchboards—you can do it tomorrow if you want to; it's not hard. [*Laughter*] I could not have a conference call in my office on my telephone, except an unwanted one. Anybody in the central office could punch a lighted button and listen to what I had to say. [*Laughter*] The American people, I think, would be pretty surprised and disappointed that after a dozen years of people who promised to run the Government like a business—they meant a business in the 1950's, not for the 21st century. [*Laughter*]

So we are committed to making some kinds of structural changes that every major organization in this country has had to make in order to survive. It is not right for us to spend taxpayers' money on antiquated communications systems, on unjustifiable perks, and on a system that cannot be, cannot be justified to the American people, given the times that they're having and the sacrifices we're going to ask of them.

In the next several days, I will be finalizing and announcing plans which will demonstrate a substantial reduction in spending at the White House, reversing many years of growth in services and personnel provided to the President. We're going to rely more on help from people in the Departments to run the Government, and on a new partnership to move the country forward. And we're going to set an example by saving money for the taxpayers, which will then have to be followed by everybody else in the executive branch and I hope in the legislative branch as well.

Second, I'm going to ask, as I said, those who made more money in the eighties and paid fewer taxes to pay their fair share before I ask anyone in the working middle class to pay more. But we have to recognize that together we have to find a way to change the mix of Government spending away from so much consumption toward more investment and, at the same time, to reduce the deficit so we can bring interest rates down and bring up long-term living standards. We have no right, frankly, to continue to finance a Government budget that is 20 percent debt-financed, and will be more debt-financed in the years ahead, and leave it to our children to figure out how to live with lower incomes than they otherwise would have. And believe me, it isn't just our children. We're going to be living with the consequences in the very near future.

And I might add something that all of you who work on budgets know, which is that one of the huge dilemmas we face—and that can't be resolved today in this speech, but I just want to lay it out there—is one that all of you know. And that is we are spending 14 percent of our income on health care. No other country except Canada spends more than nine, and they're just a little above nine.

And every day we read in the paper another expert, just like there's one today, say-

ing, well, you certainly can't save any money on health care costs in this country. God forbid that you should put any of that in there; you can't do that. If we can't do that, we can't fix the deficit; we can't fix the economy; we can't turn America around. And if we could lower the rate of health care spending increase we would save more than twice as much money in the private sector and in the public sector, unleashing more money for investment than anything we can do in terms of tax cuts, spending increases, or anything else to turn this economy around. So there's plenty for us to do.

What I want you to know is that I do not believe our problems are insoluble. And one of my major goals is to leave the next President with a new set of things to worry about. [*Laughter*] I'm getting bored reading the same problems in the paper, decade after decade, I want people to have to deal with new problems.

I am asking you today to do two things: First of all, to personally invest yourself in this great mission. It is our job in this generation to deal with these problems so that the American dream can endure. Ultimately, that is why everybody should come to work for the Federal Government and why everyone's job counts. And I am asking you to remember how terribly difficult life is for many people who pay our bills and pay your salary and mine.

I got an incredibly moving call the other day from a friend of mine, shortly before I took office, in which he said he had just talked to a person who worked in his office who said that, in bad grammar but compelling truth, he said this woman came up to me and said, "You know, it's scary to be a little people." And it really is.

I want to send a signal to this country that I may not do everything right, and I can't do everything that's just popular in the short run, but every day in every way we're trying to set an example for the people that sent us here. We don't want the people to sacrifice their income before the Government sacrifices everything it can. We don't want the people who bore the burden in the eighties to make any contributions before people who reaped the benefits of the eighties do their fair share, and that together we really believe we can make a difference. If you help me and we work together, I'm confident that we can.

Thank you, and bless you all.

NOTE: The President spoke at 11:02 a.m. in the New Executive Office Building. A tape was not available for verification of the content of these remarks.

Exchange With Reporters Prior to a Meeting With Economic Advisers

February 3, 1993

Q. Mr. President, while we have you, why do Social Security recipients in the middle class appear to be getting a little bit more nervous as your economic plan unfolds? Should they be?

The President. Well, the way you folks were leaking the story today—[*laughter*].

The people of this country ought to know that I'm going to do my best to be fair to the people that I ran to represent and to get the job machine of this country moving again and bring the deficit down. And I think the people will believe that I've been fair and comprehensive when the plan comes out.

But you know, it's very difficult for us to make decisions in an environment where we have no control over who says what, about what really comes out, and half the stuff that comes out is not even accurate. So all I can tell you is I'm not going to comment on the specifics until I settle on the plan, and then I'll come forward with it. But it will be consistent with what I said today to the employees over at the OMB.

Thank you.

NOTE: The President spoke at 2:25 p.m. in the Roosevelt Room at the White House.

Exchange With Reporters Prior to Meeting With Democratic Congressional Leaders

February 3, 1993

Q. Mr. President, when do you want campaign's finance reforms to go into effect?