

State's Commissioner of Social Services, to the position of Assistant Secretary of Health and Human Services for Children and Families.

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### **Remarks on the Economic Plan in Santa Monica, California**

*February 21, 1993*

**The President.** Thank you very much, President Moore, and ladies and gentlemen. This is a wonderful welcome on a Sunday afternoon, and I'm very grateful to you.

I was honored to fly out here today with two of your Members of Congress: Congressman Waxman and his wife, I know we're in Henry's district, he's here; Senator Barbara Boxer and her husband down there. And I think we have four or five other Members of Congress here. Where are they all? Here they are, Maxine Waters, Jane Harman, Howard Berman.

We have a lot of your State officials here and mayors. Mayor Bradley, I think is here. He met me at the airport. I resent Mayor Bradley. He looks 10 years younger than me. [*Laughter*] I see a lot of my old friends here, a lot of members of your legislature. If I start introducing people I will never quit. But I do want to say a special word of appreciation to Speaker Willie Brown and Senator Roberti and those who invited me. They sponsored, along with Governor Wilson, that economic summit for California, and they invited me to call in, and I appreciate that. And I am

glad to see—I have to say a few things—I see your Lieutenant Governor, Leo McCarthy; and March Fong Yu here, secretary of state; and Gray Davies, your comptroller; Tom Hayden and Diane Watson; and Yvonne Burke. I'm pretty good at this, don't you think? I mean, just for a guy who walked in. And I still think John Garamendi's health care plan may wind up being the model for what we do in the country. It's got a lot to recommend it. Is the Mayor of Santa Monica here? Judy Abdo, stand up here. How are you? And we're in Terry Friedman's district. Is he here? There he is. Marguerite Archie Hudson, is she here? That's right. And we've got a lot of L.A. council members here. I see several here, Zev and others. Now we have—Santa Monica council.

Now, I'm leading up to something here which is that I want to introduce two other people. One is a good friend of mine, someone who helped me with higher education issues in the transition, and one of America's most distinguished educators, Dr. Johnetta Cole, the president of Spelman College is over here. Then I want to introduce someone who sort of played a hobo in my Inaugural gala and who makes me the second most famous person in the room, Mr. Bill Cosby, who just came in over here.

Ladies and gentlemen, I wanted to come out to California, which was so good to me and to Al Gore, a State that did so much to give us a chance to serve and to try to turn our country around, to talk about the economic plan that I have presented to the Congress, the challenge that it presents to the country, and the help that all of us need from you to have any hope of its passage.

I have embraced as my cause the idea that every person in this country ought to be able to live up to the fullest of their God-given potential. If it can happen anywhere, it must happen in California. Unless California is revived, the Nation cannot recover economically. And unless the people who live here in this State, indeed in this county, with all of its multiracial and multiethnic and multi-religious implications, unless you can draw strength out of your diversity, the Nation cannot bring strength out of its diversity and out of the challenges we face today.

The problems you have here are familiar to you and, I guess, to the rest of the country. But since we are here in an event that is not only in Santa Monica but that will beam out to the Nation, I think it is worth reaffirming that for so many years California led the country in economic growth and now is having difficulties for some reasons that affect every American.

First of all, for two decades through the administrations of Democratic and Republican Presidents alike, the productivity rate of our country, the output per worker, has been slowing down. And that has led to diminished wages and more and more families being forced to have extra earners just to make ends meet. And some good things have happened. The enrollment at community colleges has exploded, simply because people recognize that they need more skills and they have to keep learning things over and over again. The average age here is now 27. Fifteen years from now I predict to you the average age here will be about 35, just because people will have to keep learning for a lifetime, in a global economy in which what we earned is a function of what we can learn.

But in addition to that, California has been especially hard hit by some other things: by reducing the defense budget, something we all celebrate as a move toward world peace at the end of cold war but something which has led to big dislocations, especially among high-wage factory workers, because our country began a few years ago to reduce defense with no plan to convert our massive human capital from producing instruments of war to using the technologies of peace to clean up the environment and to improve the quality of our lives and to go forward. And so we have to do that. But because we haven't, California suffers today.

California suffers because all big operations in this country, and indeed to some extent throughout the world, are undergoing a massive reorganization. But for the last couple of years, as big companies lay off people, small companies are not hiring because of the credit crunch, the cost of health care, the lack of a market, things that we have to face everywhere but that have been particularly painful here.

Finally, we find that a lot of the areas that are critical to our future, the high technologies of the future, are not being seized by this country because we don't have the partnership we need between the Government, business, and labor to break the barriers of the future. And other countries are doing better.

After I leave this State tomorrow, I'm flying on to Washington State to meet with representatives of Boeing. Boeing just announced laying off 23,000 workers. Now, part of that is defense cuts, but after all, Boeing makes a lot of other kinds of planes, too. And for the last several years, we have stood by while Europe invested \$26 billion in taxpayer money to build the airbus to push American people out of work, not because they won any sort of free market competition but because Europe had a theory about how to get high-wage jobs going into the 21st century in aerospace. And we were in the grip of a theory that said, oh, that's industrial policy; we don't do that.

So this whole part of our country, which has been the beacon of hope for decades for Americans, is now under great stress. And the economic problems aggravate the underlying social difficulties that you find in every big city in America: more and more poor people, more and more single parent households, more and more children forgotten and left behind—things that we have to do.

Overhanging all of this is the idea which has dominated our Government for the last 12 years, which is that if we just kept taxes low on the wealthiest Americans and got out of the way, the economy would flourish. Well, what has happened is that because we had a theory of Government nonintervention, the deficit has exploded as taxes were lowered on the wealthiest Americans, but health care costs exploded; interest on the debt exploded; the cost of Government continued to increase, and now I find myself being elected President, knowing we have to invest more in the new technologies of the future, knowing we have to invest more in helping people to convert from a defense base to a domestic economy, knowing we have to invest more in early childhood health problems and early childhood education and the education of our people, and knowing

that we have a huge deficit that is going to be next year \$50 billion bigger than we were told during the election. In December, the deficit numbers were revised upward \$50 billion a year roughly for every year of my term.

So here is the dilemma: We have to do something no Americans have had to do before. We have to increase investment in our people and our future and reduce our debt at the same time. And to do it, we have to make some difficult choices, some that are more difficult even than I thought during the campaign because the debt has gotten bigger. And yes, those choices carry a pricetag. But if I have one message to you today it is this: The price of doing the same old thing is far higher than the price of change. And that is why we have to have the courage to change.

If we do not change, then the good things that are happening today will not translate into jobs and opportunity for America. Here's something good that is going on today. The productivity of American firms is rising at a rapid rate. All this global competition has forced many millions of our businesses to produce more with less and to generate more wealth. That's good. But it will only be good if that money is then taken and invested in this country to put people to work or to raise people's wages.

And if we don't do something about the cost of health care, if we don't do something about the productivity of the work force, if we don't do something to make America a better place to invest money to generate jobs, if we don't have incentives that say reinvest your money here and put our people to work, if we don't help people control their health care costs, then all that increased productivity may result in opportunities elsewhere, but it won't result in bringing America back to where it ought to be.

If we don't change, if we just keep on doing what we've been doing for the last 8 or 12 years, by the end of the decade our Government's deficit will be over \$650 billion a year. Over 20 cents of every dollar you pay in taxes will go to interest on the debt. About 65 cents of all the money you pay will go to entitlements in health care. The rest will go to defense. And every Member of Congress, all these people that I recognize,

they'll be going to Washington to figure out how to spend 3 or 4 cents on the dollar. Because they will be paralyzed because we refused at this moment to face up to our responsibilities to change this country. And I don't think you want that.

If we keep on going like we've been going, by the end of the decade we'll be spending 20 percent of our income on health care, and yet, we'll have over 40 million of our people without any health insurance. We'll be spending twice as much by then as any country on Earth and have so much less to show for it because our Government refused to work with the people of this country to find a solution to the health care crisis. And so I say again, the price of doing the same old thing is a whole lot higher than the price of change.

What I have challenged the Congress, Republicans as well as Democrats, to do, is to join me in this crusade for change. And I said I will set an example. We have to cut spending, raise taxes, and then increase investment, the things that will make people better able to live and grow this economy. We've got to do both: cut spending, raise taxes. And then we have to increase our investment in the things that will grow the economy.

We should begin with the cuts. I set an example. I cut the staff of the White House by 25 percent below what my predecessor had. You know, it's one thing to talk like a conservative, and another thing altogether to live like one. And I'll tell you something, and I believe the White House staff will work better. I believe it will be more efficient. I believe we will serve more people. And I believe we'll be able to do what needs to be done.

We're going to cut \$9 billion out of the administrative costs of the Federal Government. We're going to cut subsidies to programs, including some that I like that help people where I came from. I have recommended reducing the interest subsidies, for example, to the rural electric association. And that's something that's tough for me. I grew up in the South where a lot of my folks wouldn't have any electricity if it weren't for the REA. But most everybody's got electricity now, and I think it's fair to say we're

going to cut spending across the board, they should bear a share of that cut.

We're going to eliminate things that don't need to exist anymore, including a third of the Government commissions you're paying for. We celebrated the Bicentennial—listen to this—we celebrate the Bicentennial of the Constitution in 1987, right? Guess what? There's still a Constitutional Bicentennial Commission you're paying for—[laughter]—not to mention the Tea Tasters Board. Now, I say that not because there's a lot of money here, but when you add them all up, it's a whole lot of money. Not any one is a lot of money.

We're going to cut some subsidies that I think ought to be cut. For example, the Superfund was held up as the salvation of the American people for environmental cleanup. But if you look at what's happened to it, it's operated as a big tax subsidy to people who have polluted, and yet most of the money in the Superfund is going to lawyers for lawsuits and legal fees instead of to clean up pollution. We're going to make people pay their fair share and use it to clean up pollution.

I'll tell you something else that wasn't easy to meet or ask for. I know it's popular, and it's also the right thing to do under these circumstances, but I've asked all the Federal employees to take a freeze in pay for a year, and then for the next 3 years to have their pay increased by less than the cost of the living allowance they would otherwise get. And that will save billions of dollars.

I have offered 150 specific spending cuts, 150. And these aren't gimmicks. These aren't the kind of things that we used to have where the President will say, "Well, I just want to cap expenditures, and I'll let the Congress figure out how to distribute the pain." These are 150 specific cuts. Now, that's not bad for 4 weeks on the job. I think we can do better. I think we can do better. But I think that what we ought to do is to do better and not talk about doing better. So I have challenged everybody who wants to say to me—everytime I go someplace they say, "Cut more, tax less." I say, "Tell me where." Starting in the Congress, tell me where. I'll be glad to listen.

**Audience member.** Star Wars.

**The President.** Everything—everything. We did cut Star Wars quite a lot, as a matter of fact, a whole lot.

I want you to know something else: I will not support a tax increase, even a tax increase, even a tax increase on the wealthiest 1.2 percent of the American people, who are the only people whose rates are being raised, I won't support that until I know we have the spending cuts, too. I don't think anybody should pay more until we cut more.

And I did ask a broad base of the American people to pay a modest energy tax, and I want to talk about that. I did it because the deficit was bigger than I thought and because I knew we had to bring down interest rates, and if we did, it would save money for the American people. And let me just tell you what's happened.

Since the election, just since the election, since it was clear we were going to finally tackle this debt, interest rates have dropped seven-tenths of one percent. If every one of you—I want you to think about it—every one of you who has a variable interest rate on a home mortgage, a car payment, a credit card payment, you're going to make more money in the next year than you'll pay in this energy tax if we can keep the interest rates down. So it's good in the short run but it will also be good in the long run for America.

But I want to talk a little about the energy tax, because that's what most of you will pay. People have been arguing for years that America ought to have a big increase in the gas tax, because we have the lowest gas tax in the world. Then they argue we ought to have a big increase in the carbon tax because we use a lot of coal, and that's polluting.

I concluded that we shouldn't do either one of those because it wouldn't be fair to the American people. A carbon tax would hit those States with high unemployment in the East, like Ohio and West Virginia, where people earn their livings in the coal mines that are around them. We've already got a tough Clean Air Act that's going to require them to pay more, and I didn't think that was fair. And I didn't want a big increase in the gas tax because I didn't think that was fair to people who lived in rural areas or people who had long commuting times and no

options for mass transit. It's great if you live in the city and get on the subway every day, but if you have to drive to and from work and you drive long distances, it can be very burdensome.

So we decided—and I might say I want to compliment him; the Vice President had a lot to do with this decision—that we ought to go with a BTU tax based on the health—excuse me, the heat component, the energy component of natural gas, of oil, and of coal, to spread it broadly across energy sources so that the whole thing would encourage conservation, would encourage renewable resources, would encourage less reliance on foreign oil, and would help us to bring down the debt. I think it is the fairest way to go, and it's a balanced thing to do.

Let me say, having done that, I also believe there are some things we must spend more on, because the only reason for reducing the deficit is not just to prove you can bring it down but because it's better for the people of this country. And if we reduce the deficit, it means we spend more of your money on education and jobs and less paying interest on the debt. And if we reduce the debt, it means that you'll be able to borrow more money privately and at lower interest rates. But we still have to spend some more money, and let me tell you where. The first thing we need to do is to adopt a jumpstart program that I have recommended that will create a half a million jobs in this country to try to take advantage of this economic recovery with new jobs over the next year.

The second thing we need to do is to focus closely on the cities and the problems they have with some specific efforts. And let me just mention a few. Our program will invest more money in the cities, in street projects, park projects, water projects, sewer projects, environmental cleaning projects. It will provide for the young people of this country who live in depressed areas, not just big cities but poor rural areas, 680,000 new summer jobs this summer, something that is needed here.

I am going to challenge the business community to join with me to create more than a million new summer jobs this summer so we won't have to worry about what the kids are doing. If we give them something to say

yes to, we won't have to spend so much time telling them to say no to things.

We're also going to do some other things that we know work. There's been a lot of people talking about it. This budget, for the first time, fully funds the Head Start program that gives every child a chance to go to Head Start. It fully funds the nutrition program for women and infant children. It will give us the mechanism to immunize every child in this country against preventable childhood diseases.

Now, there will be those who say, "Well, just don't spend any new money." But let me say, we have been closing the barn door after the cow's out, as we say in my home State, for decades on these problems. You spend \$1 on Head Start and WIC, you save \$3 down the road in problems kids are going to have. If you spend \$1 on childhood immunizations, you save \$10 down the road in preventable childhood diseases. You tell me how we can defend having the finest pharmaceutical companies in the world in this country, still the richest on Earth, and yet, only Haiti and Bolivia have lower childhood immunization rates in this hemisphere than the United States. It's inexcusable, and we're going to change it. We can do better.

Education works. And I intend to follow through on my pledge to make college loans available to all Americans based on their ability to repay when they take a job and giving a huge number of Americans the right to earn their way out of their college loan, either before or after they go to college, with national service as police officers or teachers or in community youth programs. These are the kinds of things that can turn this country around.

Let me just mention two other things. The people of our country have elected politicians for years who have always talked tough about crime. It's sort of like being for motherhood and apple pie; you've got to be against crime. And I don't mean to trivialize this; no one is for crime. But there are some things, you know, that work. Drug treatment works. Jobs work. And there are law enforcement strategies that work. And unfortunately, most cities don't have enough money to implement them, because they require you to put police back in the same communities working with

their neighbors. One part of our plan will put another 100,000 police officers on the street in this country over the next 3 to 4 years, and that will make a difference.

There are some things in this plan that will be especially good for this State, one of which is full funding of the Ryan White Act to care for people with AIDS. Another is that we will spend almost \$5 billion over the next 4 years retraining workers and reinvesting in communities who have been hurt by defense closings. It's time to stop talking about conversion and start doing something about it.

Last year the Congress—I have to say something to take up for your congressional delegation here—the United States Congress appropriated \$1.7 billion for defense conversion, to go into communities that have been hurt, to educate people again who'd lost their jobs, to give communities incentives to find new kinds of peacetime investments to build for a better future. And the administration which preceded me released zero dollars of that \$1.7 billion. I just talked to my Budget Director, Leon Panetta, who's up in northern California today, and confirmed that we will shortly release \$500 million of that fund, a lot of which will go to the State of California to put people back to work.

Today when I leave you, I'm going to northern California, and tomorrow morning there I will announce a new technology policy. And I don't want to go through all of it now, but just let me say this: One of the things that I'm proudest of about this budget is that we reinvest more money than we cut in defense research in domestic research. We are trying to find answers to the profound environmental difficulties we face today. We believe we can create jobs in saving America's environment and the global environment. We believe they can be created in the most sophisticated research and our most advanced labs that used to worry about how to find new ways to destroy massive populations. And we believe we can create them in the national forests of our country and throughout the land with reforestation projects to clean up the air and put people back to work, and in all manner of ways in between.

I need your support for this program. The Members of Congress can only be expected

to do what they think the people back home will stick by them in doing. We've got to cut spending. We've got to increase some taxes. We've got to invest some in America. We need an economic program that really recognizes that we live in a world where the capacity of our people and their ability to work together, their ability to learn new things, their ability to have access to investment capital, and their ability to live together so that they draw strength from one another is the critical element in our future. We cannot continue to go on with the kind of paralysis and division and just ignoring our problems that has ripped us for too long.

Nobody wants to talk about half the things that I tried to deal with in this budget because they're too painful. But if only you worry about what's happening today and tomorrow, you never really look beyond that. And I tell you, this is a historic moment for us. We have an inordinately great opportunity to fashion a whole new future for America if we have the courage to seize it. But let me say to all of you, I want to make two points to every one of you here. And since so many of you here are students here, at least one of these will be preaching to the choir:

Point number one, the President and the Congress, working with the people of this country, can create a framework of opportunity, but that is all. Seizing the opportunity depends upon the individual initiative of people in every community in this country. And making it really work depends upon decisions made by people at the grassroots level. You have to make these things work by taking advantage of them. If we pass these programs, for goodness sakes, seize them; make them work. Rededicate yourselves to the proposition that you'll do your part to solve the problems of your community and your country.

The second point I plead with you to communicate to the Members of the House and the Senate is that you understand you can't just have the sweet parts of this program; you've got to have the tough parts too. You know, if you, for example, are feeling pretty good and you're in a business that's doing pretty well, it's easy for you to say, "Well, the only thing I care about is the budget cuts.

Just let them cut the budgets.” Or if you’re not doing very well, you might say, “The only thing I care about is the spending increases and taxing those rich folks, because I don’t have that kind of money.” Or if you’re sort of in the middle, you might say, “I like the budget cuts and the taxes, but I don’t want the spending. I’d just as soon have the deficit down, and then I wouldn’t have to pay the energy taxes.” In other words, every one of you, if you look just at your own interests, could find one part of this program that is not in your interest today.

So we have to ask ourselves the question I put to the Congress and to you, the American people, on Wednesday night. You can’t just say, “What’s in it for me?” You have to ask, “What’s in it for us?”

Let me close with just this story. I left my wife and my daughter at the White House this morning, and I walked across the lawn to get on the helicopter to come to the plane to come out here, and it was snowing and cold. And I said, boy, am I glad to be in California, when I got off the plane. But at least it was 20 degrees or 30 or whatever it was this morning. But a couple of days ago, I got up in the morning in Chillicothe, Ohio, the first capital of the State of Ohio, and I went running in the city park with the Mayor. It was 3 degrees, 3. But all along the road coming in there, there were hundreds and hundreds of people standing out there in the dark when I’d come in the night before in 3-degree temperature, saying, “We want our country back. We want our country to work again.”

And then I flew to New York and I had a 50-minute drive to Franklin Roosevelt’s home in Hyde Park, New York, where we went to a school that was built during the WPA which is still a functioning school, a beautiful school, proving that work is better than idleness when you can put people to work. And all along the way it was 8 degrees, and all along the way hundreds and hundreds of people along the way with their signs up. They weren’t all friendly, but—[laughter]—and by the way, that’s good, too. That’s another thing we’ve done: People are debating these issues now and at least participating. But 9 out of 10, 9 out of 10 of them were favorable. And there was this incredible sign

standing there in the cold. I mean, 8 degrees; we were in single digits and out there on the highway. Nobody was going to stop—these people—and in the middle, there was this one guy on this sign that says, “Do something. Just do something.” [Laughter] Let’s do something, and we’ll all win.

God bless you, and thank you.

NOTE: The President spoke at 1:25 p.m. at Santa Monica College. In his remarks, he referred to Richard Moore, president of the college; David Roberti, president pro tempore, California State Senate; Willie Brown, speaker, California State Assembly; Lt. Gov. Leo McCarthy of California; March Fong Yu, California secretary of state; Tom Hayden and Diane Watson, California State senators; Yvonne Burke, former U.S. Representative; John Garamendi, California insurance commissioner; Terry B. Friedman and Marguerite Archie Hudson, California State Assembly representatives; and Zev Yaroslavsky, Los Angeles city councilman.

### Remarks and a Question-and-Answer Session With Employees of Silicon Graphics in Mountain View, California

February 22, 1993

**The President.** First of all, I want to thank you all for the introduction to your wonderful company. I want to thank Ed and Ken. We saw them last night with a number of other of the executives from Silicon Valley, people, many of them with whom I’ve worked for a good length of time, many of whom the Vice President’s known for a long time in connection with his work on supercomputing and other issues.

We came here today for two reasons, and since mostly we just want to listen to you, I’ll try to state this briefly. One reason was to pick this setting to announce the implementation of the technology policy we talked about in the campaign, as an expression of what we think the National Government’s role is in creating a partnership with the private sector to generate more of these kinds of companies, more technological advances to keep the United States always on the cutting edge of change and to try to make sure