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Bosnia

Q. Mr. President, do you now have a course of action that you're free to take by virtue of this result in Russia that you might have been inhibited in taking before, perhaps on Bosnia or perhaps on some other issue, perhaps on Russia itself?

The President. Well, what you say may be true in the sense that had there been a reversal there, the position of the Russian Government might have become much more intransigent. It is now, I think, clear that the United States and our allies need to move forward with a stronger policy in Bosnia, and I will be announcing the course that I hope we can take in the next several days. I want to do some serious consultations with the Congress and others, and I will be doing that in the next few days.

But now I think the time had come to focus on that problem and what it means for the United States and has for the rest of the world, as well as for the people that are suffering there.

Thank you very much.

NOTE: The President spoke at 3:20 p.m. in the East Room at the White House.

Nomination for Ambassador to the Organization for Economic Cooperation and Development

April 26, 1993

The President announced today that he intends to nominate David Aaron to be Ambassador to the Organization for Economic Cooperation and Development.

"David Aaron is an experienced and accomplished foreign policy hand, who has already been of great service to me as an adviser during my campaign and an emissary in Europe before I was inaugurated," said the President. "I am confident he will serve our country capably at OECD."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Remarks to the National Realtors Association

April 27, 1993

The President. Thank you very much. And thank you, president Bill. [*Laughter*] I'm glad to be on your coattails today. [*Laughter*]

I'm glad to see all of you in a good humor, enthusiastic and, I hope, feeling very good about your country. I'm glad to have you here today in our Nation's Capital. I saw some people from my home State out there in the crowd as I wandered around. I see them back there.

You know, in politics, you don't have a lot of job security. And therefore, I've been a good customer for several realtors over the years. [*Laughter*] Even though I now live in America's finest public housing—[*laughter*]—I actually was a customer on several occasions.

I want to thank you at the outset for the support this organization has given to the economic program I have put before the Congress and to our efforts to put the American people back to work. I'm proud to be here with people who are on the frontlines of America's real economy, who understand the need for fundamental change in the way we promote growth and increase profits and generate jobs.

I believe we have begun to make those fundamental changes, but I think we can only see the job through if we have the help of you and millions of people like you who live in the economy beyond the beltway, where people are not guaranteed jobs and have an uncertain future.

I had an interesting encounter here just a couple of days ago. I was out on my morning run, and as is often the case, I just saw some people along the Mall out there. I was running up toward the Capitol the end of last week, and this young man asked if he could jog along with me. And he was visiting the Nation's Capital, and I asked him what he did for a living. And he said, "I'm in the real estate business in Texas." And he said, "I'm just telling you," he said, "I'm out there seeing it." He said, "It's just amazing how hard people work just to keep their heads above the water. And we need jobs and edu-

cation in this country. We need to do something to make these cities safer. And we've got to turn these things around.'' And he said, ''I just want you to know that.'' He said, ''I have more awareness of it than I ever did since I've been in the real estate business, because I really see people and how they have to live and the struggles they endure.'' And I understand that about the work that you do. And I thank you for the support you've given to the efforts that we've made.

In the first 3 months of this administration, we have fundamentally changed the direction taken by our National Government over the previous decade. I've tried to overcome inertia, ideology, and indifference. I've tried to reach out a hand of partnership and to restore energy and experimentation to this Government.

Everybody knows we're living in a new and uncharted time. There is a global economy coming together in ways that are good and bad, opening all kinds of new opportunities for us but also affecting us. When there is a recession in Japan and recession in Germany and a recession in the rest of Europe, it affects the United States.

We are trying to figure out now how we should chart our course in the future. But we do know some things about what works and what doesn't and what has always worked in the American free enterprise system. The changes we have to make won't be easy. It hasn't been so far. It's not going to be easy in the future. But we have to do these things. One of the things that we know is the worst thing we can do in many cases is to stay on the path that we were on.

I submitted to the Congress a blueprint of a budget plan designed to change the policies of debt and disinvestment and decline, to bring a new spirit of investment and growth and thrift to the Government. Both Houses of Congress agreed to the budget plan in record time, a plan that will reduce the national deficit by over $500 billion in the next 5 years.

These votes are important because they're votes of confidence, and they illustrate that this town has finally gotten serious about cutting the deficit. That's one of the reasons we saw a big upturn in the stock market at the same time interest rates were hitting record lows. As you know better than anyone, these things can bring enormous long-term benefits to the economy.

Just look at this chart that I brought with me. I only brought one, but I wanted to show this one. My staff, they started letting me take charts around again. You know, I used to carry them all, and I used to get criticized for putting people to sleep with numbers and statistics and everything. So I quit for a while. But I just couldn't stand it anymore, I had to bring one. [*Laughter*]

This chart shows what has happened to 30 year fixed rate mortgages with a 20-percent downpayment since the election. Look at this. Six months prior to the election the average rate was 8.2 percent. Right after the election we announced that we were going to seriously work to bring this deficit down, and we began intense meetings in Little Rock with people who were part of our administration and people from around the country. We had the national economic summit. From election day to February 17th, the day on which I presented the plan, the average rate was 8.1 percent. Since February 17th the average rate has been 7.5 percent. Today the rate is the lowest it's been since August of 1972, the lowest in over 20 years.

These reductions have prompted, as you well know, a wave of refinancing which will put over $100 billion back into this economy in a 12 month period if we can keep these rates down. That is a huge boost to the economy.

Businesses will pay less to borrow. That will help them to make new investments and create new jobs. The Federal Government is already saving billions of dollars as we roll over the debt at each auction. Our national deficit this year in this budget is going to be much lower than it was thought to be because of the lower interest rates. And of course, as you well know, this means lower home mortgages for citizens, lower car payments, less expensive credit card payments at the end of each month, strengthened by our subsidiary efforts to attack the credit crunch, which are now getting underway in earnest, and working with community banks all across the country. This is liberating billions of dollars in capital. It means that farmers and small-businesspeople and others can

look forward to a better future if we can keep the trend going. It means that there will be new confidence in the economy, and that can be a catalyst for economic growth. It means progress.

The question we now have to ask is: Will we continue this progress? How can we turn back? For in the next few days, Congress will begin to consider the legislation to turn the budget resolution, which adopted the form of budget cuts and revenue increases and deficit reduction and new investments, into very specific, specific budget items. And now the time has come to reinvigorate and reenergize our efforts to make sure that the budget steps that have been taken are going to be followed through on.

The process is kind of complicated, and it's known in the Congress as reconciliation. But it means that they have to reconcile all of the thousands and thousands and thousands of specific decisions on tax cuts, tax increases, spending decreases, spending increases into a final bill which reflects the budget resolution which was adopted several weeks ago and which you all supported. So it is very important that the final resolution be really a reconciliation; that is, that it is consistent with that first budget resolution that the Congress courageously adopted.

It's important to realize what's at stake. We're supposed to be in the 24th month of an economic recovery. I bet if we took a poll among you, it would be hard to get a majority for that proposition. But the economists say, based on aggregate economic figures, we're in the 24th month of a recovery. Still, we have fewer private sector jobs than we did in 1990; 16 million men and women are looking for full-time jobs. This past week, jobless claims went up again. Housing starts and sales of existing homes are still on the decline. That's why I've been fighting so hard for some immediate action to get the economy moving and to create new jobs.

I want to stop here, just sort of create a parenthesis and say, when you see all these struggles going back and forth in Washington, and it may be reported to you that the President wins this battle and loses that battle, or somebody's up and somebody's down, it's very important for you to try to clear away the political smokescreen and ask yourself what is really at stake here. We are waging a great contest of ideas. And I ran for President in the hope that I could change the ideas that both parties had brought to the national debate. And there are, not surprisingly, people here who not only have different political agendas but who honestly have different ideas.

What I hope to do in the days and weeks and months ahead is to say, look, I don't have all the answers, but if we're going to fight, let's don't fight over this or that political advantage or some speculative impact on some future election. Let us wage an honest battle of ideas. And then we can find out what's best for the American people.

My belief is, if you look at the last 12 years, our country got in trouble because we did two things at the same time: We dramatically increased the Government's debt, going from $1 trillion in national debt to $4 trillion in debt. And believe it or not, we decreased at the same time the Nation's investment in many things that are critical to our future, the National Government's investment in many education and training areas, in nondefense technologies. We weren't keeping up with all of our competitors in the infrastructure that makes communities strong and growing and lifts incomes and opportunities. We weren't keeping up with our competitors. And we were actually spending a much smaller percentage of our budget in 1990 than we had in 1980 or 1975 in many of these critical areas. This had never happened before.

At the same time, because of these policies, because of tax policies, and because of global economic pressures, we saw most middle class people working longer weeks for lower wages than they had been drawing 10, 15 years before.

So it seemed to me what we needed to try to do was to turn both those things around, to try to decrease the Government's deficit and adopt a disciplined plan that would run not just 4 years, but 8 or 10 years, to bring this debt down to zero—the deficit down to zero, so we could turn—[*applause*]—so that we could reduce the percentage of our income that our national debt comprises.

In the early seventies the national debt got down to about, oh, 27 percent of annual income. It's now up to $4 trillion, which is about two-thirds of annual income. On the other hand, I want to emphasize, if you wanted to abolish it overnight, you could do it, but it would collapse the economy.

Again, this is a battle of ideas. Idea number one: Should we reduce the deficit? Everybody will say yes.

Audience member. Yes.

The President. Sure. [*Laughter*] Sure. Then the question is: How fast, how much, and on what kind of a timeframe? My objective has been to try to bring it down substantially but not so dramatically as to cause another recession in a difficult economic time but to do it with an 8 year plan in mind, not just 4, that will actually do away with it. So we can bring it down to zero so we can begin to stabilize the debt, because even as you reduce the deficit—that's what you're running in red ink every year—the debt will grow.

But if we do this for 8 years, we can bring it down to zero. We can then reduce dramatically the percentage of our income that the national debt represents, and we can strengthen the long-term health of the economy. And then we can have some money to invest in other things that we need to invest it in.

Second thing: Can we afford to put all of our investment programs on hold for 4 or 8 years and spend no new money on anything? Major idea: I would argue the answer to that is, no. Because we know that in the world in which we're living, in the global economy, what we earn depends on what we can learn; that new technologies are the source of most new jobs that pay high wages and have enormous spin-off effects on people like realtors. You've got a growing economy in your area; you're going to do better. If you have a shrinking economy in your area, you won't do as well.

Thirdly, I would argue, you cannot afford to stop investing, because we have cut the defense budget so much in areas that cost jobs, not just base closings, the obvious things, but even more importantly, as anybody from California or Connecticut or Massachusetts can tell you, in areas related to research and development and production of weapons, which provided very high-wage jobs in manufacturing and in research.

So for all those reasons I don't think you can just put all your investments on hold. I think we've got to empower the American people to be able to compete in the global economy. So while we bring the deficit down, I would argue we need to have at least modest increases in some areas of investment.

That means, in my view, that you have to have very rigorous spending cuts in other areas, and you have to raise some more money, because we dramatically altered the tax base of the country back in 1981. That's why I presented the program that this organization endorsed.

Now, I welcome people who have different ideas. But I think it's very important to scrutinize them. Some will say, "Well, we can have the same deficit reduction with lower taxes if we have no new investments." That's true. They're right. That is an opposition idea that is absolutely true. But I think we would pay for it. So we could argue about that.

Others will say, "We ought to cut the deficit more, and I hate all taxes." They're not telling you the way it is. If that crowd wins this battle, the deficit will go up, not down. You mark my words.

There are others who say, "I wish they'd leave that health care thing alone." Let me tell you why I don't agree with that. The biggest spending increases in the first part of the last 12-year period were in defense. But defense peaked out in 1986, and it's been going down since. And my fellow Americans, without regard to party, respectfully, there is a limit to how much you can take it down, how fast. We still have responsibilities, and this is still a difficult world with a lot of unpredictable things out there. And we have cut it a lot. I don't mean the rate eventually. It's been cut.

So you might say, "Well, what has happened? If defense has been going down for 5 years, how come this deficit keeps going up?" I'll tell you why. Because in the last 5 years the defense increases have been supplemented by explosive increases in health care costs and in interest payments on the debt.

So we're trying to get the interest payments down by bringing the interest rates down. But we have to address the health care issue. If we don't do anything to add a single new benefit, not anything to add a single new benefit, we'll have a 67-percent increase in outlays for Medicare and Medicaid in the next 5 years, going up at 12 percent a year, assuming an inflation rate in the economy as a whole of about 4 to 5 percent. And, of course, a lot of you who pay health insurance see the same thing in your own premiums.

The United States of America spends 15 percent of its income on health care. No other nation in the world is at 10. Only Canada is over 9. That means when our automotive companies or our airplane manufacturers or our major service sector people go into the global economy, they have spotted their competitors a one-third advantage on health care. And actually, it's worse than that because a lot of people don't pay anything, because they get uncompensated care at emergency rooms. So a lot of our bigger manufacturers actually pay more than 15 percent of their income for health care.

This is a very troubling thing. I don't mean to tell you there are easy answers, but the reason I asked my wife to take on this issue is, I could see that if you want an 8-year plan that brings this debt down to zero, you can never get there without health care reform. You can't get there without health care reform.

Another big idea: If you look at everybody's deficit reduction plan—it doesn't matter what party or what their ideas are—we can cut this budget and we can bring it down for 5 years. If my plan is adopted, the one I put before Congress or some reasonable facsimile of it, it will bring this debt down steeply for 5 years. And then the next year it goes right up again. Why? Because all the cuts we make and all the money we raise will be overcome by health care explosion.

If we don't change the way we're going by the end of this decade, we'll be spending 18 percent of our income on health care. No other country then will be over 10, and we will really be in the soup. Now, that's a big idea. You have to decide whether you agree with that or not, but I believe that. And that drives what I'm trying to do as your President.

So in summary, what I've tried to do is to put people and their needs first, build a foundation that invests in education and technology and the future economy and gets people out of an economy that is fast going away and has trapped them, to do what businesspeople do for their companies, to put more investments into things that don't work, to try to reduce unnecessary debts and cut out a lot of things, put more investment in things that do work and cut out a lot of things that don't.

In this budget that I have presented to the Congress, there are over 200 specific budget cuts. I do want to restore responsibility in the way your money is spent. And I am appalled at this deficit. I live in a State which is in the bottom five in the percentage of income going to State and local taxes, had a tough balanced budget law, and permitted me to cut spending across the board every month when revenues were below spending. I don't like what's going on. But you cannot fix it overnight. We have to have a disciplined plan that will bring it down without endangering the economic recovery and recognizing the things that we ought to be investing in so we can compete with these other nations for the jobs of tomorrow.

I tried to set an example. We cut the size of the White House staff by 25 percent starting in the next budget year. It's already well below where it was when I took office. We cut across-the-board administrative expenditures of the Federal Government 14 percent over the next 5 years. The Congress has followed suit. They get a lot of criticism, but I will say this: They've followed suit. They've agreed to nearly that big an administrative cut in their staff. We've eliminated a lot of unnecessary perks and privileges. And most important of all, I've asked the Vice President to head up a task force on reinventing Government.

We now have several hundred people from all over this country coming to Washington to help us reexamine the way every last dollar of your tax money is spent. And in September when we come forward with that report and the Vice President's task force reports, I think we'll have a whole new round of

changes in the way your money is spent that will not only save money but will treat taxpayers more like customers and try to make this Government a low-cost, high-quality producers of services for you. And we'll reexamine some things, believe me, that have not been examined in 60 years in the way things are done.

What I want to ask all of you to do is to ask the Members of Congress to help us make this street run two ways. Pennsylvania Avenue has to run two ways. And the dispute I had last week over the stimulus, all the people who disagreed with me were in the other party, in the Republican Party. I'm going to have disputes in the weeks ahead where the people who disagree with me, many of them will be in my own party. But again I say, let us keep this battle a battle of ideas. That's one I think I can win, because I told my ideas to the American people when they voted. But we cannot afford to have one day wasted on mindless maneuvering. We need to argue over the direction of the country.

I'd also like to ask for your help on a specific thing. When I was a Governor I had a line-item veto that I could use to wipe out unnecessary spending. Believe it or not, once I'd used it a little bit, I hardly ever had to use it again. The fact of having it even made a difference in disciplining spending.

I want to point out, it's not just about spending reduction, but it's about the quality of the overall budget. The legislative process is always and in every place a lot like making sausage, as some wise wag once said. That's just the nature of it. A lot of us in our different roles in life have probably contributed to that sausage slicing at some time or another.

It is important that someone who is accountable only to everyone can have some discipline over the process. We now have an opportunity to adopt a law that will provide the President not an identical but a similar means to cut wasteful spending.

This week the House of Representatives is considering, and I urge them to pass, a new law that would give the President the right to reject items in appropriations bills. This proposal is called enhanced rescission. Let me tell you what that means. I hate all these Washington words, don't you? It's kind of like the line-item veto and only slightly different. Let me tell you what it means. It means that the President is given the power to cut individual spending items, and the rest of the bill can go into effect. Once cut by the President, these items can only be restored unless Congress voted on them separately. Now it wouldn't require a two-thirds majority. It would only require a majority. I think that's probably all we can do under the Constitution of the United States.

But the difference is these items would be out there by themselves, not buried in some big bill. So that when the votes were taken, they would be taken in view of the press and the public, and you could draw your conclusions. And if they were areas where we had, again, a difference of ideas and they believed in the idea and thought it could be defended, then they could vote on it. And you could make your decision. It would give me the chance, and any future President, the chance to try to impose some budget discipline.

In the early seventies the Congress adopted a new budget control act. Before that, Presidents could regularly impound big amounts of spending in the budget, before 20 years ago. And Presidents of both parties regularly did that.

This would, at least, begin to move us in the direction of what I think of as an acceptable compromise. It respects the separation of powers. It ultimately respects the right of the United States Congress to do what the Constitution gives it and not the President the power to do. But it makes both of us more responsible in how your money is spent.

I hope you will ask your Senators and Representatives, without regard to party, to vote for this bill. It is a good idea. And it is a beginning of a reform agenda which I think we should see through.

In the next several days, as we consult with Republicans as well as Democrats, I hope to announce my support of a sweeping bill to reform the system of campaign finance that will reduce the influence of special interest and big money and open up the political process to challengers and also open up the airwaves a little bit so that people will have a chance for honest debate in elections, and

they won't all be turned by expensive 30-second ads.

I hope we'll see the passage in this Congress of a bill requiring much more sweeping disclosure laws for lobbyists. I hope we will see more efforts to get the Federal Government to live within the laws it makes. For example, on Earth Day, the day before Earth Day when I gave my environmental speech, one of the things that I said we were going to do is to have the Federal Government, when we deal with toxic sites within our jurisdiction, start living by the right-to-know laws that were long ago imposed on private employers. I think if we're going to do that to people in the private sector, we ought to live within it.

And I think we have to constantly keep changing the Government. I am very excited about the work being done by the Vice President's Commission on Reinventing Government, and I think you will be, too. There are dramatic changes that can be made in the way we deliver the goods, in ways that will both save money and improve the quality of service.

But let's begin with what I call the Federal version of the line-item veto. Ask your Members of Congress to vote for this enhanced rescission bill. It can't do any harm, and it might do a whole lot of good. And I need it, and you need it.

I just want to say a couple of things that you already know, but they bear repeating. I don't just ask for, in this economic plan, to invest money publicly in things like Head Start and better standards for our schools and apprenticeship programs for young people who don't go to college and the national service program, which we will unveil in its details on Friday, to provide for college education loans for every young person who is willing to pay them back at tax time so they can't beat the bill or by working and paying off the loan by doing something for their country. I also recognize that the main engine of economic growth is you and people like you.

So I believe—and again, this is a battle of ideas. And you can read a lot about this since you're in this town. I believe that, while the '86 Tax Reform Act had some good provisions, the idea of simplifying the rate structure, lowering the rates, and eliminating some of the individual deductions and trying to simplify, that was basically good. I think the idea that you can have a tax system which has no incentives for investment at a time when you need to increase investment and reduce consumption is wrong. That's my view. That's my view.

Again, this is an honest contest of ideas. I recognize that anytime you fool with the Tax Code, if you're not careful, you just make more money for accountants and lawyers and open loopholes. You've got to be careful with that. So let's recognize there are two sides to every argument on changing the Tax Code. I accept that. But what I have tried to do, based on my experience of a dozen years as a Governor, struggling to get people to invest in my State and grow our economy, and based on untold thousands of conversations over the years with people in the private sector, I tried to present a bill to the Congress that would strike the right balance between not just opening the Tax Code and having it riddled but having significant incentives, especially now, to boost investment.

There are a lot of people who don't think I struck the right balance. But as long as it's a battle of ideas, we can wage that. I just think there is a compelling case to be made that we have always benefited in the history of this country from investment incentives. At a time when there is too little investment and everybody can see that, I think it's something we ought to be sensitive to. So that's something else you'll see as we unfold this battle.

You know how I feel about the real estate issues. I recommended making permanent the low-income housing tax credit. And I recommended stopping the discrimination against people in real estate by changing the passive loss provisions. I feel strongly about it. But I also recommended a change in the alternative minimum tax, which would primarily benefit bigger businesses which invest.

Yes, I asked for the corporate rate on high income corporations to be raised to 36 percent. But I wanted to change those things which would reward investment. I think that's the right decision. I know it's the right direction. We can argue about the details.

I know it's the right direction. So I ask you to help to get that passed.

Let me just say a personal word in closing. I've been very fortunate in my life. I've had a good family. I've had a good education. I've had good jobs. I got to live the American dream. And as I've already said, I've lived in the best public housing in Arkansas and Washington, DC. [*Laughter*]

I live by some values that I was raised with: the idea that everybody ought to have an opportunity to work hard; the idea that everybody who gets an opportunity has responsibility that goes with it; and the idea that we're all part of a bigger community, and if we have a chance in life, we ought to try to guarantee that same chance to everyone else. That's why I respect the work you do. There's no greater goal for America's families than to be able to live in their own homes and to help their children and their grandchildren and their neighbors to do it.

I respect you, too, because I know that you live with a certain amount of uncertainty in your own life. You live by your wits; you live by your efforts. You don't have a guaranteed income. How well you do depends on how hard and how smart you work, but it also depends on the decisions made by people in this town and by people all around the world that you don't know that impinge on your life and set the parameters in which you operate.

And so I ask you to help join me again in partnership on these issues, to make sure that the struggles that we have in the months ahead are great battles of ideas. It is an exciting time, after all. A lot of good things are going on. The cold war is over. The people of Russia stood up to the old guard and said, "We're going to stay with freedom. We're going to stay with free market economics. We don't want to go back to being an imperial power. We'd like to be part of the world," that you and I take for granted.

A lot of good things going on. Productivity in the private sector in this country increased by the highest rate in 20 years in the last quarter of last year, the American business sector trying to reinvest, trying to compete. A lot of good things going on, but a lot of profound challenges. Let these challenges be addressed in the spirit of partnership, and let the battles be battles of ideas, not politics.

I do not think we can be down about what's going on. These problems are big problems. They're the problems of our generation. We inherited them, and it's our job to deal with them, not to moan about them. That's our job, to roll up our sleeves and face them and deal with them.

One of the greatest poets that this country ever produced was Carl Sandburg. And I used to save a little quote by Carl Sandburg. I carried it with me for years and years when I was a young man. And it was—I believe I remember it, even though I haven't seen it in 15 years. Sandburg said, "A tough will counts. So does desire. So does a rich, soft wanting. Without rich wanting, nothing arrives. Without effort, nothing arrives." Sandburg said, "I see America not in the setting sun of black night of despair ahead of us. I see America in the crimson light of a rising sun, fresh from the burning, creative hand of God. I see great days ahead, great days possible to men and women of will and vision." I see that, and I think you do, too.

Thank you very much.

NOTE: The President spoke at 11:52 a.m. at the Sheraton Washington Hotel. In his remarks, he referred to Bill Chee, president, National Realtors Association.

Remarks Honoring the NCAA Men's and Women's Basketball Champions

April 27, 1993

The President. Good afternoon. I want to apologize to the people who are here from North Carolina and Texas. I have been inside in a meeting with some Members of the United States Congress of both parties, some of whom are also here in the crowd, talking about the situation in Bosnia. And I got away as quickly as I could. I thank all of you for coming here.

It's a great honor for me as an ardent basketball fan to welcome to the White House two proud new national champions, the Tarheels of North Carolina and the Lady Raiders