

if they live to be over 21, it will be more than they expect.

This Nation cannot tolerate that. And the only way we will ever turn it around is to reexamine every single thing we are doing, yes, and be willing to change it if necessary. But we also have to make a commitment that somehow we're going to do, on a national basis, what the mayor here is trying to do with this youth council. Because all these kids start out as good kids. You know, when they're 6 months old, they haven't decided that they're going to grow up and wipe somebody out. And things happen that make them unable to imagine the life that we take for granted.

You know that wonderful line from Yeats, "Too long a sacrifice can make a stone of the heart." We have a lot of kids whose hearts turned to stone. Now, I don't pretend for a moment that if John Kerry and I win reelection in 1996 that by 1998, on July the 16th, every teenager in this country will all of a sudden turn into an eagle scout, and no one will ever pick up a gun or a knife. But I do think it makes a difference. I do believe it makes a difference whether the people who hold public office imagine that they must make connections with people that are different from themselves and feel that we have a collective responsibility not only to seize our opportunities but also to beat back our problems.

I say this again not to depress you, because I believe that our Nation is in the best position of any country to seize the opportunities of the 21st century but only—only—if we understand that every single opportunity in this chaotic and fast-changing world has within it the seeds of destruction.

And this is one example: Oh, it's wonderful if you can take advantage of the global economy, but if you can't you're going to be one of the 60 percent of American workers that are working harder today for less money than you were making 10 years ago. It's wonderful if you can hook into the Internet and you're a rural kid somewhere out in the Mountain West and find the whole world at your fingertips. But if you're a paranoid crazy, you can also learn how to make a bomb. It's wonderful that we can move around all over the

world, but it also makes us more vulnerable to terrorism.

Every one of these leads us to the same conclusion. It is folly for us to believe that we can live and function and make the most of our own lives all by ourselves. Whether we like it or not, beyond our families, we have work, we have communities, we have States, and we are part of a country.

Near the end of the Civil War, Abraham Lincoln said, "We cannot be enemies, we must be friends." We conduct our national politics as if we are trying to segment each other into different groups of enemies and demonize our Government as the instrument of our common coming together.

You are here, every one of you, because you know better. So I will say to you in the end, the reason I hope you will work hard to reelect John Kerry is that his life is an example of understanding down to the fiber of his being that we must go forward together, and that every time we lose a child, we lose a part of ourselves. And no, we're not making excuses for other people's irresponsible behavior, no, we're not taking on to ourselves things that we cannot achieve. But we do understand that in this imperfect world, the thing that makes America great is when America is together. We have been divided long enough. We have been distracted long enough. We have demonized each other long enough. There are children out there to be saved and a world to be made, and that is what we intend to do.

Thank you, and God bless you all.

NOTE: The President spoke at 9 p.m. at the Park Plaza Hotel. In his remarks, he referred to William Bulger, president of the Massachusetts Senate; Charles Flaherty, speaker of the Massachusetts House; William Galvin, Massachusetts secretary of the Commonwealth; Joe DeNucci, Massachusetts auditor; and Elaine Shuster, Democratic Party activist.

Remarks to the White House Conference on Small Business

June 12, 1995

The President. Thank you very much. Someone once told me that half of making a small business work was just consistent, un-

failing enthusiasm. I think you have demonstrated that today. *[Laughter]* And I hope you never lose it.

Let me thank, first of all, my good friend Alan Patricof for the wonderful job that he has done in putting this whole conference together. I want to thank the other commissioners for the work they have done, the corporate sponsors, all the people, the staff people, who worked on our meetings out in the State and the regional meetings and made sure that we got the reports back here. I thank them all. I thank Phil Lader for the fine job that he has done.

And I want to say a few more words in a moment about the Vice President and the reinventing Government group. But let me tell you, their—we tried to do something that's hard to do, and may never register, but I noticed for years every President would come here and just continue to run against the Government. And it was always good politics, except the Government never changed because most people who worked here say Presidents come and go, but we'll be here when they're gone. *[Laughter]* And we decided that most of those people were pretty good people and that they didn't wake up every day wanting to make your life miserable and wanting to do things that were counterproductive and hurt the American economy.

And the Vice President and people with whom he has worked, Elaine Kamarck, Bob Stone, Sally Katzen, so many others, they actually decided to see if they couldn't get these folks involved in working with us to try to change the culture of Washington so that when we're gone, they'll be different. And that's never been done before in my lifetime. And I want to thank him and all of them for doing it. It's hard work. It's thankless work. It's hour after hour after hour of arguing and gaining ground inch by inch that no one will ever see. But I'm telling you, that is what we were hired to do. And that is what he has led the way in doing. And the country owes him a great debt of gratitude.

You know, there have only been three of these conferences held since our Nation was founded. This will be the last one in the 20th century. I also want to thank the Members of the Congress who made this possible, peo-

ple in both parties who supported it. And I want to say a special word of thanks to all of you. Everybody here had to take precious time away from your business, and some of you had to close your businesses down and come here at great personal financial sacrifice to yourselves, and I want this to be worth your while. And I'm grateful to you for doing it, and I thank you.

You know, sometimes I think things are pretty rough around here, and I often think they're entirely too partisan. We—the Speaker of the House and I tried to change a little of that yesterday up in New Hampshire, and I think we did the right thing.

Just in case you think this is something new, let me tell you that in 1938, President Roosevelt invited small-business people from around the country to gather over at the Commerce Department. Just after the morning session started, the participants became so argumentative that the Commerce Department guards had to be called in. *[Laughter]* An inventor from Philadelphia became so rowdy that the DC police had to take him out of the room—*[laughter]*—and I quote from the historical record, “put him in a hammerlock, give him a finger twist, and assign three officers just to keep him quiet.” *[Laughter]* Well, it was 42 years before they held another White House Conference on Small Business. *[Laughter]* I hope you all make it to the lunch break today. *[Laughter]*

You know, the last couple of conferences have really produced some positive efforts, from the Paperwork Reduction Act of 1980 to the Regulatory Flexibility Act in 1980. This year is no different. This conference is going to produce some substantive changes, and it already has, because of the State and regional meetings. And I want to talk to you about them today, ideas that grow out of the recommendations that you and your colleagues all across America have made.

I ran for President with a pretty simple vision: I wanted to restore the American dream and bring the American people together in a period of rapid change here at home and around the world, an economy in which jobs and capital, technology and ideas flow across borders at lightning speed, with great opportunities, but enormous challenges, an economy in which we were pro-

ducing jobs and businesses at record rates but in which incomes were stagnant and insecurity was rising for people, especially in their middle-aged years when they needed to be thinking about whether they could guarantee their children a better shot than they had had.

My job as President is to do everything I can to see that our people and our businesses have the tools they need to meet the demands of the present age and seize the opportunities. We know that small business is the engine that will drive us into the 21st century. We know that big corporations get a lot of attention—[*applause*]*—thank you—*we know that the big companies get a lot of attention. And they should; they do important things for America. But you employ most of the people, create more than half of what we produce and sell, and create most of the new jobs, and we need to respond to that.

Small business is the American dream. We look around this room, we see, and you can hear when you share each other's stories, innovation and ingenuity and daring.

I'll never forget one thing that Hillary told me years ago. We were talking about all the jobs we had when we were kids, and all the jobs we had going through college and law school and all of that. And she said that the most important job she ever had in her life she thought as a child was a job she had working in a small store in her hometown when she was in high school in the summertime, because this person just opened this new business to try to compete with the only other person doing the same thing in town. And she said for a couple of weeks nobody came in. And she realized, and I've heard her say it to me 50 times since she first said it, the extraordinary amount of personal courage it takes to start a new enterprise and risk yourselves in this environment. That is what made this country great. And we have to nourish it, support it, enhance it, not undermine it. That's why you're here.

When I came here 2½ years ago, the first thing we had to do is to try to generate a broad-base economic recovery because we were in a period of the slowest job growth since the Great Depression. And we were having serious problems. We had quadrupled our country's debt and tripled the annual def-

icit in only 12 years, while reducing our investment in the future in many important areas. We knew we had to get our fiscal house in order, bring that deficit down, and at the same time continue to invest in the skills of our people and the technologies of the future, to open markets, to create more jobs, and also, and quite importantly, to reinvent the way this Government works to make it relevant to the future toward which we're heading, not tied to the past which we have long since left.

Now this hard work is paying off. There's a lot of work still to do, but the facts speak for themselves: The economy is up; inflation is low; trade is expanding; interest rates and unemployment are down. The strategy is working. Over 6½ million new jobs have come into this economy in the last 2 years, almost all of them in the private sector, a far higher percentage of new jobs in the private sector as opposed to Government than in the previous decade. We have more than 80 new trade agreements covering everything from cellular telephones to rice from my home State and everything you can imagine in between. The deficit is being cut already by a trillion dollars over 7 years, and we are going to cut it more.

We are reducing—the deficit is now going down 3 years in a row under the budgets already passed for the first time since Mr. Truman was the President of the United States. And under the budgets already passed, thanks to the reinventing Government effort, we are going to reduce the size of the Federal Government by 270,000. It will make it the smallest its been since President Kennedy was the President of the United States.

In 1993, more new businesses sprung up than in any previous year since World War II when we started keeping these statistics. And 1994 broke the record of 1993. And more and more, importantly, are staying alive. In the last 2 years, business failures and bankruptcies have plummeted. We wanted to keep it that way. We're doing everything we can to accelerate that trend.

In the 1993 economic program which was passed by the Congress, there was a 50-percent cut in capital gains for 5-year investments in new businesses capitalized at \$50

million a year or less. I think that will increase access to capital for small businesses. We raised the amount that can be deducted for equipment expenses by 75 percent. We extended the research and experimentation tax credit. We have just extended the deduction for self-employed people for their health insurance premiums, and next year it will go up to 30 percent from 25 percent. We've also scrapped export controls and expanded export assistance to help not only big businesses but small businesses sell their products around the world.

When I came to this office, I had three basic goals for small business: I wanted to give new life to the Small Business Administration; I wanted to make it easier for you to get credit; and I wanted to cut Government, regulations that didn't make any sense so you could grow faster. We've come a long way toward meeting these three objectives.

Under the extraordinary leadership of both Erskine Bowles and Phil Lader, two people who became heads of the SBA not because they happened to be involved in politics but because they knew something about small business, which seems to me that should be the basic criteria for anybody who ever gets that job in the future under any administration.

We have a leaner, more invigorated, more committed SBA than ever before. We've shrunk the applications for most common loans from over an inch thick to a page long, one single page. The SBA budget is now less than the taxes paid every year by three companies that received critical SBA help early in their careers—Intel, Apple, and Federal Express.

In the past year more private capital was invested in SBA's venture capital program than in the previous 10 years combined. We have dramatically reduced the credit crunch in many parts of the country by revising banking regulations to encourage lending to smaller firms. And the SBA loans grew from 32,000 in 1992 to an estimated 67,000 this year. And though we more than doubled the number of loans, the cost to the taxpayers was reduced. We've expanded loans to women- and minority-owned businesses dramatically—dramatically—without—this is the important criteria—we have done it dra-

matically without lowering the volume of loans to other business or without lowering the credit standards one single bit.

The Vice President talked a little bit about the Herculean work that he and the others in our reinventing Government group have been doing to reduce regulations. Last Friday we announced an initiative that will allow you to report wage and tax information to one place. Instead of sending the same data to many different Federal and State organizations, you can now send it to one place, and we'll do the rest. Next year, in 32 States next year, people will be able to file their State and Federal income taxes together, electronically. Now, that will really save a lot of paperwork and problems.

Today I want to make two further announcements. First of all, we're committed to making the regulatory burden lighter, literally lighter, specifically 39 pounds lighter. [Laughter] As part of the review I ordered at the beginning of the year, we are taking 16,000 pages from the Government's Code of Federal Regulations. I thought you would like to see those pages.

Could you bring them out, please?

These are our others.

Audience members. IRS, IRS—

The President. Hey, I'm working on that.

Now, if you place these end to end, they would stretch for 5 miles: 50 percent of the SBA regulations; 40 percent of the regulations of the Education Department—I want to compliment them; they're also trying to fulfill my mandate to have national standards of excellence and then support for grassroots education reform, not education reform right out of Washington—40 percent of the regulations; 25 percent of the reporting burden of the EPA. Now, let me give you an example of what this is.

Audience member. IRS, IRS—

The President. Do you want to give this talk? [Laughter] We're working on that. I already told you we dramatically cut the reporting requirements. We're working on the regs, too, on the IRS. If you knew how hard we had to work on all these, you'd come on up here and help us some more. [Laughter] That's why you're here. Give us a list of the other things you want cut. That's why you're here.

Audience member. IRS.

The President. If you give a list, you file your report—you know how this works. You've got to get your votes up and make your recommendations. But this will make a difference. This will make a difference.

Let me just give you one example of the kind of thing—if I were a betting person, and I could afford it—[laughter]—I would wage a considerable amount of money that no one will ever write me a letter complaining about the demise of these regulations. But I was being reasonably conscientious, like I am, I wanted to make sure we weren't getting rid of something terribly essential, and so I asked the reinventing Government folks to give me an example of the kind of things we're getting rid of that I could relate to from my Arkansas roots. And I hate to tell you this, folks, but we're about to lose the regulation that tells us how to test grits. [Laughter] Now—it's terrible.

Now, listen to this. I want you to ask yourself if you can do without this: "Grits, corn grits, hominy grits, is the food prepared by so grinding and sifting clean, white corn, with removal of corn bran and germ that on a moisture-free basis, its crude fiber content is not more than 1.2 percent, and its fat content is not more than 2.25 percent." Here's the interesting part—[laughter]—"When tested by the method prescribed in Paragraph B-2 of this section, not less than 95 percent passes through a #10 sieve—[laughter]—but not more than 20 percent through a #25 sieve." [Laughter] Now, here's B-2; it tells you how to get that done: "Attach bottom pan to #25 sieve." [Laughter] "Fit the #10 sieve into the #25 sieve, pour 100 grams of sample into the #10 sieve, attach cover and hold assembly in a slightly inclined position. Shake the sieves—[laughter]—"by striking the sides against one hand with an upward stroke, at the rate of about 150 times a minute." If you've never been in a marching band, how do you know what 150 times a minute is? [Laughter] "Turn the sieves about 1/6 of a revolution each time in the same direction after each 25 strokes." [Laughter] "The percent of the sample passing through a #10 sieve shall be determined by subtracting from 100 percent the percent remaining in the #10 sieve." [Laughter] "The

percent of material in the pan shall be considered as a percent passing through a #25 sieve."

I don't know if we can do without that or not. What they ought to do is just have a designated taster like me in every State that knows what grits taste like. [Laughter]

Now, I have to tell you, there is some real sacrifice in this, though. We've all had a good laugh, but there's some real sacrifice. I personally am having to give up this 2,700-word regulation on french fries. [Laughter] Don't worry about it, folks. Our health insurance plan has counseling for this sort of thing. I'll be all right. [Laughter]

Let me tell you that we've had a good laugh here today, but—and while a lot of this seems self-evident, it's not always easy to get rid of these things that are outdated and don't make any sense to us. But it's even harder to make regulations that need to be on the books but have become tangled up and senseless over the years, untangled, sensible, and workable.

So we're also working to make another 31,000 pages of these Federal Government regulations simpler, clearer, and more relevant to your lives—things that most of you would admit ought to be done, but just don't make sense in the way they're being done—to bring common sense back into the way we do business.

Here is proof of the example. Today I want to announce a plan to reform the laws and regulations governing pension plans in our country. And almost every one of them came from you. That's why I am urging—that's why I said to the gentleman who mentioned the IRS and the others, this is what this conference is for. When you hear this, you may want to clap, but remember, it's happening because of you. And we can do more because of you.

But let me just go over this. You may recognize these ideas because we got them from you. The pension laws enacted over the last 20 years with the best of intentions are now so utterly complicated that you need a SWAT team of lawyers and accountants to help you fill out the forms and comply with the rules. Running pension plans takes so much time and costs so much money that only 15 percent of the small businesses in our country

have them. Most of you just give up, and who could blame you?

Simple streamlined pension plans, however, are good for everyone, for small business because they boost morale and give people a stake in the company, for workers because they encourage savings, and we need to do everything we can to see that our people put away more money for the future.

So here's what we're going to propose: Start a simplified IRA-based pension plan for companies with 100 or fewer employees. Under this plan, if you guarantee your employees a certain contribution, you will be exempt from complex anti-discrimination rules.

Second—I don't know how many times I've heard this myself—second, fair treatment for families who work together. Get rid of the family aggregation rule. Get rid of the family aggregation rule, which treats family members as a single entity, dishonors the hard work of individuals, and is a drag on that great American institution, the family business.

Third, simplify. There is currently a seven-part test to determine whether or not someone is a, quote, "highly compensated employee." That is nuts. *[Laughter]* So, we believe that there ought not to be a seven-part test. We simply ought to have a simple guideline that will save all of us time and money.

Now, we can do all of these things without opening the system to abuses. Safeguards for fair play are still in place. But we can do it, and we should. There is a lot more to do.

I want to make two points in closing. Number one, you can make progress on these problems. It's hard work. It's more difficult than giving speeches about how bad it all is, but it can be done.

The second point I want to make is, we know you made a sacrifice in time and money to come here. We know people like you made those sacrifices to come to the regional conferences and the State conferences. This is serious business. We did not ask you to do it just so we could cheer and have a good time, although that's important. We want your further ideas. We are doing these things because people like you all over America said they ought to be done.

Lastly, let me say that for all of the challenges and difficulties in this country, I wouldn't swap with any other country in the world as I look to the future and what it holds.

So, in a few moments, the Vice President and I are going back to the White House and we're going to welcome that fine young Air Force Captain Scott O'Grady and his family there. And I want you to think about everything this country's got going for it.

First of all, and most important, it's got you and people like you, great entrepreneurs, great citizens, people who work hard, make the most of their lives, doing the best that they can with their families, contributing to their communities.

Secondly, we have more diversity in this country, more ethnic and cultural diversity, than any other advanced country. And that's a huge asset in a global economy. It's a huge asset.

Thirdly, we have a phenomenal set of assets and technology and research capability. And we have a Government that can change and can be a partner as we build the economy of the 21st century. We have profound challenges. But what I want you to believe from this experience today is that we can change, we can make it better, and that it comes from you. We will listen. That's why we wanted you to be here. I want you to be screaming and yelling and having a good time. I will not send the DC police after you—*[laughter]*—as long as you will send me some more good recommendations so we can do this again next year.

Thank you. And God bless you all.

NOTE: The President spoke at 10:40 a.m. at the Washington Hilton.

Remarks at a Ceremony Honoring Captain Scott O'Grady

June 12, 1995

Thank you very much, Mr. Secretary, General Shalikhvili, to all the members of the Armed Forces here, the distinguished Members of Congress, the members of the O'Grady and Scardapane families, to our distinguished guests.