

THE WHITE HOUSE

4/2/96

Melanne-

As per discussion yesterday, attached are materials on "corporate citizenship."

I have spoken to Kate Coen about next week's events on this. It is currently a breakfast meeting closed to press, with CEO's + small business owners. They are not only ~~the~~ examples of businesses meeting one of POTUS' challenges.

Following will be a public event — unclear what or where or who the audience is yet. It might be at Georgetown. Message of this will highlight

businesses that meet one of the 5 challenges or more.

Kate is trying to include FD-owned businesses + to underscore the importance of family-friendly policies.

Invitation list is not yet finalized, + invites haven't yet gone out. Day is April 10.

Thanks. Let us know if you have questions.

Dabbie Lino

*full corporate
family friendly*

THE PRESIDENT'S CORPORATE CITIZENSHIP CHALLENGES

March 23, 1996

1. **FAMILY-FRIENDLY WORKPLACES:** *Create workplaces that allow workers to be both productive workers and caring and responsible family members. Family friendly policies can range from flexible work schedules, to help with child and elder care, to time off for parent-teacher meetings. Companies that recognize our broader obligations as parents, family members and citizens off-the-job get more committed employees on-the-job.*
2. **ECONOMIC SECURITY:** *Provide the security that a living wage, health care, and pension benefits can give.*
3. **INVESTMENT IN EMPLOYEES:** *Recognize that investments in your employees are every bit as important as investing in factories and equipment. Provide broad opportunities for education and training both in and outside the firm, for new skills and advancement.*
4. **PARTNERSHIP WITH EMPLOYEES:** *Give employees a voice in the workplace and share the burdens and benefits of good times and bad. When restructuring and layoffs are essential to a company's long-term health: be open, be helpful, and be fair. Productive companies need committed employees.*
5. **SAFE AND SECURE WORKPLACES:** *Protect the health and safety of employees through management commitment and employee involvement.*

RM?

SOME EXAMPLES OF COMPANIES THAT ARE DOING GOOD THINGS TO MEET THE PRESIDENT'S GOALS OF CORPORATE CITIZENSHIP

FAMILY-FRIENDLY WORKPLACES: *Create workplaces that allow workers to be both productive workers and caring and responsible family members. Family friendly policies can range from flexible work schedules, to help with child and elder care, to time off for parent-teacher meetings. Companies that recognize our broader obligations as parents, family members and citizens off-the-job get more committed employees on-the-job.*

Procter & Gamble -- Cincinnati, OH

Procter & Gamble was recently listed in the 100 Best Companies to Work For by "Working Mother" magazine and was selected as #2 overall in "Fortune" magazine's 100 Most Admired Companies. They are listed in Robert Levering's "100 Best Companies to Work for in America." They are strong in high-performance and family-friendly policies.

Procter & Gamble has outstanding programs for new moms. After up to a year of maternity leave (40 weeks more than required under the Family and Medical Leave Act), working mothers are eligible for up to five years of reduced work hours to care for their young children. In addition, the company offers direct subsidies for childcare (up to 4% of salary), a perk from which more than 1,400 working parents benefit.

P&G has voluntarily opted out of advertising on daytime TV due to concerns over programming.) [CEO: John Pepper; Operating Revenues: \$33.4 billion; 39,000 employees; some union plants; publicly-traded. The company makes a variety of household products.]

Patagonia -- Ventura, CA

Patagonia of Ventura, California offers excellent maternity and paternity leave: four months, including eight weeks at full pay. Extended also to adoptive parents, this is one of the most generous packages in the country. Back at work, new parents have access to two on-site child care centers and are permitted five sick-child days per year. In addition, the company accommodates workers' lives outside the job via job sharing, work-at-home opportunities, flextime, and compressed workweeks. To top it off, the company has an excellent record of promoting women, with females holding more than half of the highest-paying jobs, including that of the President.

Patagonia offers an example of how "contagious" good corporate citizenship can be. After the tragic fire at Malden Mills in Lawrence, MA -- a major supplier of synthetic fleece -- Patagonia quickly announced that the disruption in supply would not produce any Patagonia layoffs. Noting the 15-year relationship between the two companies, Patagonia announced its commitment to getting Malden Mills back on its feet. [CEO: Alison May;  Operating Revenues: \$126 million; 550 employees; non-union; privately-owned. The company manufactures and distributes outdoor wear.]

ECONOMIC SECURITY: *Provide the security that a living wage, health care, and pension benefits can give.*

Starbucks Coffee, Seattle, WA. In 1994, Starbucks became the first major company in the country to give all its part-time employees - 65% of its work force -full health-care benefits and stock options. Full-timers get stock options, too. Starbucks proclaims that doing so differentiates it in the labor market, allowing it to hire the best workers. That has made Starbucks one of the fastest-growing, most profitable chains in the industry. Started in 1971, with a single store in the Pike Place Market in Seattle, Starbucks is now the largest coffee-bar and coffee-retail chain in the country. More than three million customers walk into Starbucks weekly. In 1991 Starbucks became a corporate sponsor of CARE, the international relief and development organization. Today, Starbucks is CARE's largest sponsor. Last year, Vice President Al Gore presented CEO Howard Schultz with an award from the Business Enterprise Trust, a national nonprofit organization, for courage, integrity and social vision in business.

Republic Engineered Steel --Massillon, OH. Republic Engineered Steels, Inc. of Massillon, Ohio is 100% employee-owned and is developing creative ways to supplement the wages of its workforce. The company has recently implemented a "Target 60" project which is designed to save the company \$60 million in waste and production costs by using employee suggestions. And 50% of the savings will be passed along to workers. Every time the company reaches a predetermined dollar amount in savings, all Republic employees will receive an hourly pay increase. If the goal is reached, pay increases will approach \$3 per hour. [CEO: Russell Maier; Operating Revenues: \$670 million; 5,000 employees; United Steelworkers of America; 100% ESOP. The company manufactures carbon, alloy, and specialty steels.]

Fel-Pro -- Skokie, IL. Fel-Pro Incorporated of Skokie, Illinois supplements a strong salary package and profit-sharing with solid health insurance (the company pays 85% of every employee's premium) and a host of unique benefits: Every baby born to a Fel-Pro family is greeted with a \$1,000 savings bond and a pair of engraved baby shoes. When ready to travel with Mom or Dad to work, the company offers on-site childcare for \$90 per week (a 60% subsidization). At school age, Fel-Pro will reimburse 80% of the cost of hiring a tutor for a child having trouble in school and runs an eight-week day camp in the summer. Beginning at age 17, youth are eligible for summer employment and an automatic college scholarship of \$3,500 per year. Upon college graduation, the company sends a gift of \$500 to the new grad. As a result, Working Mother magazine routinely lists Fel-Pro in its Top 10 favorite companies. [Co-CEOs: Paul Lehman, David Weinberg; Operating Revenues: \$268 million; 1,700 employees; non-union; family-owned. The company manufactures automotive sealing products (including lubricants, adhesives, and gaskets).]

INVESTMENT IN EMPLOYEES: *Recognize that investments in your employees are every bit as important as investing in factories and equipment. Provide broad opportunities for education and training both in and outside the firm, for new skills and advancement.*

Harley-Davidson -- Milwaukee, WI. Harley-Davidson of Milwaukee, Wisconsin is back on top of the motorcycle market, and has done so by investing in its employees. According to CEO Richard Teerlink, part of Harley-Davidson's corporate vision statement says that the key to the company's success is to balance stakeholder interests through empowered employees focusing on value-added activities. To assist its employees improve basic literacy and mathematics skills, Harley established an on-site learning center providing confidential help to employees. In addition, Harley has started a program to provide educational resources and exposure to work settings for high school students. [CEO: Richard Teerlink; Operating Revenues: \$1.5 billion; Intl. Assn. Of Machinists and Allied Industrial Workers.]

United Technologies --Hartford, CT. United Technologies Corp. of Hartford, CT is committed to education and training. It gives employees time off to attend classes, pays for tuition and books, and, for those who complete their studies, 50 shares of company stock (currently worth about \$5,200). The studies do not even have to be work-related. Employees can go to nursing school or get a degree in creative writing. CEO George David hopes that 20 percent of his employees will use the plan. That would gradually increase the company's outlay to about \$50 million a year from the current \$11 million. Says David, "You want everyone to have a very positive agenda toward his or her life, and you get that positive agenda when you feel like you're in charge and engaged. You get that way when you're an educated person, when you have skills and are in demand." [CEO: George David; Operating Revenues: \$20.8 billion; multiple unions; publicly-traded. The company manufactures electronic components.]

Xerox -- Stamford, CT. Xerox Corp. of Stamford, CT has created its Business Excellence System, through which employees receive training in process improvement, problem-solving skills, work-group communication, process mapping, statistical measurement, and benchmarking. The idea is to give workers an understanding of how business excellence, customers, and teamwork must be linked for the company to succeed. Xerox has also integrated its training with worker empowerment. In 1992, Xerox estimated that at any given time, 75 percent of its employees were actively working on one or more of 7,000 quality improvement teams. Xerox's training programs provided education in group processes and quality in order to support the empowerment effort. Pulling this all together is Xerox's partnership with its union (ACTWU, now UNITE), to which CEO Paul Allaire attributes the company's success. [CEO: Paul Allaire; Operating Revenues: \$17.4 billion (12/94); 47,200 employees; UNITE; publicly-traded. Xerox is a document-processing company.]

PARTNERSHIP WITH EMPLOYEES: *Give employees a voice in the workplace and share the burdens and benefits of good times and bad. When restructuring and layoffs are essential to a company's long-term health: be open, be helpful, and be fair. Productive companies need committed employees.*

Cinergy -- Cincinnati, OH. Cinergy of Cincinnati, Ohio, a utility holding company that provides electric and gas services in Ohio, Indiana, and Kentucky, had to trim its workforce by 10% at the beginning of 1996. And it's doing so -- WITH NO LAYOFFS. Instead, the restructuring is being done through early retirements and voluntary, generous severance programs. To reassure remaining employees, a firm no-layoff policy is in effect through 1999. In addition, the company has created a redeployment pool for employees whose positions were eliminated in the consolidation. These employees can take a leave of absence to return to school (and still receive benefits) and get assistance in finding positions in other parts of the company. [CEO: Jackson Randolph; Operating Revenues: \$1.8 billion (12/94). The company resulted from the recent merger of Cincinnati Gas & Electric and PSI Resources, and provides electric and gas services.]

Corning, Inc. -- Corning, NY. Corning, Inc. of Corning, NY, has established a partnership with the American Flint Glass Workers Union that is recognized as a model of labor-management cooperation. Together, the union and Corning management have undertaken the development of innovative workplace practices in each Corning facility. The Partnership agreement called for six essential values: 1) recognition of the rights of workers to participate in decisions that affect their working lives; 2) acknowledgment of the worth of all individuals and their right to be treated with dignity and respect; 3) recognition that workers are a valuable resource that should be preserved; 4) an atmosphere within the plants of trust and openness; 5) encouragement of individual creativity and participation; and 6) provision of avenues for individual growth and development within the workplace and the company. To implement these essential values, the partnership agreement called for the establishment of joint labor/management steering committees in each plant, and stated formal objectives to promote employment security. [CEO: Jamie Houghton; Operating Revenues: \$4.8 billion (12/94); 39,200 employees; American Flint Glass Workers Union; publicly-held (NYSE). The company manufactures fiber optics, plastic, pyrex, etc.]

Harman Electronics -- Northridge, CA. Harman Electronics (and its sister firm JBL Inc.) of Northridge, California were once the largest domestic manufacturers of loudspeakers, loudspeaker systems, associated electronics, and original equipment amplifiers. More recently, foreign-owned competition began developing reliable and lower cost products in shorter time frames, cutting into JBL/Harman's profits. As these factors began reducing product prices, JBL/Harman began to pursue two strategies: 1) improve their traditional products, and 2) develop new products based in digital signal processing technologies. A retrained workforce was key to this effort. Instead of trying to increase profits by cutting jobs and workers, JBL and Harman, in conjunction with the California Manufacturers Association, contracted with an external group to retrain over 600 workers in Statistical Process Control and Manufacturing Resource Planning to ensure continued employment for these workers. In addition, the company has created the "OLE" effort (Off-Line Employment) to build in a labor buffer for periods of slack demand. Under the program, when demand for speaker cabinets falls, workers shift to producing clock faces using scrap wood. [CEO: Sidney Harman; non-union; publicly-traded (NYSE).]

SAFE AND SECURE WORKPLACES: *Protect the health and safety of employees through management commitment and employee involvement.*

Johnson & Johnson -- New Brunswick, NJ. Johnson & Johnson of New Brunswick, New Jersey has a model safety and health program. At each plant there is a specialized staffperson dedicated to this function. These professionals oversee an extremely effective program premised on employee involvement, that includes training, strict enforcement and in-depth incident investigations. Their program also includes what is recognized as one of the best wellness programs (Live for Life) in the country. And it pays off: Johnson & Johnson's lost workday injury rate is well below industry average. [CEO: Ralph Larson; Operating Revenues: \$15.7 billion; 28,400 employees; a variety of unions; publicly-traded. The company manufactures a variety of health care products.]

Motorola, of Schaumburg, IL has made a corporate commitment to the safety and health of its 120,000 workers, and has three plants that have been recognized as Star worksites by OSHA's Voluntary Protection Program. As a result of its solid safety program, which includes extensive safety training, injury rates at the three sites are 70 percent below their low industry averages. [CEO: Gary Tooker; non-union; publicly-held (NYSE). The company manufactures wireless communications and electronic equipment.]

THE WHITE HOUSE

Office of the Press Secretary
(Cincinnati, Ohio)

For Immediate Release

March 23, 1996

REMARKS BY THE PRESIDENT
TO THE XAVIER UNIVERSITY AND CINCINNATI COMMUNITIES

Schmidt Memorial Field House
Xavier University
Cincinnati, Ohio

12:28 P.M. EST

THE PRESIDENT: Thank you so much. Thank you for the wonderful welcome. Thank you, Mayor Qualls, for the kind things you said, for making me feel so welcome here, for your outstanding leadership for Cincinnati. And congratulations on the recent success of your education and your stadium referendum. That was a very impressive thing. (Applause.)

Thank you, Father Hoff, for making me feel so welcome here at Xavier. You know, I graduated from Georgetown. (Applause.) I tell everyone I'm the closest Baptist you'll ever get to a Jesuit. (Laughter.) And I'm delighted to be here. The Jesuits have always been famous for their humility. (Laughter.) I hope Father Hoff doesn't get in trouble for saying that now that I had seen the Pope three times I could finally come to Xavier. (Laughter.) But I'm trying to move up in life and I enjoyed it. (Laughter and applause.) Thank you.

I want to say a warm word of thanks to my good friend, Senator John Glenn. Hillary and I admire John and his wonderful wife, Annie, so much. I want all of you to know that one of the most challenging jobs we've had in Washington in the last three years is to figure out how to downsize the government without undermining the quality of service we're giving to the American people. And we now have the smallest federal government in 30 years. It's 205,000 people smaller than it was when I took office. By the end of this year it will be the smallest federal government since John Kennedy was President. (Applause.)

But if you want to do that in ways that, first, are humane to the employees involved, that do the maximum amount through early retirement, or give the employees time to find other jobs and generous severance packages, and don't hurt public services, it takes a really careful strategy. And the leadership of John Glenn, from his committee, telling us how to do this and helping us do it, was absolutely essential. And the whole country is in his debt for that and for many other things. And I wanted to say that in front of his

constituents today so that you could know he deserves a lion's share of the credit for what you did. (Applause.)

I'd like to thank the young musicians for playing "Hail To The Chief" so well. Thank you very much. (Applause.) I'd also like to say that Felisha Coady can sing for me any time. I thought she was great. (Applause.)

You know, I love coming to Cincinnati today because Cincinnati really disproves something that Mark Twain said about you a long time ago. (Laughter.) Remember what Mark Twain said about Cincinnati -- "If the world would end, I'd come to Cincinnati, because everything happens here 10 years later." (Laughter.) That's not true.

Cincinnati is ahead of the times in many ways. I saw it today in looking at the remarkable work that you're doing with the communications between the school systems here and the universities and the business community trying to help every young person succeed. I saw it in the votes that were cast in the referendum. I see it in the growth of the phenomenal businesses you have here.

I see it in your successful obsession with basketball. (Applause.) I see it in many ways. So I am honored to be here today. And what I want to talk to you about today is something that will affect the lives of every person in this audience, but especially the young people. And let me begin with a little background.

I ran for President in 1992, having been governor of my state for 12 years, because I was literally obsessed with trying to deal with all the sweeping changes going on in our nation and world in a way that would allow us as a people to achieve three critical objectives. One is, I wanted then and I want now for this country to go into the 21st century in a way that every American who is willing to work for it will have a shot at the American Dream.

Secondly, I wanted to maintain the leadership of the United States at the end of the Cold War as the world's strongest force for peace and freedom, for security and prosperity. And, thirdly, I wanted to see this country come together around its basic values, not be divided as it too often is, especially in election season. If you were to ask me three years later what the most important lesson as President I have learned, it is this, simply: When we are divided, we defeat ourselves; when we work together, America always wins. (Applause.)

And so I began to work on these objectives. I believed that we needed a new economic policy, I believed we needed a new social policy that emphasized personal responsibility as well as giving people the opportunity to escape the problems before them. I believed that we needed a new, aggressive, sharply focused policy in the world that got America more fair trade agreements and reduced the threats of not only nuclear war, but terrorism and the spread of weapons of mass destruction. And I thought we had to dramatically change the role of government, to make it smaller and less bureaucratic and less burdensome, but still very strong and effective in working with the private sector to create an environment in which individual citizens and families and businesses and schools and community groups could make the most of their own lives by working

together.

Now, three years later you see the incredibly impressive dimensions at the time in which we are living, including some things that seem to be paradoxical. And so let me describe this time as I see it to explain why I've come here to talk about this issue of not only our responsibility in government, but businesses responsibility to make a better future for the United States and for the working people of America.

Consider just the last three years. Three years ago we had much higher unemployment. The jobs we were creating were overwhelmingly lower paying jobs; the deficit was more than twice as big as it is now. Well, after three years the good news is that the deficit is half of what it was three years ago; that our economy has produced over 8.4 million jobs; that in 1995, most of those jobs actually paid above average wages, not below those new jobs; we've had three years in a row of record new formation of small businesses; our trade is at an all-time high with other countries; interest rates have been low for home mortgages, so home ownership is at a 15 year high.

That is the good news, and that is good news. (Applause.) America has recovered our lost lead. We now lead again the world in the sales of automobiles and semiconductors. Every year there is a World Economic Forum in Europe that votes on the most productive economies in the world. After we had slipped to fifth four years ago, for the last three years we've been voted first by a panel of international economists again. America is number one. That's good news. (Applause.)

If you look at where we are with our social problems -- the crime rate is lower, the welfare rolls are lower, the food stamp rolls are lower, the poverty rate is lower, the teen pregnancy rate has dropped -- what has gone up is child support collections in the last three years. I think that's very hopeful for all of us. (Applause.)

Now, we'll never come together again until we acknowledge some truths, though -- the other side of this time of change. First, on the social side, all of those things are lower, but they're all still too high. They're all still too high. (Applause.) And I'm not going to talk at great length about that today, but I will say this: If we know what brings the crime rate down, which is more police officers on the street and community policing, effective partnerships in the community and giving our young people something to say yes to as well as something to say no to, we ought to do more of it, not less of it. We shouldn't turn away from it. (Applause.)

If we know now, because I have given the states and localities more freedom to experiment in the area of welfare in three years than occurred in the past 12 years combined -- even though the Congress has still not passed welfare reform legislation that is both tough on work and good for children -- almost three-quarters of the people on welfare in America today are under welfare reform experiments, because our Executive Branch has just told the states to have at it. And if we know what works, which is investing in children, providing work alternatives, being tough and requiring people to go to work, but making sure there is a job there and making

sure the kids aren't punished, then we ought to do more of it, not less of it. That's what we ought to do. We need to do that. (Applause.)

But let me come back now to the economy. How do you square all of those good statistics I just gave you with the fact that you constantly read articles about businesses downsizing, you constantly read articles who have worked harder and harder without a raise in years and years, and constantly see from your own experience that there are communities that have not been touched by any economic recovery? How can those two things be squared?

I want to focus on that today and what everybody's responsibility is. The truth is that the good news is true, and so is the bad news. So are the problems. They're both true. Why? Because we are entering a new economy that is so different that we're going through the period of most profound change that we've been through in 100 years. It was 100 years ago when most Americans stopped living on the farm and started living in towns, cities; 100 years ago when most people stopped working on the farm and started working in factories, or in businesses that supported factories or depended upon them.

And when that happened, there was a great uprooting of the patterns of life in America, and a lot of people had untold new opportunities, and a lot of people had a lot of money that they never had before. And a lot of people were left out in the cold and sort of felt like they were twisting in the wind.

America developed what was called then a new progressive movement -- and its first embodiment was a great Republican President, Theodore Roosevelt -- which began to ask the question: What are we going to have to do together to reap the benefits of the industrial era when most of us are now living in towns and cities, not living in the country anymore, in order that every American will be treated fairly and we can grow stronger together? That's what the big debate was.

That debate went on for 50 years, from the late 1800s, arguably until the end of World War II, when with the G.I. Bill and a lot of other things, the United States of America built the greatest middle class the world has ever known, and we had 30 years in which all Americans' incomes were growing, whether they were in the poorest part of our income scheme or the wealthiest part. And we had a very strong, growing country that was growing together.

Then, along comes the information and technology revolution. And now, most economic markets are not national, they're international, the market for money, the market for products, the market for services -- more and more global. Now, most work is done with the mind, not with muscle, even in factories. Now, because of the information revolution, the nature of the workplace itself is changing.

How could I reduce the federal government by 205,000 people and nobody know it in Cincinnati? Why? Because of the digital chip. Because fewer people can do more work that is related to information gathering and dissemination. It is the most sweeping change in 100 years.

Bill Gates, the great computer genius who founded Microsoft, says that the digital chip is the most significant change in communications in 500 years since Gutenberg printed the first Bible in Europe. And that explains how you can have all this basically good news and still hear these gripping stories of people who are caught in the crosswinds of change.

There are basically three groups of Americans who are caught in those crosswinds. Number one, there are people who live in isolated, inner-city neighborhoods and isolated rural neighborhoods who have felt no economic recovery because they don't have new jobs there; it's hard to get the investment in.

Number two, there are the people, principally those in the bottom half of the hourly wage-earners of America, who work harder and don't seem to ever get a raise because they don't have a special educational skill that a rich country can pay high rewards to in a global economy where people who live for things we can't live on can send products into our markets.

And, number three, there are these people who have worked all their lives for big companies that are now being downsized either because they have to, to survive, or because if they do it, they can make more money because they don't need as many people, especially in middle management anymore. And you've been seeing a lot of their gripping stories. A lot of them are about my age.

You know, when you're 50 years old and you've worked for the same company for 25 years, and you've got two kids about to go to college, and you get laid off and you think, my goodness, I'll never get a job paying this again; how am I going to send my kids to college -- it's not a very comfortable thing for somebody to say, well, relax, the President just signed a Telecommunications Bill and it's going to create 3 million jobs in the next few years; go to work for Sprint or MCI. And you say, but, I'd have to go 500 miles away and I've got this home mortgage and I've got these two kids that are just about to get out of high school and what am I supposed to do?

So the good news is true, folks, and it's important. The United States has created 8.4 million jobs in the last three years and one month. And during that time the people in the other big six economies of the world have created a net zero -- three of the countries have created a few thousand jobs, three of the countries have lost a few thousand jobs; they netted out zero. So the Big Seven economies of the world have created 8.4 million jobs in the last three years, all of them in America. I wouldn't give that up for anything in the world. That's nothing to sneeze at. That's something we should want. (Applause.)

So the question is, how do we do today what was done 100 years ago? How do we keep the dynamism of the American economy? How do we go forward into the future with great confidence? How do we do it together in a way that enables us to achieve our objectives? Every American willing to work for it has a shot at the American Dream. We have stronger families and better childhoods for all of our people. How are we going to do that? That is what I want to talk about today.

Yes, the government has certain responsibilities. I've described some of the things we have already done. There are other

things that we should do in government. We ought to finish the work of balancing the budget to get interest rates down even further in a way that will enable us to invest and grow our economy. (Applause.) We ought to do that without cutting our investments in things like education and the environment and research and technology and college loans and college scholarships, the things that will grow the economy. We should do that, and we can do that. (Applause.)

We ought to pass some tax relief for average families. And I think the most important tax benefit we could give America at a time when education is critical to income in the future is to give every American family a deduction of up to \$10,000 a year for the cost of college education. I believe that. (Applause.)

Now, there are other things that we ought to do. But let's face it, one of the things that we have done in downsizing the government is to become even more reliant on the private sector. A far higher percentage of the new jobs created in our administration our private sector jobs, as compared with the jobs created in the previous 12 years. I want it that way. But if that is true, that means that this new era puts even more responsibility on that private sector, not only to grow and do well, but to help in dealing with the dislocations, the problems and the challenges that this new age imposes upon us.

That's what I want to talk about today. And I don't want to ask you if you agree with me on all these things, but at least I want you to think about this, because we have to succeed as citizens, as workers and as parents in order for America to grow. We all have mutual roles. And let me begin again by saying what I said before: Our business community is the engine of economic growth, that's the envy of the entire world. The most fundamental responsibility of any business in a free enterprise system is to make a profit. That's how they hire people and pay them. That's how they serve their consumers. So that's important.

But we recognize that there are other responsibilities, as well. Some businesses are in trouble, and some businesses are so small they can only worry about the bottom line. But what I want to say to you today is that a lot of businesses in America today never make the headlines because what they're doing is good, in trying to help people cope with all these changes. And in trying to help their employees cope with these changes, they're actually making more money.

So as we look ahead, we should ask ourselves what is the role of government in this new era? It should be smaller, it should be less bureaucratic, but it should be strong enough to help to create a climate which enables people to make the most of their own lives. What is the role of business in this new era? It should, first and foremost, do well, make money so you can hire people and contribute. But it should, whenever possible, do well in a way that strengthens families and grows the middle class in a way that develops a loyal, productive work force for the business and keeps the middle class alive so we can support all these businesses by buying the goods and services that they produce. That is the balance that we must seek to achieve. (Applause.)

It is also true that none of us exists in a vacuum. Business leaders would be the first to say that they are not

motivated solely by economic considerations. I just talked about the work here done in Cincinnati, in trying to develop the capacities of our young people here. And John Pepper, of Procter and Gamble, was there. They've invested a lot of money in this. I don't know if it helps their bottom line in the short run, but in the long run it's the morally right thing to do. I think will turn out to be good for the company, by building a community that's positive to live in.

The other day I was with three grocery store chains who announced that they were going to give up all their vending machines for cigarettes because they couldn't enforce the law that says it's illegal for young people under the age of 18 to smoke and they didn't want to be a part of it so they're just going to give up the income. They're just going to give it up. (Applause.)

So I think it's important to recognize that there are a lot of incredibly good things going on in the private sector today. And that's what I want to talk to you about -- because the people of this country are our most important asset. And our ability, first of all, to develop the educational capacity of our people, and secondly, to develop good values and a good sense of partnership in every workplace in America is going to be critical to our future. Because you look at the work -- you can move technology anywhere. You can now move information anywhere. You can move money anywhere in the flash of an eye. What we have that is special -- what you have that is special in Cincinnati are what's been done here already and the people who live here. That's what's special. That's the key to the future. (Applause.)

So I believe that the government has a responsibility to create a framework in which the economy can grow. And the government has a responsibility to help people who fall between the cracks in this new era.

The private sector also has some challenges facing it, and many companies are meeting those challenges. Let me just mention five -- one or two were mentioned by Senator Glenn. First and most important, we have to encourage companies to be more family-friendly, because most parents work -- most parents work. (Applause.) Most of us who are parents believe that that's still our most important job. For all my responsibilities to you, I still think it's my most important job. (Applause.)

So we have got to work for a country where people can succeed at home and at work. Let's take Procter & Gamble. I'll talk about their policy. When a P&G employee gives birth to a child, she gets a year of maternity leave; then eligible for up to five years of reduced work hours to have more time to care for the child. Now, arguably, that costs some money. But, arguably, you get it back in a fanatically loyal employee who can stay with the company for a longer period of time. Not every company can afford to do that, but those who do wind up doing pretty well.

The company offers direct subsidies for child care, so that children can have a more safe and secure environment.

The first major bill I signed into law was the Family and Medical Leave Act, which requires most companies except the very smallest ones to at least give people some time off without losing their job when there's a baby born, a sick parent or some other kind

of family emergency. I think that that is a very important principle. If we want to succeed in a world where most parents have to work, then the workplace has to be more family friendly. And the government and all the rest of us should do whatever we can to give the incentives and the encouragement to the business sector to make those workplaces family friendly. (Applause.)

Secondly, we need to encourage companies, even the smaller businesses, to find ways to give their employees access, at least, to health care and to retirement. (Applause.)

You know, now that more and more people are working for smaller companies, we have a smaller percentage of people in the work force with health insurance tied to their job than we did 10 years ago. And we're the only wealthy country in the world that doesn't provide a system for health insurance for all working families when they're under 65; Medicare takes care of it for everybody over 65.

This is a big challenge. The same thing is true with pensions. More and more small businesses are developing what are called "defined contribution plans" instead of "defined benefit plans." And more and more people now are changing jobs before they stay 10 years on the job and before their pension vests.

So what do we have to do? We don't want to stop the dynamism in the economy. If you try to freeze things, unemployment will go up. We want to keep creating jobs. So what do we have to do? We have to develop health care packages that people can carry around with them from job to job. (Applause.) We have to make it easier for small businesses to take out pension plans for the owners and the employees. And we have to develop some portability provisions so that people can carry those pension plans around, including being able to stop contributing in the period when they're unemployed and pick it up again, and make up the difference. We've got to do some things like that if we want people to do well over the long run. (Applause.)

I met a young man at the airport when I came in today, wrote me a letter about his mother not being able to get health insurance, and it led to his mother being able to get health insurance. But the Kassebaum-Kennedy bill that Senator Glenn spoke about is the first step along the way. It doesn't solve all the problems, but it's a first step along our journey to developing a system that will enable the economy to continue to grow and provide some economic security for families who need it. It simply says that you can't automatically lose your health insurance when you change jobs or when somebody in the family gets sick. That's what health insurance is for, to cover people when they get sick. (Applause.)

We also need to make it easier for small businesses to buy in the insurance pools that are large so they can buy insurance more cheaply. But we also need to encourage and laud and lift up companies that provide these kinds of benefits. Starbucks Coffee is a big chain now in America; it hasn't always been a big change. But they provide health insurance for their employees -- quite unusual in that kind of business. And why do they do it? Well, they think it's the right thing to do, but they also conducted an analysis of why there was so much turnover in that line of work. And one reason was, all these young people who work for them said, we can't get any health insurance, we would stay a year and go do something else.

So they discovered that it cost them \$1,500 to train a new employee, which meant if they bought health insurance for their work force -- most of whom are young, healthy and single -- and they stay three years instead of one year, they would make up all the money and still some. So, sometimes it's possible to do right and do well, and we should encourage that. (Applause.)

The other thing we need to do is to do more to encourage companies and to challenge them to invest in their employees. I got a letter the other day from a man who is head of a big, high-tech company who said the single most significant challenge facing the American people today in the area of education is reeducating the existing work force; it's the only way to get incomes up. We have got to help people do that. (Applause.)

Now, there are lots of companies that are doing this. The American people need to know about it. We need to lift them up. Others need to be encouraged to follow their lead. They should get telephone calls and ask how they did it and made money besides. You take one of my favorites, Harley Davidson, because they brought motorcycles back to America -- (applause) -- they set up basic reading, writing and math skills instruction at an on-site learning center, and they made money out of doing it, because their employees became more productive.

Xerox, a lot of other companies, do this. United Technologies will permit a person who is an employee there to go back to school for any degree program, whatever -- it doesn't even have to have anything to do with their job, and they'll pay a lot of the tuition and give them half the time off.

We need to look at what the policies of good companies are and lift these companies up and ask ourselves: Is there something the government can do, something the community can do to make it easier for others to do this? But this is an important thing.

The fourth important point, I believe, is to encourage business to work in greater partnership with their employees. That can mean a lot of things. It can mean a greater voice in the production process, it can mean good faith in collective bargaining, it can mean gain-sharing of all kinds -- sharing the benefits when times are good, if you have to share the burden when times are bad.

It can mean that when there has to be layoffs, it can mean having policies that really work, to at least let the employees know that you're doing your best to make sure they can move from this life to another one.

I was at an interesting company in California a couple of weeks ago, Harman International, where they make a lot of electronic speakers for sound systems for automobiles and offices and homes and everything else. There's great fluctuation in their orders.

But to try to keep their work force whole and loyal, they set up a whole new business called Ole -- Off Line Enterprises, and they used all of their scrap materials to let their employees design products having nothing to do with their main line of work,

and then sell them. And they were able to keep a couple of hundred employees all the time that otherwise would have gone out on the street, so they can call them back without wrecking their lives. It made the company money, but it also made the company a world reputation among the work force that they cared about them and they were trying to keep them whole in the tough times. We need to encourage things like that and support them. (Applause.)

If you look at what Synergy here in Cincinnati did, they had to trim their work force by 10 percent, and they did it by the beginning of this year without laying off a single, solitary soul. That's an important thing. (Applause.) They did it through early retirement incentives, through voluntary generous severance packages, and they have now put in a policy of no layoffs between now and 1999.

Now, the government can't make all companies do this; for one thing, not every company could do it. There are too many differences in the market. But we all ought to be out here knowing that these things are going on and that they're good, and we ought to be able to get this information out all across America, so when other companies are confronted with these challenges, they will ask themselves: Are there things I can do to support the economic security of the families of the people who are working for me? Are there things the government could do not to make me do this, because you can't freeze the future, but at least to create a climate in which it would be easier for me to do this and still do well?

The last point I want to make is that every company has a duty to provide a safe workplace. Now, a lot of people see this as the government's duty, and it is to some extent. For 25 years or more the Occupational Safety and Health Administration has had the responsibility of providing a safe work place, and I've opposed the attempts in the Congress to weaken OSHA and to undermine its budget and to make it turn back on its mission. (Applause.)

Fundamentally, what you want is for the value of every company to be a safe and healthy work place. You take Motorola. I'm proud that we worked with Motorola to open up the Japanese market to their cellular telephones and help them create jobs in America. But I'm even prouder in some ways that because of their own safety programs, their own safety training -- things that government does not require them to do -- injuries are 70 percent below the industry average in those plants. That's the sort of thing that we ought to encourage.

OSHA ought to be out doing more of what we're trying to do now, making partnerships with companies and saying: Look, if you can figure out how to have a safer, better work place, we could care less, you can throw the rule book away. We're interested in results. We want the employees to feel good when they go to work every day. We want them to participate in making the workplace safer.

These are the elements of corporate citizenship that together with the proper policies from the government will enable us to move into the 21st century with the American Dream alive for everybody. Just think about it, five simple things: family-friendly workplaces; health care and pensions; training and education; more partnership; and safe and healthy workplaces. Five challenges that the rest of us ought not only to encourage but business community in America to meet, but to help them to meet wherever we can.

Soon I will announce -- I will invite -- excuse me -- the chief executive officers of some of our country's best companies to come to Washington for a conference on corporate citizenship before I leave for Japan and Russia next month. And we are going to talk about the good things that are being done and how we can spread them. We're going to talk about not how we can complain about the disruptions that the global economy is bringing to America, but how we can do something about it to guarantee more economic security to the American families that are out there doing the best they can and working hard. (Applause.)

Let me say again, there is no running away from this future. We don't have to run away. This country can compete and win and maintain its standard of living and enhance it. And that is the only way we can maintain our standard of living and enhance it. You will not find a country that has run away from the global economy who is doing as well as the United States is. We can't run away. And we cannot do anything that will try to freeze the dynamism of the economy; otherwise we won't be able to create jobs.

But we can lift up those companies that are doing a good job. We can ask ourselves relentlessly, what sort of government policies in Washington, in Columbus or in Cincinnati, can help companies to do better. And we can continue to work together to create a climate in which every single workplace will want to be identified with these five characteristics.

I say again, we have got to do this together. The thing that works in the world we're living in is working together. And when America works together, we always win.

Thank you and God bless you. (Applause.)

END

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THE WHITE HOUSE

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RADIO ADDRESS OF THE PRESIDENT
TO THE NATION

The Roosevelt Room

THE PRESIDENT: Good morning. Today I want to talk to you about upholding our values, expanding our economy and moving our country forward together; about giving every American family the opportunity to succeed in the new global economy; and about what some American businesses are doing and what more American businesses can do to increase economic opportunity and security for their employees and their families in a way that is good for business and grows our economy.

In the last three years I have worked hard to give the American people a government that is more responsible, that promotes economic opportunity, brings Americans together and challenges all Americans to take responsibility for themselves, their families, their communities and their country. I've challenged parents to get more involved in their children's education. I've challenged welfare recipients to move from welfare to work. I've challenged the entertainment industry to put our children first and voluntarily rate the programs they put on television so parents can protect their children from excessive violence or other inappropriate material.

That same ethic of responsibility must guide all of us in our work lives as well. And I believe American business, the engine of our prosperity and the envy of the world, clearly has a role to play.

We've made much progress already. Three years ago our economy was drifting. The deficit was twice as high as it is today. Unemployment was high and job growth was very low. I took office determined to change our economic course. Since then, we've cut the deficit in half, invested in the education and training of our people, expanded exports through tough trade agreements, and reduced the size of government by over 200,000, while cutting regulations, giving more responsibilities to state and local governments, limiting the abuse of lobbying, without cutting essential services.

And the American people have responded. In three years and a month, our economy has created 8.4 million new jobs. And every year, more and more of them are good, higher-paying jobs. The combined unemployment, inflation and home mortgage rates are at their lowest levels in 27 years. We've halted the decade-long slide in real average hourly wages. Every year entrepreneurs have started a

record number of new small businesses, and in key industries like autos and semiconductors America now leads the world again.

We are moving in the right direction, but we must do more to grow the economy and to support America's working families. Too many Americans are still working harder and harder just to keep up, and they worry that they'll be left behind by the new economy. We have to make sure all Americans who are willing to work for it can be winners of economic change, and that all of our people share in the benefits of our growing economy.

Of course, government must play a role. We must finish the job of balancing the budget in seven years to bring interest rates down even further. We should increase the minimum wage. We should ensure access to health care, to education, to training, to pensions for our people. We should reform welfare, to move people from welfare to work.

But we know that business has a role to play, too, if we want people to have better lives, provide for their families and face the future with confidence. Let me be clear: The most fundamental responsibility for any business is to make a profit, to create jobs and incomes by competing and growing. After all, in the last three years, nearly all the new jobs created in the world's advanced economies, nearly all of them were made in America by American business.

We recognize, too, that not every business can afford to do more than worry about the bottom line -- especially a lot of small businesses. But many of America's most successful businesses have shown that you can do well by doing right by employees and their families.

Let me mention five ways businesses can show good citizenship toward their employees. First, they can be friendly to families. We know that most people play more than one role; we're employees and parents, too, and people have to be able to succeed at home and at work for America to succeed. So many companies call for employees' flexible work schedules, help with child care, or good leave policies. And every business should let their employees know what is already their right under the Family and Medical Leave Act I signed into law -- to take some time off without losing your job in case of a family emergency.

Second, businesses can give their employees health care and pension benefits. We're trying hard here in Washington to pass the Kassebaum-Kennedy bill so that workers don't lose their insurance when they change jobs or when someone in the family gets sick. We passed pension reform legislation to protect the pensions of 40 million workers, and we're working to get money that is owed to pension funds paid in. We're also proposing to simplify rules so that small businesses can provide pensions for their workers and the owners of the businesses more easily. But business has to do more, too.

Third, businesses can invest in their most important asset -- their employees. The most successful companies do give workers broad opportunity for improved education and training, both within the firm and outside it. Every worker should know that whatever the new economy brings, he or she will be ready. When

workers lose their jobs, I want government to be there with a G.I. Bill for America's workers, a voucher worth up to \$2,500 a year so that people can immediately be retrained.

When people need further education, I want government to provide up to \$10,000 a year in tax deduction for the cost of education after high school. But companies should do their part, too, with education and training. Upgrading the skills of our existing work force is the single best way to raise the incomes of America's workers and the productivity of our businesses and the growth of our economy.

Fourth, businesses can work in partnership with their employees. That can mean giving employees a greater voice in the production process. It can mean collective bargaining. It can mean sharing the benefits of good times through stock bonuses, employee ownerships, and other means of gains sharing. And when layoffs are necessary for the long-term health of the company, the best companies provide adequate notice and good severance, so employees have a chance at a new job with a good income.

Fifth, every company in America has a duty to provide a safe workplace. No one should have to put themselves at risk just to put food on the table at home. Government has a part to play, too, with the Occupational Safety and Health Administration. But the safest workplaces are those that work in partnership, where the value at work is a safe and healthy workplace.

These acts of good corporate citizenship are good for employees, but many, many thousands of American businesses have proved they're good for business, too. Our changing economy puts a real premium on skill, ingenuity, creativity and loyalty of the work force. The quality and productivity of America's workers are our greatest source of economic strength.

Family-flexible workplaces, health care and pensions, training, partnership, safe workplaces -- five challenges many of America's best businesses are now meeting. We want others to follow their lead. Government should support them in doing so. That's the way to create strong, lasting growth for our economy, and that's the way to make sure that every American -- every American -- has the chance to reap the rewards of economic change and economic growth.

We can meet these economic challenges the way we best meet all our challenges -- by working together as partners, all of us doing our part. Remember, the greatest lesson of our democracy is this: When we are divided, we defeat ourselves. But when we are united, America never loses.

Thank you very much.

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