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Remarks of
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Affairs
Department of State

before the

President's Council on Sustainable Development
July 27, 1998

- I am very pleased to be with you today to discuss the Clean Development Mechanism (CDM) under the Kyoto Protocol.
- As David Sandalow mentioned, the CDM is a significant new development on the international scene, and it holds great promise for helping developing countries to grow more sustainably, as well as for reducing greenhouse gas emissions cost-effectively. //
- Recognition of these twin potentials is found at the very beginning of Article 12 of the Kyoto Protocol, and I believe that this recognition was partly responsible for helping to overcome developing country opposition to "joint implementation" in Kyoto.
- Today I would like briefly to review the history of the CDM, some key provisions in Article 12, developments at the June meetings of the Convention's subsidiary bodies in Bonn and to offer some thoughts about where we are going next.

CDM History

- Some of you will recall that "joint implementation" is referenced in Article 4 of the Framework Convention on Climate Change, but you will also recall that both in Berlin at the first Conference of the Parties in April 1995 and thereafter opposition to "joint implementation" was very strong, particularly among many developing countries.
- In fact, this opposition was so strong that we were able in Berlin only to begin a pilot phase for "Activities Implemented Jointly" in which no "credit" is allowed for greenhouse gas emissions reduced or sequestered in the pilot phase.
- The United States has been very active in this pilot phase, and over 30 projects have been included in our "U.S. Initiative on Joint Implementation" out of the approximately 80 projects that have been initiated globally.

- We are proud of our program, and believe that the projects included in it constitute an invaluable source of experience, information and data that will help inform international efforts as countries consider "joint implementation" under Article 6 and the CDM under Article 12 of the Kyoto Protocol.
- Given the opposition I have mentioned, what happened in Kyoto that produced agreement on the CDM?

Provisions of Article 12

- The CDM represents something of a departure from "joint implementation" as it was known up to Kyoto.
- First, as I have mentioned, Article 12 clearly recognizes the twin benefits of cooperative projects -- both in fostering sustainable development in developing countries and in helping industrialized countries to reduce emissions cost-effectively; this recognition is very important, because until the CDM many developing countries doubted the benefits that can accrue to them.
- Second, Article 12 does not reference the term "joint implementation" -- a term that raised concerns in developing countries who argued that the commitments of industrialized and developing countries were different, questioned which commitments were being jointly implemented, and feared that "joint implementation" would impose new commitments on them.
- Third, Article 12 continues the "voluntary" aspect of the AIJ Pilot Phase, but it also provides for multiple operating entities, under the guidance of an executive board (which itself will operate under the guidance of the Conference of the Parties/Meeting of the Parties under the Kyoto Protocol), to certify emissions reductions; this is an important feature, because it will help to ensure the transparency and integrity of projects under the CDM.
- Fourth, Article 12 makes clear that private firms may either engage in projects and share the certified emissions reductions produced or may simply purchase certified emissions reductions resulting from projects undertaken by others.
- Fifth, under the CDM, a "share of the proceeds" will be available to help developing countries that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation; because many developing countries are quite concerned about the

potential adverse impacts of climate change, this aspect of the CDM was very welcome.

- And Sixth, unlike "joint implementation" under Article 6 and "emissions trading" under Article 17 of the Kyoto Protocol, certified emissions reductions under the CDM may begin and may be counted as early as the year 2000.
- This is not a complete list, but it gives you some idea of how the CDM differs from approaches taken up to Kyoto.

June Meetings of Convention's Subsidiary Bodies

- The meetings last month of the Subsidiary Body on Scientific and Technological Advice and the Subsidiary Body for Implementation were the first opportunity that the international community has had since Kyoto to begin considering how to move forward with the CDM and the Protocol's other flexibility mechanisms.
- Inevitably, things did not move as quickly as some had hoped, and it is likely that even more time will be needed to come to consensus on how to launch the CDM.
- Nevertheless, at the meetings, the Group of 77 and China tabled a series of important questions concerning the flexibility mechanisms -- demonstrating both strong interest in the CDM and a clear intention to move forward.
- There was also strong interest in the private sector and a strong determination there to move forward.

In Bonn, the United States urged Parties to proceed deliberately, recognizing that it will be critical to adopt approaches that encourage private sector engagement.

- For this reason, we counseled against an early determination by the COP/MOP as to what "part of" commitments under Article 3 may be met from CDM project activities.
- For this reason also, we urged that the "share of the proceeds" that will go to cover CDM administrative expenses and adaptation be based on the value of the emissions reduced or sequestered and that it be kept low to encourage a greater number of projects.

Finally, we took the position that projects designed to sequester greenhouse gas emissions are fully embraced by Article 12, as are projects that limit or reduce those emissions -- both contribute to the mitigation of climate change.

Next Steps

- As previously mentioned, CDM certified emissions reductions may begin to accrue as early as the year 2000.
- To make this a reality, governments will need to come to grips with specific aspects of the CDM, including:
 - (1) How to ensure that benefits related to mitigation are real, measurable and long-term, and that emissions reductions are additional to any that would occur in the absence of certified project activities;
 - (2) how to ensure transparency, efficiency and accountability through independent auditing and verification;
 - (3) what kinds of existing organizations can be tapped to perform the various functions of the CDM, including:
 - (a) certifying emissions reductions from specific projects
 - (b) marketing certified emissions reductions
 - (c) helping, as necessary, to arrange project funding, and
 - (d) administering adaptation funds
 - (4) and finally, how to constitute the executive board and select multiple "operating entities."
- We are particularly interested in developing procedures that might enable all projects meeting a certain standard in a given sector to qualify -- this would help promote objectivity in evaluating project activities and it might greatly lower administrative delays and costs.
- If handled with wisdom and common sense, the CDM will likely be pivotal to encouraging developing countries to engage in the global response to climate change.
- The CDM will do so by example and incentive -- by showing how actions to limit, reduce or sequester greenhouse gas emissions also bring significant benefits in promoting technology transfer, increasing the availability of financial resources and promoting sustainable development.

- We also look forward to the day when all significant greenhouse gas emissions will take place within quantitative limits.
- At that time, the CDM will likely have served its purpose, and emissions trading will have become the preferred "flexibility mechanism" because of its lower cost and administrative efficiency.
- I thank you and wish you success in this important workshop.

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Talking Points on CDM

Background:

The U.S. position on CDM has been less defined than that on emissions trading. Since Kyoto, we have participated in a number of workshops and fora to discuss further development of the CDM. Our general position has been that developing the operational rules and modalities for the CDM is a priority, especially in light of the opportunity to begin CDM activities in 2000. We have supported action to allow implementation of CDM activities to proceed as soon as possible.

In our interventions at Bonn, we cautioned against unnecessarily limiting CDM activities, such as through premature and restrictive definitions of "additionality" and restrictions on how many credits secured through the mechanism could be used to meet target obligations (the EU sought limits on all flexibility mechanisms). We stated that private sector participation was key and should not be discouraged or chilled by administrative restrictions and bureaucracy. We also advocated the coverage of sink activities, including sustainable forest management, although we noted that we would need to focus on better operational guidelines to allow determinations of "additionality." Finally, we recommended making the "share of the proceeds" that would be subtracted from project proceeds sufficiently small (e.g. base it on value of emissions reductions, not value of project) so as to encourage participation in the mechanism.

Overall, we supported efforts to develop project guidelines and criteria that promote real, measurable and long-term benefits, including mechanisms for auditing and verification. We also sought to deflect the EU's attempts to consider all flexibility mechanisms together, since we believe more work can and should be done separately on emissions trading (there is also a timing issue: trading rules can be developed now by the Conference of Parties while CDM must wait for decisions by the Meeting of the Parties to the Protocol when it comes into effect). We are reviewing our strategy now in light of difficulties we have encountered on moving ahead on the flexibility mechanisms.

There has been a substantial interest in the CDM by developing countries, although these countries still have a number of questions about the fundamental aspects of the mechanism. The G77/China produced a series of questions on CDM (as well as on the other flexibility mechanisms), and we and the Umbrella Group are drafting responses. We anticipate further discussions on these questions and the overall mechanics of CDM at Buenos Aires.

Note: attached are copies of the U.S.'s proposed responses/comments on the G77 CDM questions as well as the EU's responses.

Talking Points

- The CDM is an important part of the flexibility mechanisms we fought hard for in Kyoto. We are committed to developing the operational rules and modalities for CDM as quickly as possible, especially in view of the Protocol provisions allowing CDM activities to begin as early as 2000.
- The Administration is working hard to formulate effective positions and policies on CDM. We welcome discussions with groups such as PCSD which can lend important perspectives and expertise.
- The CDM is critical for a number of reasons. In combination with emissions trading and JI, it will allow developed countries to secure the most cost-effective emissions reductions wherever they may be found.
- It also plays a critical role in the global development and exchange of environmental technologies, which are Administration priorities. CDM will provide incentives to the private sector to develop these technologies and an opportunity to market them in exchange for credits for emission reductions.
- CDM will also provide important public and private investment in developing countries, helping those countries get on a path toward cleaner energy and economic growth. I note that one of the central purposes of the CDM is to assist parties in achieving sustainable development.
- Finally, CDM will aid those countries that are most vulnerable to climate change by ensuring a share of the proceeds will be used to assist these countries in meeting the costs of adaptation.
- Thus, the CDM will be important for all countries and a key part of the effort to reduce global emissions. It will also help the United States and other Annex 1 countries engage with developing countries, who must ultimately be part of the solution to climate change.
- It is imperative that the Administration continue to work with groups such as yours and with other countries to develop the CDM. Critics of the Protocol misguidedly call our work "back door implementation" of Kyoto. But we must all work together on giving further meaning to this important mechanism, or it will develop without our input and ideas. We have the opportunity to work together to make the CDM a valuable and effective mechanism, and we should do so.

Talking Points for BCSE CDM Roundtable

Introduction

- The CDM is a critical element of the Kyoto Protocol -- it provides developed countries with opportunities for cost-effective emissions reductions and engages developing countries by promoting sustainable development, investment and technology exchange.
- It will also offer significant opportunities for U.S. businesses, e.g. by providing markets for environmental and energy efficient technologies as well as a source of emissions reduction credits.
- We are committed to developing the operational rules and modalities as quickly as possible, especially in view of the Protocol provisions allowing credits derived from CDM activities after 2000 to be used in the first budget period.
- We are working bilaterally with developing countries and in multilateral fora to further develop the CDM. We will attend a CDM Ministerial in Ottawa [co-sponsored by Canada/Argentina/Brazil] in late September where we hope to see further movement. **[Note: CDM was discussed at recent Umbrella Group meeting in New Zealand]**
- Before much progress can be made, however, we need to work through a number of issues relating to how the CDM will function. These issues include limits on use, institutional structure, additionality and baselines, auditing and verification, and defining share of the proceeds.
- I will briefly discuss our current policies on each, although I recognize we have much to do in all these areas. But first, I would like to lay out our overall vision of the CDM:
 - the CDM should be a flexible market-based mechanism that ensures cost-effective reductions through public and private sector investment in clean energy
 - the CDM should help ensure compliance with targets and be based on principles of accountability and transparency
 - wherever possible, the CDM should use existing institutions -- especially those used in the private sector. This will streamline the process and lead to a robust system built on already proven principles.
- Therefore, we look to you, the private sector, for your perspectives, ideas and solutions to make the CDM as effective as possible for all involved.

Limits on Use of the CDM

- We actively oppose efforts by the EU and others to limit the use of flexibility mechanisms,

including CDM, in meeting Kyoto targets. In our view, it would not be wise to establish a quantified limit since fewer projects would be initiated. Fewer projects would mean fewer benefits to all parties -- less investment, technology transfer and funds for adaptation

- Moreover, such a ceiling would be difficult to implement. A Party or private company would not know whether it would ultimately be able to use a given project activity to meet Kyoto commitments, particularly as the Party approached the ceiling.
- Finally, we need to develop rules on additionality and baselines that will ensure real reductions but not result in inappropriate limits on the use of CDM.

Institutions

- We expect that the bulk of CDM financing will come from the private sector. Recognizing this, we support institutional structures that will promote private sector involvement and minimize bureaucratic oversight.
- Under the Protocol, the Parties are to establish an Executive Board to supervise the CDM and give guidance to CDM participants. We have begun to discuss the specific constitution, character and functions of the Board. However, we believe it makes sense first to decide on the functions of the various aspects of the whole mechanism since these will guide our development of the Executive Board.
- Board members should have professional expertise in project development, project financing and climate change mitigation. There should also be appropriate geographical and developing country representation.
- Under the Protocol, emissions reduction benefits will have to be certified by operational entities designated by the Parties. We prefer independent and decentralized operational entities to reduce potential transaction costs.
- The Parties also need to determine how the CDM may assist in arranging funding where funding by Parties or the private sector does not exist. The CDM, for example, can act as a clearing house which makes widely known the nature of proposed but unfunded projects.

Additionality/Determining Baselines

- Accurately measuring the emissions benefits resulting from a project is critical to the integrity of the CDM and Kyoto Protocol. To determine "additionality," we need to develop workable and accurate criteria for establishing baseline emissions of projects and for verifying actual emission reductions.
- Baselines may be established using a standard baseline for each project category. One method of establishing these baselines is to select a benchmark - a standard of

performance which can be either historical or forward-looking. Activities that perform better than the benchmark would meet additionality criterion, while those that perform worse do not. This approach would be more efficient than considering additionality on a case-by-case basis. (The latter approach could be used where criteria could not be developed or for projects below the benchmark)

Auditing and Verification

- Auditing and verification rules are to be developed by the Parties. These need to be both robust and cost-effective, especially since funds spent on these mechanisms will ultimately be drawn from projects themselves.
- We believe that entities involved in auditing and verification should not be the same as those involved in project development or promotion.
- We also believe that existing institutions, particularly from the financial sector, should be used to the greatest extent possible.

Share of proceeds

- A "share of the proceeds" should be part of the certified emissions reductions resulting from a project activity, not part of project costs (since not all of the project may be "additional.")
- Administrative expenses and adaptation funds should be set at a level that would encourage CDM projects. (Moreover, the lower the administrative expenses, the greater the share available for adaptation.)

Conclusion

- Again, we recognize that we still have a ways to go in formulating an effective CDM. We have many questions to answer from both developing countries and the private sector. Although I have discussed some of our current thinking, we certainly do not have all the answers to all the questions.
- The private sector will play a key role in the development and implementation of the CDM. I therefore look forward to our discussions today and hearing from you about your concerns and your proposals.

[if queried about timing, note that we recognize that not all rules necessary for the operation of the CDM may be operational by 2000. Thus, we need to make it clear in the CDM rules that operational entities may retroactively certify emission reductions obtained from 2000 resulting from a project activity begun before the CDM becomes operational - provided the emission reductions meet any applicable criteria]

THE WHITE HOUSE

WASHINGTON

January 24, 1995

To those gathered to honor the fiftieth anniversary of the liberation of Auschwitz:

Fifty years ago, humanity's darkest hour came to an end. It does not seem fitting to term this an anniversary of a liberation, for the word liberation suggests joy and hope. The anniversary we now mark was simply an end to a horror beyond comprehension.

The Holocaust and the martyrdom of millions has altered our view of humanity. Auschwitz and Auschwitz-Birkenau show that modern, educated persons were capable of committing acts of absolute evil on a systematic basis, day after day, year after year, in the middle of the twentieth century.

We remember the victims. Each was a person in the image of God, a son or daughter, a mother or father, a wife or husband, a sister or brother, a friend or neighbor, rich or poor, well or infirm.

The Jewish people -- singled out for destruction during the Holocaust -- have shouldered history's heaviest burden with a special wisdom born from their unique suffering. In bearing eternal witness to the past, all of the survivors -- Jews, Poles, and the children of so many nations and so many peoples freed from the Nazi death camps by the American, Soviet, and Allied armies -- help ensure that the world never again knows the horror of Auschwitz.

What is our responsibility in the face of Auschwitz, we who have lived in its shadow? What must we do?

We must remember the dead and honor their memory.

In our hearts and deeds, we must dedicate ourselves to the values trampled upon at Auschwitz: honor, respect for God and God's children, love.

We cannot undo what has been done. Words alone cannot measure up against the evil we acknowledge.

Yet if we, citizens and world leaders, can act on our sober knowledge and build a better world, one in which tolerance lights the darkest recesses where evil lies, then we will have honored the dead in the most fitting manner we can.

In the midst of death there is life. May God grant us the wisdom to find it and to use it for the benefit of all humanity.

Bin Clinton

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Richard STEVEN

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 3, 1993

REMARKS BY THE PRESIDENT
TO THE ANNUAL CONFERENCE OF
THE DEMOCRATIC LEADERSHIP COUNCIL

The Sheraton Washington
Washington, DC

10:31 P.M. EST

THE PRESIDENT: Thank you very much. Thank you very much, Senator Burrough and, ladies and gentlemen, thank you for that warm welcome. It's wonderful to be back here.

I want to thank John Breaux for his leadership of the DLC, his constancy, and his friendship and support to me in this last challenging year. I want to congratulate Dave McCurdy, who has been one of our most faithful members for a long time on his upcoming leadership of the DLC. (Applause.)

I want to say how wonderful it is for me to see so many of you, my friends from all across America here, particularly some of my friends from New Hampshire I see in the audience. Hillary spent yesterday in New Hampshire and came home gloating that she had been there and I hadn't. Thank you very much.

What's Bruno doing over here? Are you segregating him?

I have given a lot of thought to what I ought to say here today. It was eight or nine years ago now that -- well, almost nine years ago -- after the Democrats had lost yet another Presidential election, that a group of Democrats gathered to try to sharply define what we stood for and where we wanted our party to go. It was clear that we needed an infusion of new ideas and new energy, a new direction and reinvigoration into the party that most of us belong to by heritage, instinct and conviction.

My wife used to tell me I repeated often on the campaign trail that insanity was doing the same thing over and over again and expecting a different result. But we decided we would try some new things and see if we could produce some different results because we knew that our country needed a new direction. After all, in the previous 12 years we had seen the quadrupling of the deficit, the stagnation of wages, profound economic and social problems in this country going unaddressed, and middle class Americans continuing to stay with our opponents in the other party largely because they felt we could not be trusted to promote their economic interests or their values and our policies here at home, to promote our national interests abroad or to give them a government that gave them honest value for the hard-earned dollars they put into it in taxes.

In the Democratic Leadership Council we always understood that for our politics and our policies to move this nation, we had to express the basic values of mainstream America and promote those economic interests. The heart and soul of the American experiment has always been a personally secure and growing middle class challenged to achieve new opportunities, challenged to be part of a larger community, challenged ever more to assume the new responsibilities of each new age.

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The American dream that we were all raised on is a simple but powerful one -- if you work hard and play by the rules you should be given a chance to go as far as your God-given ability will take you. Throughout our history our party has been the fulcrum that allowed working people to lift themselves up into the middle class. And we know that if we're to be true to our historic mission we must be the party of the values and the interests of the middle class, and more importantly, the values and the interests of those who want to become part of the growing middle class and the American dream.

We must fight their fight, we must give voice to their concerns, we must give them the chance to build security while embracing change. And above all, we must honor those basic values of opportunity, responsibility and community, of work and family and faith.

This is what it means, in my view, to be a new Democrat. I was proud to campaign as one, I'm proud to govern as one. (Applause.)

Because we are Democrats we believe in our party's historic values of opportunity, social justice and an unshakable commitment to the interest of working men and women and their children. Because we are new Democrats we promote those old values in new ways. We believe in expanding opportunity, not government; we believe in empowerment, not entitlement; we believe in leading the world, not retreating from it; we believe that the line between domestic and foreign policy is becoming increasingly blurred as the interests and the future of every American and every city and hamlet in this country is increasingly caught up with events that happen beyond our borders. And most of all, we believe in individual responsibility and mutual obligation; that government must offer opportunity to all and expect something from all, and that whether we like it or not, we are all in this battle for the future together.

With that vision and those values, I believe that these ideas are beginning to change our nation. When I was preparing this speech last night, I came across a talk I gave back in March of 1990 when I became the chairman of the DLC, and I found a few words I wanted to repeat today.

I said that everyone hopes that the 1990s will see a political renaissance for the National Democratic Party. Every one of us knows we can't realize all our goals until we elect a Democratic President, but I believe that in the end any resurgence for the Democrats depends upon the intellectual resurgence of our party. That's another way of saying that ideas matter.

If you look at the elections in the last several months, it seems to me the real message of them has been lost in the argument about party labels, and we don't win 100 percent of them. People say, well, they should have won the ones they won. What about the ones they lost? Look what the message was in Dennis Archer's victory in Detroit -- one of our strong DLC members who will be here later -- or in my friend Bob Lanier's 91 percent victory in Houston. He said, "Elect me. I will stop spending money on this and I will instead spend money on police and I will deploy them properly and the crime rate will go down." And sure enough, it did and 91 percent of the people reelected him.

Look at the common threads that run through all these elections and you will see the ideas that we have been working to espouse in the Democratic Leadership Council for years and years.

I believe that we have achieved a victory of new ideas. I come here to say more than anything else, however, that when you produce policies that embody these values of opportunity and responsibility and community in a democratic society -- small D --

that elects people to Congress and that requires the President to work with the Congress, that requires the accommodation of various interests all across the country in the private sector, and requires a partnership with people at the state and local level. Having the best ideas in the world does not free you of the obligation to make difficult decisions.

And I further come here to say that we don't want to be in the position that some of our predecessors were in the other party where they were willing, from time to time, to exalt political rhetoric over reality; and where they were willing, from time to time, to let the perfect become the enemy of the good.

Our obligation is to do good things to move this country forward that embody our ideas and our philosophies. That does not relieve us of the obligation to make the hard decisions. It imposes that obligation on us and that is what we are trying to do. (Applause.)

As we approach the end of the year it is time to take stock of how far we have come, and I want to start, again, by paying my debts to this organization. Seven cabinet members of this Administration were DLC members -- seven. (Applause.)

My chief of staff, Mac McLarty, who came with me today was an early and strong supporter of the DLC. (Applause.) We have Elaine Kamarck was one of yours who did such a brilliant job on our reinventing government program. And Bruce Reed and Bill Galston are the intellectual firepower behind what we're doing in welfare reform and crime and family preservation. Jeremy Rosner wrote the wonderful words that I was privileged to speak at the Middle East peace signing, one of the best speeches I have had the opportunity to give as the President. I know it was a pretty good subject, but I had a pretty good speech writer, too, thanks to his growth, and I think you had a lot to do with that.

There are so many others, Doug Ross, Jim Blanchard and others who are active in the DLC, who are now part of our Administration. I also want to thank those who are here today from my Administration to talk about national service, welfare reform, and other things, including Donna Shalala and Eli Segal and Roger Altman. Let's look at what we've done together. And let me begin by again thanking the DLC members and the Congress, many of whom are here behind me, and without whom none of this would have happened.

The first thing we did was to move beyond the failed economic policies of the past, beyond tax and spend and beyond trickle down. Our economic plan is imbued with ideas the DLC has been advocating for years. We had the largest deficit reduction plan in history, fueled in part by more than 350 specific spending cuts that I have now signed entirely into law.

And I want to remove some of the veil of rhetoric about that. I'm not talking about smaller increases than were in the last Bush budget, I'm talking about 350 accounts in the federal budget where we are spending less money this year than we did last year. Real spending cuts. (Applause.)

We did ask the wealthiest Americans to pay their fair share, and overwhelming most of them told me as I was campaigning around the country, "I will do that if you'll bring the deficit down and give me value for money in what you spend the money on." This was not a question of class warfare, it was a question of fundamental fairness trying to reverse the situation in which the middle class found itself for the last 12 years of paying higher taxes on lower income.

In addition to that, for working families with less than \$180,000 a year in income, there will be no tax increase. Let me read you from a review of the new tax law written by the Kiplinger personal finance magazine, hardly an arm of the Democratic party. I quote from Kiplinger -- where were these people when I need them, when we were debating this in Congress? (Laughter.) I quote, "About 110 million Americans will file individual tax returns next spring. On 108 million of them taxes will take a smaller bite than they did this year." That's right, smaller. The fact is, Kiplinger says, "more than 98% of us are not affected by the higher income tax rates which reach back to the first of the year. Our tax bills will go down a bit on the same income because taxes are indexed for inflation." If you are part of the forgotten middle class, don't forget that. (Applause.)

In addition, in this economic plan there are pro-growth DLC ideas, investment incentives. Small business expensing is dramatically increased so that 90% of the small businesses in this country, because of the increase in the expensing will pay lower federal income taxes this year than they did last year -- 90%. There is a venture capital gains tax here for small businesses and new businesses where the investment is held for five years or longer, tax rate cut by about 50 percent. There are expansions in the research and development tax credit, and other things designed specifically to spur high technology growth in areas where we need it and where we have great opportunities moving toward the 21st century.

There are pro-work, pro-family welfare reform ideas in this economic plan, including the earned income tax credit about which I will speak more later. I think the most significant pro-work, pro-family economic reform we have enacted in 20 years. There are reinventing government DLC ideas in this economic plan, including a major overhaul of the college loan program in which we save billions in administrative costs and put it into providing lower interest loans to college students who can pay them back on easier terms as a percentage of their income, but we toughen the collection terms so we make sure they can't beat the bill. These things were all in that economic plan. And because of that, what really matters is the result.

And let me say here, a cautionary note, this country is dealing with structural economic challenges of 20-year duration. We are dealing with social challenges that have been building for 30 years. We are reversing economic policies that were in place for 12 years. We will not be able to turn this around overnight. The average American has not yet felt a significant change in his or her economic circumstances. But look at the direction we are going in. We have historically low interest rates. Inflation is down to very low levels -- 20-year low levels. Investment is up. Housing sales last month were at a 14-year high. The unemployment rate drop this month was the best drop in 10 years.

We've had 1.6 plus million new jobs come into this economy since January. The private sector jobs since January are about 50 percent more, almost 50 percent more than were created by the private sector in the previous four years. (Applause.) One of the ironies is that under this Administration for the next four years, government jobs won't grow as much as they did in the past four years. The private sector jobs will grow more.

Now we have a long way to go. We still are dealing with stagnant incomes. We are still dealing with the fact that more and more people who lose their jobs lose them permanently and have to find new and different jobs. And that imposes new obligations on us. But we have unemployment down, investment up, no inflation and low interest rates. We are moving in the right direction.

The decision to go after the deficit and to do it in a progressive, fair way with new ideas was the right decision. And the rhetoric is now being wiped away by the reality. The Kiplinger Report will be found now by ordinary people when they get their tax forms in April. And a lot of the blows that this Administration and this party suffered unfairly and wrongly in the last year happened because people put out bogus rhetoric that could not be overcome by the reality. Now when you see the Kiplinger Report and the tax forms come out, and people don't pay more taxes, they pay less, and we've got low inflation, high investment, more jobs and lower unemployment, the truth will out just like it always does. (Applause.)

Again I will say, all the good ideas in the world does not relieve you of the obligation to make the hard decisions, and to do it in a way that permits us to go forward. That is, somebody has to decide and we have to move and we have to act, and it all has to count up to a majority so you can go forward. That's what democracies do.

But it won't be enough. This on its own terms will not be enough to expand incomes and create jobs sufficient to restore the interest of middle class America. Why? Because you have to have a growing economy in a global context. With productivity going up a lot of big companies are downsizing. They are going to become more profitable. But what does productivity increase mean? It means the same person can produce more, right? Sometimes it means fewer people can produce more. We've had utterly astonishing growth in productivity in the manufacturing section in America now coming into the service sector and into the government sector as we use more and more new technology. What does that mean? That means fewer people do more work. That means higher unemployment, and since you got all these unemployed people out here it means pressure to keep wages down.

So if you want incomes to go up and jobs to increase, what must you do? You must have more customers. There have to be more customers for America's goods and services. There is no other way to increase incomes and to increase jobs in this country.

That is why we have pursued another course, long advocated by the DLC, trying to broaden the opportunity for Americans to sell their goods and services. That is why last summer I met with the G-7 and got those countries to agree to expanding market access for manufacturing products. That is why I have started trying to build a new and very different relationship with Japan. It is simply unsustainable over the long run for these two great economies to have the kind of imbalance in our economic relationship that we have. That is why I fought so hard along with the DLC for the North American Free Trade Agreement. (Applause.)

And that is why our Trade Ambassador, Mickey Kantor, has hardly slept for the last 48 hours as we try to work out an agreement with Europe that's good for us and good for them on the GATT rounds, so that we can try to get a new worldwide trade agreement by the end of the year. I want to say a special word of thanks to all of you who were involved in the NAFTA struggle. It was not an easy one. The Speaker of the House called it a Lazarus project, it came back from the dead.

But I particularly appreciate the courageous stance taken by those who had to disagree with their friends honestly and openly because none of us could figure out how to grow this economy and grow more jobs unless we have more customers in an environment in which the global economy is growing. That's why I went out to meet with the APEC Minister.

Someday the whole story of this great struggle will be known, but I do want to say I am very grateful to the people in the

Congress who did the work, and to Mr. McLarty who kept in close touch with the President's office in Mexico, and to all the people on my staff and all the people who have made this happen, people like my good friend Steny Hoyer, who really stuck his neck out on this. (Applause.)

It is a simple, elemental principle that we must grow the global economy if a rich country, whether it's America, Japan or the European community, is going to be able to maintain higher incomes and more jobs.

Now, the second thing we've got to do is to enable people to succeed in this economy; in other words, we have to enable people in America, if we have good economic policies and if we can get global economic growth, we have to enable more Americans to succeed. It must be possible in our country, in other words, to be a successful worker and a successful parent, since most workers are parents and most parents have to work. That's why I supported and signed the Family and Medical Leave Act, something you would support. That's why I fought so hard in the economic plan for the earned income tax credit.

That phrase is totally Greek to most people, they don't understand it. But what it means is that on April 15th between 15 and 16 million working families in this country, representing over 40 million American citizens who worked this year for incomes of \$23,000 a year or less -- going up to \$26,000 in a couple of years -- will get an income tax reduction. Why? Because even though they work 40 hours a week and they have children in the home, they are at, just below, or just hovering above the federal poverty line. This is the most important thing we can do in welfare reform -- to make a simple statement that if you have kids and you work 40 hours a week, you will not be in poverty, we will reward your work. The tax system will keep you out of poverty. (Applause.)

It's a very, very difficult thing to do because it costs money and it complicated the politics of passing the budget. But it was the right thing to do because unless we can reward work and family at the same time, we are not going to get where we need to go. And it matters. We cannot ask the American people to be in the position every year -- and for many of them, every week and every day -- of choosing between being a good parent and a good worker. You have to be able to succeed at both in the world in which we are living. And I think it was terribly important.

The next thing I want to say is we've got to train a whole generation to think about work in a different way, and we have to reorganize our systems. We literally have to reinvent our systems for dealing with how people deal with work, the loss of it, and the acquisition of new jobs. There are lots of things involved in that, but one them plainly is opening the doors of college education to all Americans. I mentioned earlier that we have reformed the student loan law. We also passed one of the DLC's most cherished ideas, the National Service Act, into law, thanks to, literally, the parenting work of Eli Segal in developing the legislation, getting it through, setting up the organization and maintaining the confidence of large numbers of Republicans as well as Democrats in the United States Congress.

And I know he's going to talk about that in a moment, but three years from now, 100,000 young people will be able to earn some money for further education while rebuilding their communities from the grassroots up. This idea has the potential to totally reshape the way Americans think about their country and to bring a dramatic change in this country on a whole range of social problems from the grassroots up. And Senator Nunn and Congressman McCurdy and any number of other people in the DLC were out there pounding on this idea for years and years and years. And I thank you for that, and I

hope you are proud of the fact that it is a law of the land.
(Applause.)

The last thing I want to say about what we've tried to do already is that we recognized in this organization a long time ago that if people didn't feel a certain level of basic security, it was very difficult for them to make the changes we need to make. If you want to challenge people to seize opportunities and to assume more responsibility, if you want people to be able to live with, basically, the chaotic nature of the world in which we find ourselves -- a very exciting world if you can figure out to win in it -- there has to be some sense that the basic fabric of society is being maintained, that there is some order, some security, some discipline which we need to observe.

That is why this crime and violence issue is so important. Huge increases in violent crime in many communities in this country. Police at an increasingly disadvantageous issue -- now over three violent crimes for every police officer in the country, where it used to be the reverse, three police officers for every crime just 30 years ago. And all the stories you know about children killing children, or young teenagers being better armed than police officers.

We know there are some things that work. We know -- the DLC does, we've been advocating this for years -- that community policing works. Mayor Lanier, in Houston, just proved it in the ultimate way, by getting over 90 percent of the vote. I was trying to think of who else could get 90 percent of the vote for anything. It tells you how passionately people care about this public safety issue.

We are trying our best in these difficult budget times to get a crime bill out that will produce 100,000 new police officers. But they must be properly trained and properly deployed. That is a challenge for you in the DLC. It is a challenge for us as Americans to make sure not only that we pass a bill in Congress that provides the police officers, but that when they get down to whatever town or city they're in, that they are properly trained and properly deployed. Community policing works. You can lower crime, not just by catching more criminals, but because it actually helps to prevent crime from occurring in the first place. It really matters.

There are some other things we ought to do in that crime bill, too, and I'll just mention two. We need to provide alternative punishments for youthful offenders so that we can use the prison space we have to keep people who shouldn't get out for as long as they should stay in. The boot camp proposals are in this crime bill, another DLC idea that we have advocated for years and years, something that I tried to do at home when I was a governor. And it's an important part of the bill.

There are two other things in the bill. Senator Kohl, from Wisconsin, has put an amendment in to ban the ownership of handguns by young people under 18, and to limit access to them to properly control circumstances by minors. And it passed overwhelmingly. (Applause.)

Then there was an amendment by Senator Feinstein to ban several assault weapons and to specify a number of hunting weapons that cannot be restricted at all because they're hunting rifles and they are things that people use for sporting purposes. I think it is a good, balanced amendment and I hope it will be in the final provision of the crime bill.

Lastly, let me say that I was elated earlier this week, on Tuesday, to sign the Brady bill into law, and I thank the DLC for its longstanding support of the Brady bill. (Applause.)

I also want to say that it is perfectly clear to me that one of the biggest problems we face as Democrats is that we know that the government has a role to play in dealing with a lot of these problems. But we also know that in America there is a historic distrust of government that is healthy. And in the more recent years that distrust has risen to record levels which is not healthy, and we have to do something about it. But the only way we can do anything about is by giving people better value for their government. And I want to really say a special word of thanks for the work that David Osborn and Elaine Kamarck have done in helping the Vice President on this reinventing government project.

I want you to know that this is not just a report. The report recommends that we do what most companies have been doing for years to eliminate unnecessary layers of management and empower front-line workers to become more responsive to customers to constantly improve our services. We are moving to implement that report. The House voted right before they left to implement our recommendation to reduce by 252,000 by attrition, not by laying people off, the federal work force over a five-year period. The Senate voted to pay for the crime bill by doing that. But both have agreed that we ought to do it.

The question now is whether we will be given the tools to do it in a humane and responsible way, in a way that is good for the federal employees, good for the federal work force, good for the taxpayers of the country. But it is a very important thing. We can only make this government work if we have the tools to do it. We have, for example, clear evidence that the Pentagon can meet a lot more of our national security needs if we have procurement reform, that we are still wasting billions of dollars in the way we buy things.

When I was in Alameda the other day on the U.S. Carrier Carl Vincent having lunch with some career Navy personnel, an enlisted man with 19 years of service told me that he had just -- because he was on a ship he had access to emergency procurement, sort of an escape hatch from the procurement clause -- he said, "I went down to a computer store and I bought a personal computer for this ship for something we needed that cost one-half as much and had twice the capacity of the computer required to be bought in the procurement regulations of the federal government. That is still going on.

We have a procurement reform bill pending in the Congress. If we are going to do what you want us to do on reinventing government we have got to be given the legal authority to manage this government with the same sort of flexibility and common sense that people in the private sector have.

And you know, I've got my longtime friend and former colleague and your former chairman, Chuck Robb, behind me. I mean, he's been preaching this stuff for years and when he was a governor he worked on it. And I can just tell you that there are things we can do to save billions of dollars and still increase investment where we need it, but we have to be given the tools to do it.

So I ask the DLC to urge the Congress to pass the structural reforms we need to have the kind of budgeting, procurement and personnel practices that will permit us to save money and increase investment in our future at the same time. (Applause.)

Now, next year we have a lot of challenges ahead of us: health care, welfare reform, re-doing the system of education and job training and unemployment, to mention the three biggest, perhaps. And I would like to say just a word about each of them in terms of the ideas of the DLC.

First, we have to provide our workers and businesses the security they need to know that they will not be bankrupted by an illness or paralyzed by the constant fear of the loss of coverage. Almost nobody in America today really knows for sure that they will never lose their health care coverage -- for sure, no matter what happens to them or what happens to their business.

I want you to know what this budget really looks like, and the only reason the deficit is a continuing problem. I wish I had a graph here. If I had a graph here and this were zero on spending -- this is zero, zero increases. Here is where defense is going: down. Domestic spending: flat. That means every time we put more money into Head Start we have cut that much money somewhere else. Interest on the debt is going up some because even though interest rates are low, the corpus of the debt is getting bigger.

Then our revenues are going up like this, about eight percent next year, retirement going up because the cost of living that everybody gets who is on Social Security or any kind of retirement.

But the big numbers are Medicare, 11 percent, one year. This is at three-and-a-half percent inflation max, right? One percent growth in the Medicare rolls, two percent growth in the Medicaid rolls. Medicare going up 11 percent, Medicaid going up 16 percent. That is it. At a time when the most conservative Republicans in the Congress would say we should be spending more on new high-technology ventures and in defense conversation and in trying to help us adjust from a defense to a domestic economy, that's what we're spending our money on.

And I talked to executive after executive facing the same thing. But there is good news. The federal health insurance program, which is big and has bargaining power, has actually had many of its policies lower this year than they were last year. The State of California, which is in terrible financial shape, so everybody knows they don't have a lot of money and which has huge bargaining power, has negotiated a cost increase in its premiums less than the rate of inflation.

So what do we have to do with health care, again, to avoid the stale debate of right and left. One side says, well, the President's system is just going to cure itself and another is saying that the government ought to take it over and operate it. What can we do?

If you go back to what you wrote and mandate for change -- when Jeremy Rosner was back in domestic policy instead of foreign policy -- you say we should be able to change the rules of the private health care market to produce universal coverage and lower cost, better quality care. I agree with that.

We have to offer the American people a new choice that is guaranteed private insurance. I think there have to be two changes in the existing system. First of all, you have to provide health insurance that you can never lose, whether you are in or out of work, and no matter what kind of job you are in, because a lot of people are going to go from big companies that have big benefits to smaller companies in the inevitable restructuring of the economy.

And you have to give greater consumer power, market power, to small businesses and to self-employed people. And in order to do it you have to go to a broad-based community rating scheme, in my judgment, so that there is no disincentive for little companies to hire people who have had somebody in their family who has been sick, who has had a pre-existing condition.

Now, every other country in the world with which we compete, including those that are doing quite well, has figured out how to do this. We're the only people who haven't figured out how to do it. I just refuse to believe that we can't figure out how to give health care security to everybody in this country and to give equal bargaining power, market power, in the marketplace to small businesses and self-employed people. I just refuse to believe that, I think we can. (Applause.)

We can disagree about a lot of things, but I think everybody would admit we ought to have a system in which there is a good comprehensive benefit package, including primary and preventive care that is given to every family. And that people have to assume some personal responsibility for it and ought to be prepared to pay something for it, but that we ought to do that.

If we don't, you're going to continue to see your federal government faced with insolvency. We're going to continue to have to cut all of our spending from domestic investments, many of which 80 percent of the people in this room think we ought to be making. We're going to continue to see massive cost shifting from the government to the private sector and within the private sector from some companies to others, and often the companies with the most generous health care benefits are the ones that are the most vulnerable in global competition.

This is a nutty system, and we have to fix it. And we have to fix it without messing up what is wonderful about it -- the quality of care, the availability of emerging technologies. The things that people do today in this health care system that are very good -- we can fix what's wrong without messing that up. And there are a lot of options we can pursue to get there, but I would just urge you to stick with what was in the mandate for change. Do not give up on universal coverage. And do not give up on the proposition that there has to be a competitive capacity for employers, including small businesses and the self-employed. If you will stay with that, then we can reach an agreement next year which will be the most historic domestic achievement for this country in a generation. And we have to do that. (Applause.)

With regard to welfare reform, let me just say very briefly -- I want to say again how much I appreciate the work that Bruce Reed has done, the work that Bill Galston has done. We are moving toward making welfare a second chance, not a way of life. We have made this debate an interesting one in which there is now a Republican counterproposal. I don't agree with all of it, but there are some very good ideas in it. It really gives me the cause to believe that we might be able to make a bipartisan coalition here with a big majority, to try to give people who are trapped in poverty and unemployable in present circumstances a chance to be successful parents and successful workers. And I am very, very encouraged by that. I think you will be, too. (Applause.)

Finally, just let me say this. We have terrible problems today in America because a lot of people who want to work are not employable or can't ever get a job where their wages will go up because they don't have the skills. Let me just mention two or three things that we are trying to do.

The Secretary of Education, one of the former DLC members, has his education reform bill which will pass early when the Congress comes back, the Goals 2000 bill, that does what we've been advocating for years. It puts the federal government -- instead of trying to micromanage the schools, we're going to provide the schools with the money that the teachers and the principals need at the grassroots level to figure out how to meet the national education goals. And we will measure schools by their results, not by overregulating their influence. And we will give them some standards

by which they will be able to tell whether they are measuring up to global standards or not. And we will focus more on trying to give them the tools and the information they need to follow strategies that work.

I'm telling you, every problem in American education has been solved by somebody somewhere, including people under the most adverse circumstances. What we need to do is to have the federal government help to spread that instead of getting in the way. And we are changing the whole approach to that, thanks to Secretary Riley and the support we have received all across the education community from the NEA, from the AFT, from the administrators, from the school boards, from people who are really committed to changing the nature of the federal role in public education. There is also in this bill explicit provision for the kind of reforms the DLC has advocated in terms of supporting local districts who want to have charter schools, who want to have public school choice, who want to do the kinds of things that many districts have wanted to do where the federal government has essentially taken no position in the past. That can be a part of this reform.

The other thing that we are doing is to try to work out with the Secretary of Education and the Secretary of Labor a national system of apprenticeships to move people from school to work who aren't going to four-year colleges. Everybody who doesn't go to a four-year college and get the degree at least needs two years of further education and training. And our school to work program makes a good beginning on that.

The final thing we're trying to do is to deal with the terrible problem of the unemployment system. Today, if you are an employer and you pay the unemployment tax, you are paying for a system that is dysfunctional. You are basically paying for a lot of workers to draw a reduced income until it's obvious that the unemployment runs out and they are not being called back to their old jobs. The unemployment system was developed in a time when people were called back to their old jobs.

What we need to do is to develop an immediate system of re-employment so that the minute someone knows they are going to be unemployed, they are immediately eligible for retraining for job placement for the kind of services that will give people the chance to make a quick start back in life and to use that unemployment stream to get continuous retraining. I hope that we can get the employer community, the labor community together in this country to do this. Secretary Rogers' most important contribution to this entire Administration may be changing people's understanding of the way the institution we have here has nothing to do with the nature of unemployment for most Americans anymore. That is our big reinventing government challenge for next year.

Now, let me say finally that the reports say that this Administration had the best year in terms of Congressional success of any in the last 40 years. You heard Senator Breaux say -- and I've called Senator Lieberman in the middle of the night enough to know that the Congress worked 40 percent more this year, spent 40 percent more hours on the job than last year. Forty percent more. (Applause.) We made a difference. If we can do health care, welfare reform and reform the education and training system next year, we'll make more of a difference. If we can keep growing this economy with stable, secure policies. It will begin to be felt in the lives of middle class Americans.

But I will end where I began. The Democratic Party has got to be a grass roots party. It has got to reflect not only the economic interests, but the basic values of most American people. And there are a lot of things that we have to do in this country that deal with crime and violence and restoring the family and restoring

communities that cannot be done, not now, not ever, by the President and the Congress alone that require private sector initiatives that require people at the state and local level to act.

The most important thing we ever said in the DLC was that in the end there can be no successful opportunity without responsibility, and you can't run a country unless everybody recognizes that we are in a community in which we have responsibilities to one another and in which we go up or down together. That was the most important thing we ever said.

So I ask you as you leave here, I hope you will go home and talk about how the ideas that you have fought for are being brought to life in this Administration. But more important than that, I hope you will go home and remember that no matter who the President of the United States is, until the American people are prepared to take responsibility for their futures, and until we are prepared to recognize again not just in our rhetoric but in our lives that this is one country and we have got to find a way to make a strength out of our diversity; we have got to stop to stop wasting so many kids; we have got to stop permitting the incredible level of social disintegration that we have permitted -- we will never become what we ought to.

And when we become the party that is the grassroots, bottom-up, personal responsibility, community-oriented party committed not only to saying to the President and the Congress, "This is what we want you to do for America," but to proclaiming every day, "Here is what we are doing for America," we will not be where we all set out to go. I think we're well on the way.

Thank you very much, and God bless you. (Applause.)

END

11:18 p.m.

E X E C U T I V E O F F I C E O F T H E P R E S I D E

13-Nov-1993 07:25pm

TO: (See Below)

FROM: Ken Chitester
 Office of Media Affairs

SUBJECT: POTUS at Memphis church

THE WHITE HOUSE

Office of the Press Secretary
(Memphis, Tennessee)

For Immediate Release

November 13, 1993

REMARKS BY THE PRESIDENT
TO THE 86TH ANNUAL HOLY CONVOCATION OF
THE CHURCH OF GOD IN CHRIST

Mason Temple Church Of God In Christ
Memphis, Tennessee

11:51 A.M. CST

THE PRESIDENT: Thank you. Please sit down. Bishop Ford, Mrs. Mason, Bishop Owens and Bishop Anderson; my bishops, Bishop Walker and Bishop Lindsey. (Applause.) Now, if you haven't had Bishop Lindsey's barbecue, you haven't had barbecue. (Applause.) And if you haven't heard Bishop Walker attack one of my opponents, you have never heard a political speech. (Laughter and applause.)

I am glad to be here. You have touched my heart. You brought tears to my eyes and joy to my spirit. (Applause.) Last year I was over with you at the Convention Center. Two years ago your bishops came to Arkansas and we laid a plaque at The Point in Little Rock, Arkansas, at 8th and Gaines, where

Bishop Mason received the inspiration for the name of this great church. (Applause.)

Bishop Brooks said from his pulpit that I would be elected President when most people thought I wouldn't survive. I thank him and I thank your faith and I thank your works, for without you I would not be here today as your President. (Applause.)

Many have spoken eloquently and well, and many have been introduced. I want to thank my good friend, Governor McWherter and my friend Mayor Herenton for being with me today -- (applause) -- my friend Congressman Harold Ford, we are glad to be in his congressional district. (Applause.)

I would like to, if I might, introduce just three other people who are members of the Congress. They have come here with me. And without them it's hard for me to do much for
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you. The President proposes and the Congress disposes.
(Laughter.) Sometimes they dispose of what I propose, but
--(laughter). I'm happy to say that according to a recent report
in Washington, notwithstanding what you may have heard, this
Congress has given me a higher percentage of my proposals than
any first year President since President Eisenhower. And I thank
them for that. (Applause.)

Let me introduce my good friend, a visitor, to
Tennessee, Congressman Bill Jefferson from New Orleans,
Louisiana. Please stand up. (Applause.) And an early supporter
of my campaign. (Applause.) Congressman Bob Clement from
Tennessee, known to many of you. (Applause.) And a young man
who's going to be coming back to the people of Tennessee and
asking them to give him a promotion next year, Congressman Jim
Cooper from Tennessee, and a good friend. Please welcome him.
(Applause.)

You know, in the last 10 months, I've been called a
lot of things, but nobody's called me a bishop yet. (Laughter
and applause.) When I was about nine years old, my beloved and

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now departed grandmother, who was a very wise woman, looked at me and she said, you know, I believe you could be a preacher if you were just a little better boy. (Laughter.)

The proverb says, "A happy heart doeth good like medicine, but a broken spirit dryeth the bone." This is a happy place, and I'm happy to be here. (Applause.) I thank you for your spirit. (Applause.)

By the grace of God and your help, last year I was elected President of this great country. I never dreamed that I would ever have a chance to come to this hallowed place where Martin Luther King gave his last sermon. I ask you to think today about the purpose for which I ran and the purpose for which so many of you worked to put me in this great office. I have worked hard to keep faith with our common efforts -- to restore the economy; to reverse the politics of helping only those at the top of our totem pole and not the hard-working middle class or the poor; to bring our people together across racial and regional and political lines; to make a strength out of our diversity instead of letting it tear us apart; to reward work and family and community and try to move us forward into the 21st century. I have tried to keep faith.

Thirteen percent of all my presidential appointments are African Americans, and there are five African Americans in the Cabinet of the United States -- two and a half times as many as have ever served in the history of this great land. (Applause.) I have sought to advance the right to vote with the motor voter bill, supported so strongly by all the churches in our country. And next week it will be my great honor to sign the Restoration of Religious Freedoms Act, a bill supported widely by people across all religions and political philosophies to put back the real meaning of the Constitution -- to give you and every other American the freedom to do what is most important in your life, to worship God as your spirit leads you. (Applause.)

I say to you, my fellow Americans, we have made a good beginning. Inflation is down. Interest rates are down. The deficit is down. Investment is up. Millions of Americans, including, I bet, some people in this room, have refinanced their homes or their business loans just in the last year. (Applause.) And in the last 10 months, this economy has produced more jobs in the private sector than in the previous four years.

We have passed a law called the Family Leave law, which says you can't be fired if you take a little time off when a baby is born or a parent is sick. (Applause.) We know that most Americans have to work, but you ought not to have to give up being a good parent just to take a job. If you can't succeed as a worker and a parent, this country can't make it.

We have radically reformed the college loan program, as I promised to lower the cost of college loans and broaden the

availability of it and make the repayment terms easier. (Applause.) And we have passed the national service law that will give in three years -- three years from now, 100,000 young Americans a chance to serve their communities at home, to repair the frayed bonds of community, to build up the needs of people at the grass roots, and at the same time, earn some money to pay for a college education. It is a wonderful idea. (Applause.)

On April 15th, when people pay their taxes, somewhere between 15 million and 18 million working families on modest incomes, families with children and incomes of under \$23,000, will get a tax cut, not a tax increase, in the most important effort to ensure that we reward work and family in the last 20 years. Fifty million American parents and their children will be advantaged by putting the tax code back on the side of working American parents for a change. (Applause.)

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Under the leadership of the First Lady, we have produced a comprehensive plan to guarantee health care security to all Americans. How can we expect the American people to work, and to live with all the changes in a global economy, where the average 18-year-old will change work seven times in a lifetime, unless we can simply say, we have joined the ranks of all the other advanced countries in the world; you can have decent health care that's always there that can never be taken away? It is time we did that; long past time. I ask you to help us achieve that. (Applause.)

But we have so much more to do. You and I know that most people are still working harder for the same or lower wages; that many people are afraid that their job will go away. We have to provide the education and training our people need, not just for our children, but for our adults, too. If we cannot close this country up to the forces of change sweeping throughout the world, we have to at least guarantee people the security of being employable. They have to be able to get a new job if they're going to have to get a new job. We don't do that today, and we must, and we intend to proceed until that is done.

We have to guarantee that there will be some investment in those areas of our country -- in the inner cities and in the destitute rural areas in the Mississippi Delta, of my home state and this state and Louisiana and Mississippi, and other places like it throughout America. It's all very well to train people, but if they don't have a job, they can be trained for nothing. We must get investment to those places where the people are dying for work. (Applause.)

And finally, let me say, we must find people who will buy what we have to produce. We are the most productive people on Earth. That makes us proud. But what that means is that every year one person can produce more in the same amount of time. Now, if fewer and fewer people can produce more and more things, and yet you want to create more jobs and raise people's incomes, you have to have more customers for what it is you're making. And that is why I have worked so hard to sell more American products around the world; why I have asked that we be able to sell billions of dollars of computers we used not to sell to foreign countries and foreign interests -- to put our people to work.

Why? Next week I am going all the way to Washington state to meet with the President of China and the Prime Minister of Japan and the heads of 13 other Asian countries, the fastest growing part of the world, to say: We want to be your partners. We will buy your goods, but we want you to buy ours, too, if you please. (Applause.) That is why. (Applause.)

That is why I have worked so hard for this North American Trade Agreement that Congressman Ford endorsed today, and Congressman Jefferson endorsed and Congressman Cooper and

Congressman Clement, because we know that Americans can compete and win only if people will buy what it is we have to sell. There are 90 million people in Mexico. Seventy cents of every dollar they spend on foreign goods, they spend on American goods. People worry fairly about people shutting down plants in America and going not just to Mexico but to any place where the labor is cheap. It has happened.

What I want to say to you, my fellow Americans is, nothing in this agreement make that more likely. That has happened already. It may happen again. What we need to do is keep the jobs here by finding customers there. That's what this agreement does. It gives us a chance to create opportunity for people. (Applause.)

I would never -- there are people -- I have friends in this audience, people who are ministers from my state, fathers and sons, people -- I've looked out all over this vast crowd and

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I see people I've known for years. They know. I spent my whole life working to create jobs. I would never knowingly do anything that would take a job away from the American people. This agreement will make more jobs. Now, we can also leave it if it doesn't work in six months. But if we don't take it, we'll lose it forever. We need to take it, because we have to do better.

But I guess what I really want to say to you today, my fellow Americans, is that we can all of this and still fail unless we meet the great crisis of the spirit that is gripping America today.

When I leave you, Congressman Ford and I are going to a Baptist church near here to a town meeting he's having on health care and violence. I tell you, unless we do something about crime and violence and drugs that is ravaging the community, we will not be able to repair this country. (Applause.)

If Martin Luther King, who said, "Like Moses, I am on the mountaintop and I can see the promised land, but I'm not going to be able to get there with you, but we will get there," -- if he were to reappear by my side today and give us a report card on the last 25 years, what would he say? You did a good job, he would say, voting and electing people who formerly were not electable because of the color of their skin. You have more political power, and that is good. You did a good job, he would say, letting people who have the ability to do so live wherever they want to live, go wherever they want to go in this great country. You did a good job, he would say, elevating people of color into the ranks of the United States Armed Forces to the very top, or into the very top of our government. You did a very good job, he would say. He would say, you did a good job creating a black middle class of people who really are doing well; and the middle class is growing more among African Americans than among non-African Americans. You did a good job. You did a good job in opening opportunity.

But he would say, I did not live and die to see the American family destroyed. (Applause.) I did not live and die to see 13-year-old boys get automatic weapons and gun down 9-year-olds just for the kick of it. (Applause.) I did not live and die to see young people destroy their own lives with drugs and then build fortunes destroying the lives of others. That is not what I came here to do. (Applause.)

I fought for freedom, he would say, but not for the freedom of people to kill each other with reckless abandon; not for the freedom of children to have children and the fathers of the children walk away from them and abandon them as if they don't amount to anything. (Applause.) I fought for people to have the right to work, but not to have whole communities and people abandoned. This is not what I lived and died for.

My fellow Americans, he would say, I fought to stop white people from being so filled with hate that they would wreak violence on black people. I did not fight for the right of black people to murder other black people with reckless abandon. (Applause.)

The other day the Mayor of Baltimore, a dear friend of mine, told me a story of visiting the family of a young man who had been killed -- 18 years old -- on Halloween. He always went out with little bitty kids so they could trick-or-treat safely. And across the street from where they were walking on Halloween, a 14-year-old boy gave a 13-year-old boy a gun and dared him to shoot the 18-year-old boy; and he shot him dead. And the Mayor had to visit the family.

In Washington, DC, where I live, your Nation's Capital, the symbol of freedom throughout the world -- look how that freedom is being exercised. The other night a man came

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along the street and grabbed a one-year-old child and put the child in his car. The child may have been the child of the man. And two people were after him and they chased him in the car, and they just kept shooting with reckless abandon, knowing that baby was in the car. And they shot the man dead, and a bullet went through his body into the baby's body and blew the little bootie off the child's foot.

The other day on the front page of our paper, the Nation's Capital, are we talking about world peace or world conflict? No -- big article on the front page of The Washington Post about an 11-year-old child planning her funeral -- "these are the hymns I want sung; this is the dress I want to wear; I know I'm not going to live very long." That is not the freedom -- the freedom to die before you're a teenager is not what Martin Luther King lived and died for. (Applause.)

More than 37,000 people die from gunshot wounds in this country every year. Gunfire is the leading cause of death in young men. And now that we've all gotten so cool that everybody can get a semiautomatic weapon, a person shot now is three times more likely to die than 15 years ago, because they're likely to have three bullets in them. One hundred and sixty thousand children stay home from school every day because they are scared they will be hurt in their school.

The other day I was in California at a town meeting, and a handsome young man stood up and said, Mr. President, my brother and I, we don't belong to gangs; we don't have guns; we don't do drugs; we want to go to school; we want to be professionals; we want to work hard; we want to do well; we want to have families. And we changed our school because the school we were in was so dangerous, so when we stowed up to the new school to register, my brother and I were standing in line and somebody ran into the school and started shooting a gun. My brother was shot down standing right in front of me at the safer school.

The freedom to do that kind of thing is not what Martin Luther King lived and died for. (Applause.) It's not what people gathered in this hallowed church for the night before he was assassinated in April of 1968. If you had told anybody who was here in that church on that night that we would abuse our freedom in that way, they would have found it hard to believe. And I tell you it is our moral duty to turn it around. (Applause.)

And now I think finally we have a chance. Finally, I think, we have a chance. We have a Pastor here from New Haven, Connecticut. I was in his church with Reverend Jackson when I was running for President on a snowy day in Connecticut to mourn the death of children who had been killed in that city. And afterward we walked down the street for more than a mile in the snow. Then the American people were not ready. People would

say, oh, this is a terrible thing, but what can we do about it.

Now when we read that foreign visitors come to our shores and are killed at random in our fine state of Florida; when we see our children planning their funeral; when the American people are finally coming to grips with the accumulated wave of crime and violence and the breakdown of family and community and the increase in drugs and the decrease in jobs, I think finally we may be ready to do something about it.

And there is something for each of us to do. There are changes we can make from the outside in -- that's the job of the President and the Congress and the governors and the mayors and the social service agencies. Then there's some changes we're going to have to make from the inside out, or the others won't matter. (Applause.) That's what that magnificent song was about, wasn't it? Sometimes there are no answers from the outside in; sometimes all the answers have to come from the

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values and the stirrings and the voices that speak to us from within.

So we are beginning. We are trying to pass a bill to make our people safer -- to put another 100,000 police officers on the street. To provide boot camps instead of prisons for young people who can still be rescued. (Applause.) To provide more safety in our schools. To restrict the availability of these awful assault weapons. To pass the Brady Bill and at least require people to have their criminal background checked before they get a gun. And to say, if you're not old enough to vote and you're not old enough to go to war, you ought not to own a handgun and you ought not to use one unless you're on a target range. (Applause.)

We want to pass a health care bill that will make drug treatment available for everyone. And we also have to do it -- we have to have drug treatment and education available to everyone, and especially those who are in prison who are coming out. We have a Drug Czar now in Lee Brown, who was the Police Chief of Atlanta, of Houston, of New York, who understands these things. And when the Congress comes back next year we will be moving forward on that.

We need this crime bill now. We ought to give it to the American people for Christmas. And we need to move forward on all these other fronts. But I say to you, my fellow Americans, we need some other things as well. I do not believe we can repair the basic fabric of society until people who are willing to work have work. Work organizes life. It gives structure and discipline to life. It gives meaning and self-esteem to people who are parents. It gives a role model to children.

The famous African American sociologist, William Julius Wilson, has written a stunning book called *The Truly Disadvantaged*, in which he chronicles in breathtaking terms how the inner cities of our country have crumbled as work has disappeared. And we must find a way, through public and private sources, to enhance the attractiveness of the American people who live there to get investment there. We cannot, I submit to you, repair the American community and restore the American family until we provide the structure, the value, the discipline and the reward that work gives. (Applause.)

I read a wonderful speech the other day given at Howard University in a lecture series funded by Bill and Camille Cosby, in which the speaker said, "I grew up in Anacostia years ago. Even then it was all black and it was a very poor neighborhood. But you know, when I was a child in Anacostia, 100 percent African American neighborhood, a very poor neighborhood, we had a crime rate that was lower than the average of the crime rate of our city. Why? Because we had coherent families. We had coherent communities. The people who filled the church on

Sunday lived in the same place they went to church. The guy that owned the drugstore lived down the street. The person that owned the grocery store lived in our community. We were whole."

And I say to you, we have to make our people whole again. This church has stood for that. Why do you think you have five million members in this country? Because people know you are filled with the spirit of God to do the right thing in this life by them. (Applause.)

So I say to you, we have to make a partnership --all the government agencies, all the business folks -- but where there are no families, where there is no order, where there is no hope, where we are reducing the size of our armed services because we have won the Cold War -- who will be there to give structure, discipline and love to these children? You must do that. And we must help you.

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Scripture says, you are the salt of the Earth and the light of the world. That if your light shines before men they will give glory to the Father in heaven. That is what we must do. That is what we must do. How would we explain it to Martin Luther King if he showed up today and said: Yes, we won the Cold War. Yes, the biggest threat that all of us grew up under, communism and nuclear war. Communism gone; nuclear war receding. Yes, we developed all these miraculous technologies. Yes, we all have got a VCR in our home. It's interesting. Yes, we get 50 channels on the cable. Yes, without regard to race, if you work hard and play by the rules, you can get into a service academy or a good college, you'll do just great.

How would we explain to him all these kids getting killed and killing each other? How would we justify the things that we permit that no other country in the world would permit? How could we explain that we gave people the freedom to succeed and we created conditions in which millions abuse that freedom to destroy the things that make life worth living and life itself? We cannot.

And so I say to you today, my fellow Americans, you gave me this job. And we're making progress on the things you hired me to do. But unless we deal with the ravages of crime and drugs and violence and unless we recognize that it's due to the breakdown of the family, the community and the disappearance of jobs; and unless we say some of this cannot be done by government because we have to reach deep inside to the values, the spirit, the soul and the truth of human nature, none of the other things we seek to do will ever take us where we need to go.

So in this pulpit, on this day, let me ask all of you in your heart to say we will honor the life and the work of Martin Luther King; we will honor the meaning of our church; we will somehow, by God's grace, we will turn this around. We will give these children a future. We will take away their guns and give them books. We will take away their despair and give them hope. We will rebuild the families and the neighborhoods and the communities. We won't make all the work that has gone on here benefit just a few. We will do it together by the grace of God.

Thank you. (Applause.)

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PROUD OF RELATIONSHIP WITH HOUSE DEMS

- * During the campaign, I visited with the House Democratic Caucus twice. And it has been my privilege to speak with you and work with you often in the six months we have been together.
- * You are great representatives of our party
- * I know that you were very skilled, very passionate, and very effective in opposition to Republican Presidents. But the difference between Democrats and Republicans is that we believe deeply in public service, we believe that it is appropriate and necessary for government to be a force for change in our country. Democrats lead.
- * Now we are in charge of the people's business. Now our job is to get good things done. Already, we have. FMLA, Motor Voter, National Service, Aid To Russia, the fastest adoption of a budget in 17 years. The American people should feel they were right to put us in charge.
- * We have changed the debate: the question is no longer whether the deficit will be reduced, but by how much; whether health care will be reformed, but how; whether

there should be tax fairness, but through what means; whether we should invest in the strength and skills of our people, but how. We are succeeding.

- * Now we have to deliver. This economic growth bill is good and I want you to support it because it is right economically; it is right politically; it is what the country needs; and for the same reasons it is good, there is no alternative because failure would be unacceptable.
- * \$496 billion, more spending than taxes
- * Fair: 80% on over \$200K vs. \$3 a month on Mid-class
- * Protects the elderly
- * Incentives for growth; investments for skills and earning power of people: 90% of small business get a tax cut; expensing; student loans; EITC.
- * This will work. Good for the economy. Show people we can break gridlock and make decisions. Improve people's lives with EITC. Get Democrats on a better footing with small business. Show we are the party of growth and fairness. Create 8 million jobs.

- * After economy: Health, Reinvent, Welfare, Trade
- * People say I am not Lyndon Johnson. Maybe they're right.
I have never picked up Socks by his ears. I will never show any surgical scars on television. I do not share LBJs belief that bigger government is always better. I hope I have his passion for civil rights, and I share his values about the forgotten people in USA.
- * But I will say this: I want your vote on this package as much as President Johnson ever wanted anything from any Member of Congress. I look you all in the eye this morning and say: I want your help. This growth bill is right for our economy, right for our party, and right for you to support.

**The President of the United States
Remarks Prepared for Delivery
to the American People
The Oval Office
August 3, 1993**

93 AUG 3 P6:25

Good evening.

Tonight, I want to report to you on the progress we have made -- and ask for your help -- on our nation's most urgent priority: reviving the American Dream by restoring the American economy.

It has been at least thirty years since a President has asked Americans to take personal responsibility for our country's future. And it has been at least thirty years since our government took its budgets seriously.

For at least 20 years, middle class incomes have been nearly stagnant. Too many Americans are working nights, weekends, and holidays just to make ends meet.

For at least ten years, costs in our health care system have exploded. Millions of Americans go to bed each night worrying that, if they lose their jobs or their children get sick, their health insurance will be taken away.

And for more years than America can imagine, our economy has failed to generate jobs -- good jobs that pay enough to own a

home, buy a car, meet the medical bills, educate your daughters and sons, and retire with dignity.

For too long governments of both parties in Washington failed us. Middle class Americans felt betrayed by a Democratic Party that they believed practiced the politics of entitlement: government hand-outs without asking anything in return. And so they turned to the Republicans, who betrayed the middle class as well by practicing the politics of abandonment: raising taxes on the middle class while cutting them on the well-off -- and asking nothing in return from them either. Meanwhile, Washington did nothing as the exploding costs of health care, housing and education put the American Dream farther and farther out of reach.

Tonight we are on the verge of breaking out of the old, false choice between tax and spend Democrats and trickle-down Republicans. We are on the verge of moving beyond the failed politics of entitlement and the failed politics of abandonment to a new way of doing things that is in truth grounded in our most enduring values: a philosophy that says America owes all of us an opportunity. But all of us owe our country responsibility. No more something for nothing. Finally, we're all in this together.

The time for evasion and excuse -- for the politics of just getting by -- that time is past. Americans have always defined ourselves by the challenges we have met and mastered. Now it is our time to reclaim America's greatness and take this country in a new direction.

To do that, we must make government work for the people who pay the bills. All of us have been awed by the vast power of the Mississippi River breaking its banks and the devastation that has followed. But we have also been awed by the courage of the flood victims and the compassion of other Americans who have joined them in fighting back the waters and trying to restore normal life. I am especially proud that this time, the federal government has been fighting alongside the people.

That is what we must do on all fronts.

In just six months we have won important battles: a new Family and Medical Leave law that allows young parents to take time off to care for a new baby without losing their jobs; a new National Service Corps helping tens of thousands of young people pay for college through service to their country; a new Supreme Court Justice, confirmed today without partisanship or rancor; new policies to develop high technology jobs and to convert defense facilities to productive civilian purposes, expanding jobs and opportunity; and -- from a summit in Vancouver to help

save Russian democracy to a summit in Tokyo to help revive the world economy -- there are new opportunities for Americans and a new respect for American leadership.

But we cannot rest. We must do more -- much more -- to turn this country around. For too long, we have taken the easy course of delay and denial -- all talk and no action -- on the deficit, on jobs, on health care, and so many problems -- and that is the path to decline. Now we have the chance to change. Now we are on the eve of historic action.

This week, Congress will cast a crucial vote on my plan for economic recovery. In a comprehensive economic plan, there are always places for give and take. But from the first day to this day, I have stood firm on certain ideas and ideals that are at the heart of our plan. Tonight, I can report to you that every one of those principles is contained in the final version of the economic plan:

First: We insist on the largest deficit reduction in history: nearly \$500 billion, drawn equally from spending cuts and new revenue. Rather than the games and gimmicks of the past, this plan has 200 specific spending cuts and it reduces government spending by more than \$250 billion. We cut more than 100,000 positions from the federal bureaucracy, by attrition. We

freeze discretionary spending for five years. And we limit pay increases for federal employees.

Why must we take extraordinary action now? [CHART ONE, IN WHICH DEFICIT LINES GO UP IF WE DO NOTHING, BUT GO DOWN IF WE PASS THE PLAN] As you can see from this chart, America faces a choice. We can continue on the path of higher deficits and lower growth, or we can make fundamental changes to improve our nation's economy and our people's lives. {End Chart} It won't be easy, and it won't be quick. But it is necessary.

Without deficit reduction, we cannot have sustained economic growth. Economists and business leaders warn us that growth will falter if we do not take dramatic steps to tame the deficit -- and soon. With so much at stake, it would be irresponsible not to take decisive action. With our plan in place, the economy will grow, and more than eight million jobs will be created in the next four years. Without it, we put our economy and our standard of living at risk. If we take this important first step right now, over the long term we will see deficits go down and jobs go up.

Our **second** principle is fairness: those who have the most contribute the most. [CHART TWO, IN WHICH THE BAR GRAPH SHOWS THE TAX FAIRNESS OF THE PLAN] As this chart proves, we ask the well-off to pay their fair share -- requiring that at least 80%

of the new tax burden fall on those making more than \$200,000 a year -- not to punish the successful but simply to ask something of the very people whose incomes went up and whose taxes went down during the 80s. {End Chart} For working families making less than \$180,000 a year, there will be no income tax increase - - none. I repeat: For working families making less than \$180,000 a year, there will be no income tax increase -- none.

Third: We must protect older Americans from the punitive cuts in Social Security, Medicare and veterans' benefits that some have proposed. While all Americans must do their part, I will not balance the budget on the backs of older Americans while protecting the wealthy. Every alternative offered by the opponents of change begins with deep cuts in health care for older Americans. I believe we must build a better future for our children without sacrificing the security of their grandparents.

Fourth: We must keep faith with the hard-working middle-class families who are the strength and heart of this country. We have worked hard to insure the lowest possible tax on the middle class. Our plan asks an average working family to pay no more than \$3.00 a month in new taxes -- less than a dime a day -- with a 4.3 cent-a-gallon increase in the gasoline tax. This is the only new tax working people will pay -- the only one.

Let me be plain about where the deficit reduction comes from. [CHART THREE -- THE PIE CHART] Out of every ten dollars in deficit reduction, five comes from spending cuts. Four dollars comes from taxes on those earning \$200,000 a year or more, and just one dollar comes from everyone else. {End Chart}

Finally: We must have an economy that creates jobs and lifts up the American people. In the past, deficit reduction efforts failed because they neglected incentives for business growth and investments to make Americans smarter, stronger and safer.

This plan is different.

This plan generates jobs. In fact, over 90% of small businesses are eligible for tax cuts if they invest in their future and create jobs. If you have the courage to invest in a new business, and the vision to hold that investment for five years, this plan will cut your capital gains tax in half. If your business invests in research and development, this plan will reward you. If your small business creates new jobs and buys new equipment, this plan will provide incentives for growth by nearly doubling the expensing provision for new investments.

While we make deep cuts in spending, we make room for needed investments. Our plan invests in people and makes special investments in our children and our families -- through Head

Start, nutrition for pregnant mothers, and immunization for poor children. We will revolutionize the student loan program so all Americans can better afford to finance a college education, and we make bold changes in worker training so that high school graduates can get high-skill, high wage jobs.

Perhaps most important, this plan rewards work over welfare, by lifting out of poverty every parent with children at home who chooses fulltime work over lifetime welfare. We do this through the Earned Income Tax Credit, which cuts taxes for 20 million working families and households earning \$27,000 or less. It does this without creating a new government bureaucracy. But it sends an enormously powerful message to the people who struggle against great odds to raise themselves and their families; it empowers them, and says we are on the side of people who work and who care about their families. And it is a critical first step to one of my most important priorities: ending welfare as we know it.

Every element of this plan is a departure from business as usual. And, if there is anything America needs, it is to put business as usual out of business.

I know full well that the American people are very skeptical of any claim by government, and they wonder if these cuts are real and whether these taxes will be used to pay down the deficit. Our plan is fundamentally different from business as

usual, and this is why. Our plan is based on conservative estimates of future revenues: it presents line-by-line, year-by-year specific cuts in government spending; it offers new incentives so we can expand the economy and generate jobs; it minimizes the tax burden on the middle class; and, it puts into place two safeguards that will keep a watchful eye on future federal spending while protecting the savings produced by our plan.

All the money we save will be locked away in a Deficit Reduction Trust Fund, so the savings will not be spent on politicians' pet projects. Because some in the Senate have used technicalities to block Senator DeConcini's amendment to create the Deficit Reduction Trust Fund, and frustrated the efforts of many Senators, and a clear majority of the House of Representatives, who support it and controls on annual spending in entitlement programs, I will sign Executive Orders tomorrow putting both of these safeguards in place.

This is a new direction.

Our plan has been carefully examined by the most conservative and skeptical critics of all -- those who run the financial markets. They have studied the plan and determined that over the long term, paying down the deficit will be good for the country. And so they have lowered interest rates. Lower

interest rates, in turn, make it easier to own a home, finance a business, buy a car, pay off credit cards and borrow for college. In fact, if you're a middle-class family with a \$100,000 mortgage at 10% interest, you should be able to refinance your mortgage down to 7.5% and save \$175 a month right away -- as millions of Americans already have.

The CEOs of 80 of the most successful companies in America, Republicans and Democrats, also support this plan. So do small business organizations: from National Small Business United and the National Association of the Self-Employed to the National Venture Capital Association, the men and women whose business it is to create jobs and growth have been solid in their support for this historic endeavor.

At this exceptional moment of promise, why are so many in Washington so reluctant to take action? Why is it so hard for so many in this city to break bad habits and take the steps we all know we must take?

For five months our critics had the chance to offer alternatives. And all the major plans came up with the same thing: less deficit reduction; more pain for older Americans; protections for the wealthy from paying their fair share; and no new incentives for business to create jobs or investments in the American people. And every one was rejected by Congress.

Now that there are only two choices -- our plan or no plan -
- our opponents want to bring the plan down. These guardians of
gridlock will do anything to preserve the status quo and serve
the special interests. They practice partisanship when we need
progress. They call for delay when we have been waiting 12 years.
They talk and talk about what to do, instead of doing what must
be done.

When I was the Governor of Arkansas, our state had one of
the lowest tax rates in the nation. I inherited the federal
deficit -- just like you did. And I don't like taxes any more
than you do. But our country is in economic danger, and now it
is time to take responsibility.

Passing this plan will be a bold step -- and the first step
on a longer journey toward giving our country a comprehensive
national economic strategy. Our economic strategy begins with
putting our house in order -- but it does not end there. We must
also have the courage to reform our health care system, so never
again will a family be denied health care, or a business be
bankrupted by health costs. We must end welfare as we know it,
and move millions of idle Americans off the welfare rolls and
onto the work rolls. We must revolutionize government itself,
cleaning out corruption and waste and bringing in state-of-the-
art management that will put the people back in charge of the

government. And we must pry open foreign markets to create American jobs.

All of these things come together to form an economic strategy that provides opportunity to every American, and asks responsibility from every American.

But we cannot take any of these steps if we will not take the first step. That is why the decision Congress must make this week is so important. And that is why I need your help.

I need you to tell the people's representatives to get on with the people's business. Tell them to change the direction of this economy right now, so our economy can start growing again, producing jobs again, and moving our country forward.

We Americans are a people both privileged and challenged, formed in turbulent times, and standing now at the beginning of a new time, the dawn of a new era. Our deeds and decisions can lift America up, so that in our third century, this will continue to be the youngest and most optimistic of nations -- a people on the march once again, strong and unafraid.

If we are bold in our hopes...if we meet our great responsibility, we will give this country we love the best years it has ever known. Good night, and may God bless us in this

journey.

Talking Points for Signing Executive Orders
on Deficit Reduction and Entitlement Spending
Oval Office August 4, 1993

In our civic life, nothing has done more to erode the confidence of the American people in their government than Washington's chronic failure to manage our finances or help the private sector create jobs.

Year after year, the public has been told by our leaders that sustained economic growth and deficit reduction would come tomorrow. But as sure as the sun rose and set over the Capitol City, deficits grew larger and incomes for average working Americans slipped or remained stagnant.

And as deficits grew and grew, citizen confidence in our public institutions fell and fell. Now we are in a situation where the American people are skeptical -- even cynical -- about everything that is said and done here, even with the best of intentions. We have a budget deficit, we have an investment deficit, and we have a trust deficit. I am determined to do something about all three.

I know the American people are very doubtful of any claim by government, and I know they wonder if these cuts are real and whether these taxes will be used to pay down the deficit. That's why we have gone the extra mile to ensure that our plan is fundamentally different from business as usual.

Our plan is based on conservative estimates of future revenues: it presents line-by-line, year-by-year specific cuts in government spending; it offers new incentives so we can expand the economy and generate jobs; it minimizes the tax burden on the middle class; and, it creates two safeguards that will keep a watchful eye on future entitlement spending while protecting the savings produced by our plan. I am signing two Executive Orders today to put these safeguards into place.

We owe these Executive Orders to the hard work of the Members of Congress represented here today. The House included both provisions in its version of the Reconciliation bill. The Senate would have included similar amendments, proposed by Senator DeConcini and others, but for the procedural maneuvering by people who feed public cynicism by talking about deficit reduction but nonetheless blocked action when the time came for their words to be matched by their deeds.

The Executive Orders I am signing today are virtually identical to the provisions adopted by the House and approved by a majority in the Senate.

Deficit Reduction Fund. The Deficit Reduction Order creates a Deficit Reduction account in the Treasury guaranteeing that the savings from the Reconciliation bill are dedicated exclusively to

reducing the deficit. This locks in deficit reduction and throws away the key.

- **Entitlement Review.** The Entitlement Review Order requires that entitlement spending be limited to the estimated levels included in the Reconciliation bill. If those levels are exceeded, I will present recommendations to Congress on corrective action to bring those levels down. No longer can entitlement spending soar out of control without concrete action being taken.

- These Executive Orders are the product of years of hard work by the men and women represented here today. I am deeply grateful to them for their inspiration and tenacity in getting this job done. (Acknowledge members).

- As important as our plan is -- for reducing the budget and investment deficits -- these Executive Orders deal with the trust deficit -- they are assurance to the American people that our good words about deficit reduction and economic growth will be matched by good works as well.



THE PRESIDENT HAS SEEN

Address by President Václav Havel

at George Washington University

Washington, D.C.

The United States of America

*To Bill Clinton
Václav Havel*

April 22, 1993

Mr. President,

Ladies and Gentlemen,

I remember a time when some of my friends and acquaintances used to go out of their way to avoid meeting me in the street. Though I certainly did not intend it to be so, they saw me, in a way, as a voice of their conscience. They knew that if they stopped and talked with me, they would feel compelled to apologize for not openly defying the regime too, or to explain to me why they could not do it, or to defend themselves by claiming that dissent was pointless anyway. Conversations like this were usually quite an ordeal for both sides, and thus it was better to stay away from them altogether.

Another reason for their behavior was the fear that the police were following me, and that just talking to me would cause them complications. It was easier not to go near me, thus they would avoid both an unpleasant conversation and the potential persecution that could follow. In short, I was, for those friends, an inconvenience. And inconveniences are best avoided.

For long decades, the chief nightmare of the democratic world was communism. Today — three years after it began to collapse like an avalanche — it would seem as though another nightmare has replaced it: post-communism. There were many, not just in the West, but in the East as well, who had been looking forward to the fall of communism for years, and who had hoped that its collapse would mean that history had at last come to its senses. Today, these same people are seriously worried about the consequences of that fall. Some of them may even feel a little nostalgic for a world that was, after all, slightly more transparent and understandable than the present one.

I do not share sentiments of that kind. I think we must not understand post-communism merely as something that makes life difficult for the rest of the world. I certainly did not understand communism that way. I saw it chiefly as a challenge, a challenge to thought and to action. To an even greater extent, post-communism represents just that kind of challenge.

Anyone who understands a given historical phenomenon merely as an inconvenience will ultimately see many other things the same way: the warnings of ecologists, public opinion, the vagaries of voters, public morality. It is an easy, and therefore seductive way of seeing the world and history. But it is extremely dangerous because we tend to remain aloof from things that inconvenience us and get in our way, just as some of my acquaintances avoided me during the communist era. Any position based on the feeling that the world, or history, is merely an accumulation of inconveniences inevitably leads to a turning away from reality, and ultimately, to resigning oneself to it. It leads to appeasement, even to collaboration. The consequences of such a position may even be suicidal.

What in fact do we mean by post-communism? Essentially, it is a term for the state of affairs in all the countries that have rid themselves of communism. But it is a dangerous simplification to put all these countries in one basket. While it is true that they are all faced with essentially the same task — that is, to rid themselves of the disastrous legacy of communism, to repair the damage it caused, and to create, or renew, democracy — at the same time, and for many reasons, there are great differences between them.

I will not go into all the problems encountered by post-communist countries; experts are no doubt already writing books on the subject. I will mention only some of the root causes of the phenomena that are arousing the greatest concern in the democratic West, phenomena such as nationalism, xenophobia, and the poor moral and intellectual climate which — to a greater or lesser extent — go along with the creation of the new political and economic system.

The first of these causes I see in the fact that communism was far from being simply the dictatorship of one group of people over another. It was a genuinely totalitarian system, that is, it penetrated every aspect of life and deformed everything it touched, including all the natural ways people had evolved of living together. It profoundly affected all forms of human behavior. For years, a specific structure of values and models of behavior was deliberately created in the consciousness of society. It was a perverted structure, one that went against all the natural tendencies of life, but society nevertheless internalized it, or rather was forced to internalize it.

When communist power and its ideology collapsed, this structure collapsed along with it. But people could not simply absorb and internalize a new structure immediately, one corresponding to the elementary principles of civic society and democracy. The human mind and human habits cannot be transformed overnight; to build a new system of living values and to identify with them simply takes time.

In a situation where one thing has collapsed and something new does not yet exist, many people feel empty and frustrated. This state is fertile ground for phenomena like the hunt for scapegoats, for radicalism of all kinds, and for the need to hide behind the anonymity of a group, be it socially or ethnically based. It encourages hatred of the world, self-affirmation at all costs, the feeling that everything is now permitted and the unparalleled flourishing of selfishness that goes

along with it. It gives rise to the search for a common and easily identifiable enemy, to political extremism, to the most primitive cult of consumerism, to a carpetbagging morality, stimulated by the historically unprecedented restructuring of property relations, and so on and so on. Thanks to its former democratic traditions and to its unique intellectual and spiritual climate, the Czech Republic, the westernmost of the post-communist countries, is relatively well off in this regard, compared with some of the other countries in the region. Nevertheless we too are going through the same great transformation that all the post-communist countries are, and we can therefore talk about it on the basis of inside knowledge.

Another factor that must be considered in any analysis of post-communist phenomena is the intrinsic tendency of communism to make everything the same. The greatest enemy of communism was always individuality, variety, difference — in a word, freedom. From Berlin to Vladivostok, the streets and buildings were decorated with the same red stars. Everywhere the same kind of celebratory parades were staged. Analogical state administrations were set up, along with the whole system of central direction for social and economic life. This great shroud of uniformity, stifling all national, intellectual, spiritual, social, cultural or religious variety, covered over any differences and created the monstrous illusion that we were all the same. The fall of communism destroyed this shroud of sameness, and the world was caught napping by an outburst of the many unanticipated differences concealed beneath it, each of which — after such a long time in the shadows — felt a natural need to draw attention to itself, to emphasize its uniqueness and its difference from others. This is the reason for the eruption of so many different kinds of oldfashioned patriotism, revivalist messianism, conservatism, and expressions of hatred towards all those who appeared to be betraying their roots or identifying with different ones.

The desire to renew and emphasize one's identity, one's uniqueness, is also behind the emergence of many new states. Nations that have never had

countries of their own feel an understandable need to experience independence. It is no fault of theirs that the opportunity has come up decades or even centuries after it came to other nations.

This is related to yet another matter: for a long time, communism brought history, and with it all natural development, to a halt. While the Western democracies have had decades to create a civil society, to build internationally integrated structures, and to learn the arts of peaceful international co-existence and cooperation, the countries ruled by communism could not go through this creative process. National and cultural differences were driven into the subterranean areas of social life, where they were kept on ice and thus prevented from developing freely, from taking on modern forms in the fresh air, from creating, over time, the free space of unity in variety.

At the same time many of the nations suppressed by communism had not even enjoyed freedom before its advent, and thus had not had a chance to resolve many of the basic questions of their existence as countries. Consequently thousands of unsolved problems have now suddenly burst forth into the light of day, problems left unsolved by history, problems we had wrongly supposed were long forgotten. It is truly astonishing to discover how, after decades of falsified history and ideological manipulation and massaging, nothing has been forgotten. Nations are now remembering their ancient achievements and their ancient suffering, their ancient suppressors and their allies, their ancient statehood, and their former borders, their traditional animosities and affinities — in short, they are suddenly recalling a history that, until recently, had been carefully concealed or misrepresented.

Thus in many parts of the so-called post-communist world, it is not just the regional order (sometimes referred to as the Yalta order) that is being corrected. There are also attempts to correct certain shortcomings in the Versailles order, and

even to go further back into history and exploit the greatest freedom some of them have ever had to make complete amends. It is an impossible desire, of course, but understandable nevertheless.

If we wish to understand the problems of the post-communist world, or some of them at least, then we must continually remind ourselves of something else. It is easy to deny the latent problems, ambitions, and particularities of nations. It is easy to make everything the same by force, to destroy the complex and fragile social, cultural and economic relationships and institutions built up over centuries, and to enforce a single, primitive model of central control in the spirit of a proud utopianism. It is as easy to do that as it is to smash a piece of antique, inlaid furniture with a single blow from a hammer. But it is infinitely more difficult to restore it all, or to create it directly.

The fall of the communist empire is an event on the same scale of historical importance as the fall of the Roman Empire. And it has similar consequences, both good and extremely disturbing. It means a significant change in the countenance of today's world. The change is painful and will take a long time. To build a new world on the ruins of communism might be as long and complex a task as the creation of a Christian Europe — after the great migrations — once was.

What are we to do if we do not wish to understand post-communism simply as a new inconvenience that would be better avoided by sticking our heads in the sand and minding our own business?

I think the most important thing is not just to take account of external and more or less measurable phenomena like the gross national product, the progress

of privatization, the stability of the political system and the measurable degree to which human rights are observed. All of these things are important, of course, but something more is necessary. There must be an effort to understand the deep events taking place in the womb of post-communist societies, to take note of their historical meaning and think about their global implications. It must be understood that these are not the curious woes of a distant and circumscribed part of the world, but events that concern everyone, and all of our present-day civilization. The temptation must be resisted to adopt a disparaging and slightly astonished attitude, one based on a subconscious feeling of superiority on the part of observers who are better off. Just as Czechs should not sneer at the problems of Tadzhikistan, so no one should sneer at the problems of the Czech Republic. Any point of departure, therefore, should involve deep insight and a deep sense of co-responsibility. It is only against this background of understanding that meaningful ways of assistance can be sought.

It seems to me that the challenge offered by the post-communist world is merely the current form of a broader and more profound challenge to discover a new type of self-understanding for man, and a new type of politics that should flow from that understanding. As we all know, today's planetary civilization is in serious danger. Modern man thinks of himself as the lord of creation and not just a part of it, and his vanity is rapidly destroying his hope of survival. Because he is not grounded in a humble respect for the order of Being, modern man allows himself to be driven by his particular interests. He is no longer capable of governing his behavior in a way that takes account of the general interest. We are rationally capable of describing, in vivid detail, all the dangers that threaten the world: the deepening gulf between the rich and the poor parts of the world, the population explosion, the potential for dramatic confrontations between different racial and cultural groups, the arming of whom no one seems able to stop, the nuclear threat, the plundering of natural resources, the destruction of the natural variety of species, the creation of holes in the ozone layer, and the unstoppable global warming. What is unsettling is

that the more we know about such dangers, the less able we seem to deal with them.

I see only one way out of this crisis: man must come to a new understanding of himself, his limitations, and his place in the world. He should grasp his responsibility in a new way, and reestablish a relationship with the things that transcend him. We must rehabilitate our human subjecthood, and liberate ourselves from the captivity of a purely rational perception of the world. Through this subjecthood and the individual conscience that goes with it, we must discover a new relationship to our neighbors, and to the universe and its metaphysical order, which is the source of the moral order.

We live in a world in which our destinies are tied to each other more closely than they ever have been before. It is a world with a single planetary civilization, yet it contains many cultures that, with increasing vigor and singlemindedness resist cultural unification, reject mutual understanding, and exist in what amounts to latent confrontation. It is a deeply dangerous state of affairs and it must be changed. The first step in this direction can be nothing less than a broad-based attempt by these cultures to understand each other, and to understand each other's right to existence. Only then can a kind of world-wide pluralistic metaculture, a self-preservational minimum on which everyone can agree, begin to form. It is only in the context of such a metaculture that a new sense of political responsibility — global responsibility — can come into being. And it is only with this newly born sense of responsibility that the instruments can be created that will allow humanity to confront all the dangers it has created for itself.

The new political self-understanding I am talking about clearly means a definitive departure from the understanding of the world that considers history, foreign cultures, foreign nations, and ultimately all those warning about our future, as a mere agglomeration of annoying inconveniences that disturb our tranquillity.

A quiet life on the peak of a volcano is just as illusory as the notion I talked about at the beginning: that by avoiding an encounter with a dissident in the street, we can avoid the problem of communism and the question of how to deal with it.

Ultimately, I understand post-communism as one of many challenges to contemporary man — regardless of what part of the world he lives in — to awaken to his global responsibilities, and to awaken to them before it is too late.

Ladies and Gentlemen,
Dear Friends,

This morning I had the honor of taking part in the opening of the Museum of the Holocaust.

On this occasion, as I have so often before, I asked myself how could this have happened? How could people in the twentieth century, aware of the theory of relativity, of quantum mechanics, who have penetrated to the heart of the atom and are exploring the reaches of outer space, have committed acts of horror so awful that to call them bestial would be to do an incredible disservice to all those creatures who happen not to be human. How could they have permitted it to happen?

In the context of what I have been talking about here, one aspect of a possible answer occurs to me. It was a failure of democracy, the politics of appeasement, giving way to evil: what in my country we call the spirit of Munich. The inability of Europe and the world to recognize the emerging evil in time and stop it

from growing to such monstrous proportions is merely another form of what I have called here an understanding of the world as an agglomeration of inconvenience. The issue here is the absence of a wider sense of responsibility for the world.

Czechs remember well a statement made by a democratic statesman shortly before he signed the Munich Agreement, the real beginning of all the horrors of the Second World War. He was appalled, he said then, that his country was digging trenches and trying on gas masks „because of a quarrel in a faraway country between people of whom we know nothing“. It is a classic example of how suicidal it is to try and avoid difficulties. This politician regarded Nazism as a problem that would go away if he stuck his head in the sand, or as it were crossed over to the other side of the street.

And so the chosen people were chosen by history to bear the brunt for all of us. The meaning of their sacrifice is to warn us against indifference to things we foolishly believe do not concern us.

~~In today's world, everything concerns everyone.~~ Communism also concerned everyone. And it is also a matter of concern to everyone whether or not, and in what way, we manage to build a new zone of democracy, freedom, and prosperity on its ruins.

Every intellectual and material investment in the post-communist world that is not haphazard but based on a deep understanding of what is happening here, will repay the whole world many times over.

And not only that: it will also be one more step on the thorny journey of the human race towards a new understanding of its responsibility for its own destiny.

Thank you for your attention.