

try, something we hope will carry through for the next few months.

Still, there are clear challenges before us. With all these good numbers coming in, very few new jobs have been created in America yet in this recovery. Most big businesses that are doing better are still downsizing; it's a part of their productivity. That happened all during the 1980's, when in every year of the 1980's the Fortune 500 companies reduced employment in total by more than a quarter of a million in the United States. But throughout much of the eighties, that reduction was more than offset by the creation of jobs in the small business sector.

In the last couple of years and regrettably even in the last few months, small business is not taking up the slack because of the crushing burden of health care costs and because of the credit crunch, which is much more severe in some States and regions than others but which is a very serious problem for our economy.

We also have a deficit that next year is projected to be \$50 billion bigger as of December than we were told in August and is growing exponentially, even though the Congressmen who are here can tell you that they made a good faith effort in 1990 to rein the deficit in with spending cuts and tax increases they thought would do it. It didn't happen because the taxes didn't bring in as much money as they thought, but even more importantly because health care costs have continued unabated, rising at breathtaking rates. So that at the end of this year—those of you who pay health insurance will know this—but we now, alone of all the advanced countries in the world, are spending 14 percent of our income on health care. No other country except Canada is over 9.

That is a terrific competitive disadvantage. It is costing you a great deal of money not only as taxpayers, for what you pay for Government health care, but in the private sector. And the hemorrhage is such that about 100,000 Americans a month are now losing their health insurance, many of them finding their way onto the public rolls and leading to explosive increases in the Government's health care burden.

So as we look ahead to our challenges and as I look ahead to this speech I have to give on February 17th to the joint session of Congress, I still believe in the fundamental themes on which I ran for President: We have to in-

crease job growth and income growth without increasing inflation. We have to face the serious problems of our urban areas and the serious problems of the underclass in ways that liberate the ability of all people to perform at high levels in this economy if we want to continue the increase in productivity. That means that we have to shift away in the money that you give us to spend, away from consumption, more toward investment. We have to increase investment in new technologies and education and training, in infrastructure and the things that will grow this economy. It also means that we have to provide more incentives in our Tax Code for investment in the private sector. And it means we have to act at long last to bring health care costs in line with inflation. If we did that, it would do more to free up private sector dollars to invest in economic growth than any tax cut I could sign into law or any spending increase that Congress and I together can enact.

So we will begin in earnest as soon as this break is over to do those things that your National Government has never had to do simultaneously before: We will attempt to increase investment and reduce the deficit at the same time. It will require an enormous amount of discipline and a willingness to try some new things and to cut some things in ways that we have not done before.

I hope you will all wish us well, and I hope you will tell every Member of your congressional delegation up here, without regard to party, that you know they're going to have to cast some difficult votes in order for this country to face its problems, and if they do it in good conscience and explain to you why you did it, you will not hold it against them. That's what they were hired to do, and you'll stick with them if they can do it.

You know, when I was Governor—and I did that job for a dozen years, and I had a good time doing it—there were many times when I had to cut spending five or six times in a given year. And people would be a little disconcerted at first, but we never got in debt. And I was always proud of the fact that my State had such a disciplined system. We paid a terrible price for it during the eighties when times were tough. But because we rode them out, last year we ranked first or second in job growth in virtually every month when I was off running for President, not because of anything that happened last year but because of the foundations