

Interview With the Indiana Media in Chicago

July 26, 1993

The President. Thank you very much. Please sit down. Sorry the conference ran a little late, but there was a lot of enthusiasm up there.

Let me just make a very brief opening statement. I want to give most of the time over to you for questions. I am doing a series of press conferences like this with representatives of the press from various States around the country, trying to do as many as I possibly can, the Vice President is doing others, to answer questions directly about the economic plan now before the Congress and any other issues that you would like to raise. It's not possible for the President, at least during the budget time, to travel the country as much as I would like to, so this gives me a chance as nearly as possible to communicate directly with the people whom you report to.

I want to emphasize just one or two things, if I might, about this economic plan. More than any other one which has been presented by any party, it reduces the deficit in a way that is fair to all the American people; that balances spending cuts and tax increases; that asks the middle class to pay a very small percentage of the overall burden in what amounts to about, at the most, \$50 a year, a little less than a dollar a week; holds working families with incomes of under \$30,000 harmless; and actually gives over 90 percent of the small businesses in the United States a chance to reduce their tax burden because they have no income tax increases. And they're given a chance to reduce their tax burden because the expensing provision which rewards them with lower taxes if they reinvest in their businesses is doubled under this plan.

This is a plan that will promote jobs, bring the deficit down, keep interest rates down, and enable us to move ahead with our business as a country. I think it is imperative that it pass. The most important thing is the Congress needs to pass a budget and to do it quickly so we can get on to other matters and start doing the other things that need to be done to grow the American economy as well.

If there are questions, I'll be glad to take them.

Yes, sir.

Taxes on Small Business

Q. Mr. President, the majority of jobs in Indiana are from small businesses, and you indicated that also in your address at noon today—Sub S corporations. A lot of the business people we talked to are really frightened that the tax package or the budget package would increase their taxes to the point where they're afraid they're going to have to cut back, lay off people, maybe some even go out of business. What assurance can you really give Hoosier business men and women that this plan is good for them?

The President. Well, there are 7 million Subchapter S corporations in America. Of those 7 million, 400,000, or far less than 10 percent, will have any income tax increase at all under this program. All of them, if the program passes, will have the expensing provisions of the Code, that is, they'll be able to just immediately write off \$20,000 rather than \$10,000 of expensing. So I will say again, over 90 percent of the small businesses in this country will get a tax break under this program.

To those who will pay higher taxes because the income taxes on the upper 6 percent of the country are going to be raised—it will be roughly small businesses with an income above \$140,000 adjusted gross income—to them, I would say there are ways to avoid that through reinvestment, just as there are for individuals. Keep in mind, this plan also leaves the rates where they are for capital investment, so if you reinvest in a business, your tax rates don't go up. If you invest in a new business or a small business with a capitalization of \$50 million a year or less, and you hold the investment for 5 years, your tax rates go way down under this plan.

We also extend the tax incentives for research and development, which the Republican plan did not do, so that you can take your taxes down if you do more R&D expenditures, which is what keeps the economy growing.

Another thing that we do I think is very important is to revitalize the real estate and homebuilding sectors of the economy by returning to the incentives which exist there. That's why the homebuilders and the realtors, two groups that normally are associated, frankly, more with

the Republican Party than the Democratic Party, nationally are supporting this plan, because it's good for that sector of the economy—again, something not in the Republican plan.

And one final thing I would say is that we extend the tax credit for health insurance for self-employed people, something that was not done under the Senate Republican plan. So in effect, all those people would have had a tax increase if the Republican plan had passed.

So I think if you look at the small business sector—and I want to compliment the Wall Street Journal. They've run a number of stories, factual stories, in the last week which have analyzed the facts of this economic plan as against the outrageous and inaccurate attacks being made on it which sort of show this. I mean, one of the people who was testifying against our plan for some group was given the facts of her business, and she said that's not what they told me this did. And it turned out she got a tax decrease instead of a tax increase.

Economic Program

Q. Well let's talk about, Mr. President, that for a second if you could. Senator Dan Coats' office this morning is saying they admire your sophistication of going to the local media, but the facts are taxes outstrip cuts two to one in this proposal. And they point out that among Hoosier voters, even something like a cigarette tax, your friend Governor Evan Bayh couldn't get it passed in Indiana—make the case to Hoosiers for what the Republican Senators are just calling a tax package.

The President. Well, first of all, they're wrong. They're wrong. Go back and look at what they said about the budget program they voted for in 1990, which had taxes and budget cuts in it and which had an outrageous estimate of economic growth in it, so much so that they changed their own program. They wrote it down by about a third within 60 days after passing it. I mean, the things I call tax increases and spending cuts are the same things that Ronald Reagan and George Bush and the Republicans in the Senate call tax increases, spending cuts.

They say that if they, under the budget they passed in 1992, were going to raise Medicare expenses 12 percent a year, and we cut it back to 9 percent a year, shaving \$50 billion off the deficit and now almost \$60 billion from what it would have been under their last budget, that that doesn't count as a cut. They say that it's

not a cut. I think it is. They say if we reduce interest costs to the Federal deficit, which we have done, by the way, already—the deficit this year is going down because we're bringing the deficit down, because the markets have brought long-term interest rates down because they see finally there's somebody serious about bringing the deficit down—they say that doesn't count as reducing the deficit. They're playing word games. All of a sudden they've got a whole new dictionary now that they're out of power. I'm using exactly the same calculations that they used for 12 years on what increases the deficit, what reduces the deficit.

Defense Cuts

Q. Mr. President, let's talk about some jobs in Indiana that are scheduled to go out of business on your watch. The White House the other day put out a list of all the jobs that were lost under the Bush administration. The 2,800 jobs I'm referring to are at the Military Finance Center at Fort Benjamin Harrison, which as you know, was one of a number of finance centers across the country scheduled to be consolidated, this one to be closed in 1995. Indianapolis, we're told, was one of the 20 finalists to retain those jobs and pick up some more and then one of the 5 winners. And then at the very last minute, Defense Secretary Aspin stopped the ballgame and said we're going to start the process all over again. What can you say about the fairness of changing the rules at the end of the game, and what can you say to these 2,800 workers whose lives have been on a yo-yo?

The President. First of all, the decision that was made to close those facilities was made, as you know, in the previous administration, not under my administration. Secondly, it's just not true that there were five finalists picked. I mean, at least I couldn't find it. I asked the Defense Department to tell me where we were on this issue when I became President, and they said, here are the 20 finalists. And I said, has the decision been completed? They said, no, we're still at the 20 finalists. And I said, what are the criteria? And we talked about it.

And interestingly enough, the only thing I said about it was that I felt very strongly that one of the criteria should be how badly a community or a State had been hurt by other defense cutbacks, because I was worried that those States or communities that had been hurt more by defense cutbacks might have less ability, in

effect, to put up their own financial incentives to get the financial accounting centers there. That is, I didn't think that we ought to reward people who could, in effect, buy the Senators by putting up a whole lot of money up front or who couldn't afford to compete because they had lost a lot of defense jobs. And I didn't even ask them to go back and start the whole thing all over again. I just said I'd like that factored in, that I thought that was something the American people would want us to do—would want us to take account of where all these defense cuts had hurt people the worst. And so they said they would work up that, and go back and do it.

And my own impression is that the finalists from the first round are still in very, very good shape. That's at least the indication I have and that the Defense Department will be ready to make a recommendation to me pretty soon. But I did want to say that's the only role I had in it, was I was assured that there was no decision made. They were still at 20 finalists. I asked only that the burden those communities and States had borne in the defense cutbacks since 1987 should be able to be a factor to be taken into consideration. And that was it.

Q. [Inaudible]—that the list is up to 100 cities again, 100 contestants—

The President. Well, there may be 100 who comply, but it has to be that the people who did well the first time would be in good shape to do well the second time. I was astonished that they reopened it. They seemed to think that if they changed one criteria they had to, at least in theory, reopen it.

Q. One of the concerns that people in Indiana have is that those final centers are going to be chosen based on their political connections to you. Can you guarantee that that won't happen?

The President. That won't happen. You know, during—you might say that, but let me say this: It was interesting to me that during the last election, right before the election, conveniently it was leaked by the Defense Department that the centers were going to be perhaps in this city, that city, the other city, and, quote, "someplace in Indiana," which didn't exactly sound like the most meritorious decision in the world at the time it was leaked.

So all I can tell you is I'm telling you just like it is. I asked for one thing to be taken into account. I said, "I don't think we ought

to let these things get bought by communities that are already wildly successful without any consideration being given to the communities that have been hurt most economically by the defense cutbacks." That's the only thing I ever asked them to do. Yes.

Steel Industry

Q. Mr. President, a question about northwest Indiana. I noticed that the chairman of Inland Steel, Robert Darnall, was present at your conference today. And I was wondering what kind of job security you can offer steel workers, particularly those in the Gary area where over 30,000 steel jobs have been lost since the 1980's.

The President. Well, I'll tell you what I think will happen in steel. I think you're going to see a big increase in the number of steel jobs if we have flexibility and competitiveness and if two other things happen: if we move at the national level to bring health care costs under control and if we can continue the work we're doing now to bring tariffs down in worldwide manufacturing trade.

And let me just mention those two things specifically. The most important thing for average Americans that happened at the Tokyo meeting of the G-7 was the agreement that we made among ourselves to try to drastically reduce tariffs on manufactured products and to eliminate them in whole classes of products with the view toward getting the other countries to agree to do that, because we were taking the lead by the end of the year and having a new world trade agreement. It's not like NAFTA. There's some difference of opinion, as you know, about NAFTA. And I'm for it, a lot of people aren't. But there's a difference. On the agreement we made at Tokyo everybody concedes that if we can make that a part of the world trade law, it will lead to hundreds of thousands of manufacturing jobs coming into the United States.

Meanwhile, the steel companies I think will tell you that our administration has been much more vigorous in trying to protect them from unfair trade practices from other countries than any administration in a very long time. I think every steel executive, if you called him, would tell them that, that we have worked with them. We've tried to make sure that the investments they've made and the productivity they've achieved will result in more secure jobs by giving them a fair deal.

Now, the second thing I want to say is this: steel and automobiles, among others, but they're really out there on the cutting edge, have enormous, enormous health care costs, spending often 15 percent or more of payroll on health care costs. The work that we have been doing to try to bring health costs in line with inflation and at the same time find the mechanism for all Americans to have health security will help heavy industry as much as any other section of our economy. It is very difficult for them to compete in a global economy where they're spending 35 or 40 percent more on health care than any of their competitors. So I can't promise anybody that's in a tough global economy job security. I can tell them that the things we're doing will make them more likely to succeed.

NAFTA

Q. Mr. President, what can you tell the people of Indiana who—for instance, I do a talk show in South Bend, and many of my callers are very concerned about NAFTA as it is. You mentioned NAFTA a minute ago. What solutions are there for those people who are out there that are out of work and they're losing their homes, they're losing their cars, they're losing their identity because of their companies that have pulled out or are pulling out of the country?

The President. First of all, that's the initial point we ought to make. And let me back up and say this. This is a little background. For 12 years I was Governor of a State that had plants shut down and go to Mexico. Before I quit we had one or two of them come back, just like that General Motors plant. I don't know if you saw that, it was announced they were going to shut down 1,000 jobs and bring them back to Michigan because they thought they could achieve higher levels of productivity. The point I want to make to you about NAFTA is this—I want to make two or three points about it. Number one, if we don't do it, let's say we don't do it, anybody who wants to shut a plant down in America and move it to Mexico for lower wages can do that anyway within the so-called *maquiladora* zone, right? And what upsets people is they move jobs down there, then they produce products and bring it back here, okay? What NAFTA does primarily with regard to that is to move the line back down toward Mexico, throughout Mexico. It makes the whole country eligible. But if you wanted to

go to Mexico for low wages to produce for America, you would stay as close to the border as you could to cut your costs down. If you go to Mexico City, in all probability you're going down there to produce for the Mexicans in Mexico City. So if we do nothing, what people really hate about this can continue and will.

Secondly, I think the people will be better off because I don't intend to sign this agreement or send it up to Congress until we get some agreements on the part of the Mexican Government to lift labor standards and to lift environmental standards there which will lower the wage gap and the cost-of-production gap, increase incomes from Mexican people, and enable them to buy more of our products.

Thirdly, 5 or 6 years ago Mexico had a \$5 billion trade surplus with us because they had more tariffs on our products than we had on theirs, 5 or 6 years ago. Now, we've got a \$6 billion trade surplus with them because President Salinas had lowered these tariffs. So I believe that if we go forward with the agreement, if the Mexican incomes rise, they will be able to buy more American products, and it will create more jobs than it costs. If I didn't think that, I wouldn't be for this. And I think everything that's bad about it is going to happen anyway and even more so if we don't do anything. That's what I believe. That's the reason I'm for it. Yes.

Defense Cuts

Q. I want to go back really quickly—[inaudible]—association. Evansville, Indiana, with which I am a reporter from, was one of the 20 finalists. You mentioned that—

The President. There were two or three cities in Indiana, weren't there, in the finalists?

Q. Indianapolis and Evansville were the 2 on the list of 20. You mentioned that you thought that the incentive program was not a good idea. Evansville—

The President. No, I do think it's a good idea. No, I think it's a good idea, the incentive program. I do not believe that there should be no consideration—under the previous formula, no consideration was given to the harm done to communities by defense cutbacks. So, no, I didn't ask them to take the incentive out. I think they should leave that in. I just didn't want to eliminate any considerations for the harm done to communities.

Go ahead.

Q. Evansville submitted a bid that would have cost the Government \$1 a year in operating costs. Now, since Indianapolis has lost Fort Benjamin Harrison, which has been closed down, would that give Indianapolis a more favorable advantage over Evansville and the southern half of the State?

The President. It depends. It doesn't mean that the Indianapolis bid would prevail, it just means that they would get some credit, and it would be dependent on how much they've been hurt by it.

Q. Local officials have enacted a tax increase in Evansville to help fund this center, or try to work with the department of revenue to have it repealed in—Vanderburgh County in Evansville. Should local officials give up and have this tax repealed, or is there still a chance?

The President. Absolutely not. No. I'm telling you, no decision has been made about any of this stuff. And I was really stunned—the question that he had. I'm going to go back and check this out. I asked point blank—because if the whole process was over, I was just going to announce it and go on.

Q. [Inaudible]—has on good authority that there were five and Indianapolis was one of them.

The President. Well, all I can tell you is I asked where they were going, and they said here are 20 cities, and the 5 haven't been decided yet.

Q. When will a decision be made on this?

The President. Well, I hope in a hurry. Actually, I asked a couple of days ago, and I was supposed to get a report this week about when the whole thing will be completed.

Q. I talked with several workers who are being hired part-time, but they're actually doing full-time work just because the company doesn't want to pay for the benefits, i.e., retirement and health insurance. What can you do to make these companies do what's right for these people?

The President. Well, first of all, I think the only way that's ever going to happen under the circumstances we're living under today is if you have a system like every other advanced country does which has some provision for adequate health care for all workers and requires everybody, including the workers themselves, to assume some responsibility for their health care and the employers. I mean, look at the system, we're the only country, the only advanced coun-

try that does what we do. Germany doesn't do this and Japan—no other country does this, where basically if you want to take care of your workers you can, and if you don't, you don't have to. And so it's just up to what you think is better—either more humane or better for your productivity.

In the 1980's, the cost of health care went up by more than twice the rate of inflation because, again, we were the only advanced country that had no system for trying to rein it in. So that if you're employer X and you're competing with employer Y and they don't do it, and you do, what kind of a disadvantage do you have? That's why we have to have a systematic response to this, and why I think it is so important—let's just go back to the deficit reduction. Under any conceivable deficit reduction plan, including mine, which I think is the best, you can bring the deficit down for 5 years and then it starts to go up again in the sixth year. Why? Because of health care costs.

So the answer to your question is we've got to have a national response. About 100,000 Americans a month are losing their health insurance now because of the phenomenon you asked. If it's just a dog-eat-dog world, there has to be some law that requires coverage, but does it in a way that doesn't bankrupt small business. And it's clearly possible to do.

We were just out in Hawaii. I went there to review the Pacific Fleet and to meet with our military leaders in the Pacific on the way back from Asia. And then Hillary spent a day there looking at the health care network. And virtually every employer in Hawaii insures their employees, including the smallest ones. The premiums are slightly below the national average. They've done it for 20 years now. They've managed the system quite well. It can be done.

Yes? Nice tie. [Laughter]

Gridlock

Q. I wanted to ask you about actually the subject you came here to push, the budget. You talked a little bit about the political problems Republicans have caused for you, but you have some problems in your own party. On the deficit reduction package last year, two Democratic Members of the Indiana congressional delegation voted against it. Given the election results in Texas and California, what kind of leverage do you have to influence people in your own

party who are in vulnerable districts?

The President. Well, the mayor's race in California didn't have anything to do with it. There has only been one race in this whole country which was a referendum on my economic plan. That is, an honest referendum. That is, where both sides were debated and then three House races, all of which the Democrats won. But the only one where a Democratic candidate decided to defend and, more importantly, to explain the budget proposal was in the race for Leon Panetta's old seat where, by the way, there were a lot of upper income constituents who had to pay higher taxes. And the guy won by nine points. And he did things that I never asked him to do. I wasn't even particularly involved. He ran my picture in his brochures, and he said, "This is right for America, and here's why I'm for it." And he had advertisements saying, "No matter what you've heard, here's what the truth is." And we won the race by nine points.

There was no fight in Texas. I mean, there was no issue. But let me just tell you what happened as a result of that. On the day that Senator Hutchinson from Texas went out on the steps of the Capitol with Senator Gramm from Texas, talking about how no taxes are needed, and all we need to do is cut spending—she was standing there with Ross Perot—the word spread in the House of Representatives they were out there. And so the House voted on the superconducting super collider, a project I have supported, and defeated it by 70 more votes than they defeated it last year and just lobbed it over to them. I said—because it's all in Texas, right? So, I mean, I think it's in the national interest to pursue it, myself. I think it's crazy for us to just dismantle our science and technology system and the kind of high-tech investments that make us a strong country.

But the only place we've had a debate where the voters heard the other side was in that district in California. Even in the Wisconsin-Mississippi races, that was not the issue.

Q. We have time for one more question.

The President. Go ahead.

Economic Program

Q. A followup—why are you having some trouble persuading—[inaudible]

The President. Because it's tough. All the easy decisions have been made, because the American people have been fed pablum for 12 years. Because it's easier to cut taxes and spend more

money than it is to spend less money and raise taxes and because the rhetoric is unfavorable. But the specifics show every single solitary focus group or poll where the people have been sat down and go through the specifics, shows that the people will support the program. It's the generalities and the desperate looking for the easy answer. Look, in 1980 we had a \$1 trillion national debt piled up since we became a country. Now it's \$4 trillion. Something went wrong.

David Stockman, who was Ronald Reagan's budget director, right, was not a liberal Democrat, gave an interview a few weeks ago in which he said that it was folly to believe that this whole thing could be solved by spending cuts alone, that they meant to cut taxes 3 percent of the gross national income in 1981, and they got into a political bidding war, and they got to liking it, and they just got carried away, and they lost control, and they cut taxes 6 percent of income.

But I can understand; look, most middle class people are working harder for less money, and they didn't get a tax cut. Their Social Security taxes went up at the national level, and State and local taxes went up at the local level as the Federal Government threw more stuff off on State and local government throughout the 1980's. I lived through that as a Governor.

And any mention of taxes is always unpopular. But I can tell you—I ought to have some credibility on this—my State had the toughest balanced budget law in the country. We were always in the bottom five in the percentage of income going to State and local taxes. I never raised any taxes to balance the books. I did raise some money to build roads and educate kids. We ran our business in order. But the truth is this country's out of control financially. But the easy decisions have been made. The only ones that are left are tough.

And let me say this: I have a lot of sympathy with the Democratic Members of Congress from Indiana because they come from districts that are just like my State. They're fiscally conservative. They want their money spent right. They're tired of the money being wasted. And they don't believe anything anybody says in Washington. I understand that. But I don't think we've done too badly. Let me just give you one comparison. In 1992, 75 percent of the House Republicans, not Democrats, Republicans, voted against President Bush's last budget. I mean, this is a serious budget.

Let me just make one last plug, because a lot of this stuff operates at a rhetorical level. If we have to do—is get in a shouting match as sort of like as we would on a Rush Limbaugh show or something like that—[laughter]—it's hard for the responsible position to win. But if you have to get to beyond the rhetoric to the facts, I think we can win.

And let me just give you one last thing. The Philadelphia Inquirer went out and actually interviewed people who are experts on the budget who don't have an ax to grind, budget analysts with big accounting firms, for example. And the budget analyst for Price Waterhouse is a person obviously, I don't know, never met him—said that my budget was the most honest budget in 10 years and that the only thing that was not accurate about my budget is that it would produce more deficit reduction than I said it would. It would bring the deficit down more. And we can get you a copy of the article if you'd like to see it.

I mean, I was a Governor. With all the unmet needs this country has and all the other things we need to be addressing, from health care reform to welfare reform to a new policy to revitalize the workplace—the thing we met here about—to the crime bill I want to bring up, all these things I'm interested in—spending 8 months or 7 months doing nothing but this is not my idea of recreation. But we have lost control over our financial affairs. And this deficit is like a bone in our throat, and we have to take it out. And I don't know any other way to do it. If I could think of any other way to do it, I would do it. I also think to get it down to zero, which is really important, over a fixed period of time, you've got to deal with the question of exploding health care costs. But the fair way to do that without bankrupting hospitals or being unfair to providers or to elderly people is to overhaul the entire system.

Yes, sir?

Agriculture Assistance

Q. Mr. President, a lot of people downstate are involved in agriculture, and many are having a tough time making ends meet. Some of them are even going out of business, going bankrupt. What type of hope can you offer them?

The President. Well, first of all, we're going to rewrite the farm bill, as you probably know. We have to do that for 1995. And one of the things that I've asked the Secretary of Agri-

culture to do is to examine whether or not the bill that was done in 1990 has done enough to help family farmers stay in business and whether or not we need to look at the farm finance issue even more than the crop price supports, as well as to look at what we can do to help younger people get into farming. And that's all separate from what we need to do for the farmers that lost money in the flood, you know, in the Midwest.

Just in my lifetime, and especially in my tenure as a Governor of a farm State where most of the farmers were family farmers, I watched the number drop drastically. I think that we are looking at a period, if they can hang on another year or so, where just looking into the future you're going to have pretty stable markets for American agricultural products, in fact, ones that might grow and where, if we can put in place some systems in this new farm bill to help the family farmers deal with the radical swings in income caused by the weather, caused by markets, caused by other things that the big corporate farms can endure, I think that the future of the people now farming can be pretty solid. But I do think with the average age of the farmer being about 58 and a half now, we're going to have to do something to help ease the financial barriers to getting young people into farming.

Q. Thank you.

The President. Thanks.

Health Care Reform

Q. My only question is you talked about how health care is going to be such an integral part of reform in labor and in farming. So how much is the Government going to be involved in whatever health care reform package there will be? And how soon will that happen?

The President. Well, I think we'll have to phase some parts of it in over a period of years, but I want to come forward with a program as soon as we get the budget out of the way.

I'd like for the Government to take care of insuring the unemployed, uninsured, and to make sure that people can change jobs even if someone in their family has been sick—you know, today you've got millions of people locked into the jobs they're in because they've got a sick husband, wife, child, or something, and they can't change—and mandating reform of the insurance markets so that small businesses don't get busted just to buy health insurance—and

self-employed people.

But I think that the providers system we have in America is very good now. And I think we ought to leave the doctors, the hospitals, all the private providers and private choice in providers intact, but we'll have to do some more in rural areas especially, and in inner cities to provide for some assistance just to get doctors and nurses and clinics out there in places that are terribly isolated. But the fundamental system is sound. It's the insurance and the coverage that is messed up. The delivery system—if you've health care in America, you're getting pretty good health care.

Thank you. I've got to go, sorry.

Representative Dan Rostenkowski

Q. Could you comment on Chairman Rostenkowski's situation? The buzz among Indiana Republicans that I spoke to today was that that's the real story. It's not policy, but it's practical

politics, and if he's indicted you're really dead in the water.

The President. Well, I don't agree with any of that, but I can't comment on something that hasn't happened. I have no way of knowing, and I think it would be irresponsible for me to do that. I mean, I'm a public official. I don't know what the facts are. We'll just have to see what happens, and I have no reason to believe that the conference won't proceed and produce a report and the Congress won't vote on it no matter what.

Q. [*Inaudible*—Stevens says that you are holding up the whole investigation to get the budget over with.

The President. Well, you know that's not true, don't you?

Q. Well, of course, I know that's not true. We have to ask.

NOTE: The interview began at 4:07 p.m. at the Sheraton Chicago Hotel.

Exchange With Reporters Prior to a Meeting With Congressional Leaders July 27, 1993

Economic Program

Q. Mr. President, are these your “delay in gridlock” friends?

The President. These are my friends. This group had always supported an aggressive approach to deficit reduction, the balanced approach.

Middle East Peace Talks

Q. Are you sure?

Why is Secretary Christopher coming back?

The President. Because I want to talk with him about the Middle East before he goes there.

Q. Do you think the peace process is in jeopardy, sir?

The President. Well, I hope not. I certainly have no reason to believe that it is, but obviously

I'm concerned about it. I think the Syrians have shown commendable restraint so far. And I don't think we should let Hezbollah and all these groups that don't want anything good to happen in the Middle East derail the peace process by what they do. I don't think we should, any of us, should allow that. I mean, I really want something to happen there. So I'm very hopeful. But I thought that in view of the events there, that he ought to come home, and we ought to have a conversation about it before he goes to the Middle East.

NOTE: The exchange began at 10:20 a.m. in the Roosevelt Room at the White House. A tape was not available for verification of the content of this exchange.