

without regard to party or region. And that's the kind of support I need. I'm very grateful for that.

Mr. Jackson. Thank you, Mr. President, very much, sir.

NOTE: The interview began at 12:16 p.m. The President spoke from the Roosevelt Room at the White House.

Interview With J.P. McCarthy of WJR Radio, Detroit, Michigan

June 21, 1993

Mr. McCarthy. Good afternoon, Mr. President. How are you?

The President. I'm great. It's nice to talk to you again.

Mr. McCarthy. I can't hear.

The President. Can you hear me now? I can hear you. Can you hear me?

Mr. McCarthy. Mr. President, I can now. How are you? We haven't talked since very late in the campaign. You were in an automobile someplace, and you were running out of voice. But you were in high spirits, and now we know why. Congratulations.

The President. Thank you very much. It's nice to hear your voice again.

Mr. McCarthy. Nice to hear you.

The President. I got to hear a little bit of your last conversation. That was fascinating.

Mr. McCarthy. With Bob Talbert?

The President. Yes.

Economic Program

Mr. McCarthy. Mr. President, are you going to get your tax bill and your budget bill through the Senate? Carl Levin is on this program a little bit later. We've already taped that segment. He says, "Yes, it will be done." What do you think?

The President. I think it will be done. It's not easy ever to make these kinds of tough decisions. There are \$250 billion in budget cuts in that bill that affect everything from agriculture to veterans, to Medicare, to virtually all the specific programs in the Government. And there are some tax increases, as is well-known, two-thirds of them on people with incomes above \$200,000, three-quarters of them on people with incomes above \$100,000. I think it's fair and balanced. And this will bring the deficit down by \$500 billion, and it will keep these long-term interest rates coming down, which is what is so necessary if we're going to have rein-

vestment in our country and rebuild the manufacturing sector and get this economy going again.

I think it will pass because, frankly, there isn't another alternative. And those who have tried to fashion other alternatives have come up with programs that hurt the vulnerable in our country and the middle class more and hurt the business economy more. And I think that's why we've had people from companies representing the automakers to high-tech companies in California supporting the program. It's a little-known thing that over half the 100 biggest companies in the country have supported the program, that the labor organizations have supported it, that the home builders organization, a largely Republican group, have supported it because it will bring interest rates down and create jobs and incomes for the American people.

Mr. McCarthy. But if it does pass the Senate, and apparently Senator Levin feels you have enough votes, 50 or more votes, it has to go back to the House. It's been changed significantly from the bill approved by the House. We hear the Black Caucus may be falling out of step. Can it pass the entire Congress?

The President. I think it can. I think what you will see is, when the bill passes the Senate, if we can pass it in the next few days, then there will be a conference of the Senators and the House Members. And they will try to take the best parts of both bills and come up with a bill which has more budget cuts than taxes, fair taxes, but still has some of the incentives we need for small business job creation, for the high-tech job creation, for empowerment zones to get private sector investment into the urban areas and to the poor rural areas, and also some of the money for Head Start education and training and for joint projects with

the private sector for new technologies to help to deal with the defense cuts. I think you will see that budget coming out of there. And I expect it to pass both Houses.

Like I said, these are difficult times, because for 12 years the American people have been told one thing and had another thing happen where the debt just kept getting bigger and bigger, and it's eating us alive. And interest rates were high, and we couldn't get investment. We couldn't get jobs. We're going to turn it around, but it's not easy.

Mr. McCarthy. A couple of things started to leak out this weekend on those weekend Washington shows. One item was that entertainers and sports people, people who make big salaries for usually a relatively short period of time, would be exempt from the new higher rate of income tax. Is that true?

The President. Not to my knowledge.

Mr. McCarthy. Apparently it was on "Face the Nation" or one of those shows yesterday. Not so?

The President. No. There aren't any exemptions. I think what you're going to find is that people who make a lot of money for just a couple of years may wind up doing something that many of them already do, by the way, which is structuring their contracts so they get paid over a longer period of years than they play. That's something that's happening now and that may happen. But I know of no exemptions for any high income people.

Mr. McCarthy. And the surtax on the capital gains tax, everyone was figuring maybe there will be a capital gains cut. Maybe that will be a tradeoff, higher income tax rates, lower capital gains. Will there be a surtax on capital gains?

The President. It's hard to say. That's in the Senate bill. But I'm not sure how it will come out in the end. I think one thing you can look forward to is a so-called venture capital gains on new business capital gains tax, where people who put their money into new businesses will be given big incentives to do so. That is, if you take a risk on somebody and you start a new venture and you hire some new people to create new jobs in the economy and you hold that investment for 5 years or more, you'll be able to reduce your tax liability if, in fact, it turns out to be successful. We have to have more people trying to start new businesses. And that's a more hazardous undertaking. So I think you will see that.

Mr. McCarthy. Will there be some incentives for new business? Because I heard from—

The President. Absolutely.

Mr. McCarthy. I asked this morning in my morning show—I mentioned, of course, that I would be talking to you. And I said, "Give me some questions that you'd like me to ask the President." And I heard from several small business people. They said something like this: "Look, I wanted to open two new businesses this year"—this was a fellow who was in the fast-food franchise business, but he said, "With all that's going on relative to the proposed new legislation on taxes, I'm afraid to build any more restaurants." Small businesses are getting hurt. I heard that over and over this morning.

The President. Let me just mention two or three things that should be reassuring to small businesses. If these provisions of my plan pass, first of all, anybody who starts a new venture will be able to get investment for that new venture. And if the investment is held for 5 years or more, the tax rates will be much, much lower than the ordinary income tax rates, if it passes.

Secondly, for ongoing small businesses, today the writeoff for expensing on the tax form is \$10,000 per year. We propose to raise that to \$25,000. That will be a substantial reduction in the tax burden of most small businesses and will be an encouragement, I think, for them to hire more people.

Thirdly, if someone has a chain of restaurants, for example, like the person who called in, in the plan that I presented to the Congress that the House of Representatives adopted, we have some changes in the alternative minimum tax provisions which operate as real incentives for people to continue to invest their profits in the expansion of their businesses without running up bigger tax bills.

So I would urge the small business people who are listening to us to really look at what is in that House bill. There are a lot of very strong pro-business and pro-small business provisions in the bill that have not gotten a lot of attention. That's why, let me just mention, the National Realtors Association and the National Home Builders Association, two groups not normally associated with the Democratic Party, have already strongly endorsed this economic program because of the incentives for economic growth and because it's bringing down long-term interest rates. That's the last thing I will say. Any business person who has to bor-

row money in all probability is going to save more money in lower-interest rates than they'll pay in higher taxes.

Mr. McCarthy. Mr. President, one of the thrusts of your campaign was jobs. There would be more jobs. Jobs, jobs, jobs would be created. If the business climate isn't good, if there isn't an opportunity for businesses to do well, to be successful, there will be fewer jobs. I mean, that's just simple economics, isn't it?

The President. That's right, but simple economics dictate that the President of the United States stop telling everybody what they want to hear and start telling the truth. That's what simple economics dictate. I mean, in 1981 we cut taxes and increased spending and nearly bankrupted this country over the next 12 years, and we've been paying for it ever since, so that we had very high long-term interest rates, and credit was expensive, and job generation was weak. That's a problem, by the way, for wealthy countries throughout the world. Even Japan's having trouble creating jobs now. But look what's happened since I announced my plan and it started to pass its way through Congress, just in the last 4 or 5 months. First, we've had 755,000 new jobs in this economy, over 90 percent of them in the private sector, in the first 4 months of this administration. In the previous 4 years, we only had a million jobs. Second, in construction, part of the economy very affected by interest rates, in the first 4 months we had 130,000 new jobs, that's the biggest increase in 9 years. Has that affected every State and every community yet? No, but it shows that we are really moving in the right direction. If we can get everybody in this country to refinance their home loans, their business loans, to take available credit because interest rates

are lower, that will put tens of billions of dollars back into this economy to create jobs.

Mr. McCarthy. What inflation rate, sir—I don't mean to interrupt you, but we're short on time—what inflation rate would you be happy with one year from now?

The President. The lowest possible one. But if we got unemployment down to a very low level and every American had a job, it might be a tad higher than it is now, but right now we think we're in good shape on inflation. What we need in America are more jobs and higher incomes, and that's what we're working on. So, this is a job-creating strategy we're following, and I believe it will work.

Counselor to the President

Mr. McCarthy. How is David Gergen doing in his new job?

The President. He's doing very well. He's a good man. We've been friends a long time and—

Mr. McCarthy. Is the Washington press corps still braying at the moon, sir? [*Laughter*]

The President. I don't even know how to answer that. The moon still comes out here, though, at night, and the sun comes up in the morning.

Mr. McCarthy. President Clinton, a pleasure to talk to you today. Thank you very much for spending the time. I hope you get a chance to visit us.

The President. Me too. See you.

NOTE: The interview began at 12:30 p.m. The President spoke from the Roosevelt Room at the White House. In the interview, he referred to journalist Bob Talbert of the Detroit Free Press.

Interview With Phil Adler of KRLD Radio, Dallas, Texas

June 21, 1993

Mr. Adler. Mr. President, are you there?

The President. I am, Phil.

Economic Program

Mr. Adler. Good morning to you. We think that a lot of people responded to a theme, or at least I think so, in the Presidential campaign of sacrifice to cut the deficit as long as that

sacrifice is equal. The Btu tax was designed originally on the concept of equal sacrifice. But then all of these exceptions were added, and it really makes it appear that it's one of the most complicated proposals ever. Did you make a mistake allowing all the special exceptions to be included in the Btu tax?