

As President, I am proud of having nominated such an outstanding jurist who demonstrated in the confirmation process tremendous intellect, integrity, comprehension of the law, and com-

passion for the concerns of all Americans. I am confident that she will be an outstanding addition to the Court and will serve with distinction for many years.

Statement on Senate Action on National Service Legislation *August 3, 1993*

I am extremely pleased by action taken today by the Senate in passing the National and Community Service Trust Act. I am also gratified that Republicans and Democrats were able to work together to turn this landmark legislation into reality.

National service will take on our Nation's most pressing unmet needs while empowering a new generation to serve as leaders of change. National service is about enhanced educational opportunity and rebuilding the American community. Most importantly, national service is about getting things done.

A number of Senators played crucial roles in helping pass this bill. In particular, I would like to thank Senator Kennedy for the leadership and dedication he has shown throughout this process. Thanks to the efforts of the Senate today and the House last week, young people will soon be serving their country in their communities here at home.

I've always said national service is the American way to change America. I commend the United States Congress for taking action that will prove that true.

Interview With the Nevada Media *August 3, 1993*

The President. Thank you, Gary, and thank you, Paula. First of all, let me thank all of you for giving me a few moments of your time today in order that we might together communicate directly with the citizens of Nevada about a whole range of issues, but especially about the economic program that the United States Congress will be voting on in the next few days.

I've worked hard to put together a program that would achieve the very important principles I outlined when I became President. We want to reduce the deficit by \$500 billion. We want to do it in a way that focuses on specific spending cuts, over 200 of them, and has at least as many cuts as new taxes. We want the new tax burden to be fair. And in this program, now over 80 percent of the burden will be borne by people with incomes above \$200,000. The average cost for a middle class family with an income of about \$60,000 a year will be \$33 a year in the 4.3 percent fuel tax. Working families with incomes of under \$30,000 will be held

harmless. The fourth thing we want to do is to make sure that this program promotes jobs and growth. After all, that's the objective. If we pass the program, we'll keep interest rates down and that will make it possible for people to refinance their homes and businesses and invest at low interest rates for high growth.

We also have incentives in this program that I think are very important. Number one, over 90 percent of the small businesses in America will be eligible for tax reductions if they invest in their businesses and in new jobs and growth and opportunity. Number two, we support research and development. Number three, we support new firms, especially new high-tech firms, and their attempts to get new capital by giving a capital gains break of 50 percent for people who invest in these new and small firms for 5 years or more. And finally, this program lifts up work and family, supporting most importantly the working poor. For the first time ever if this program passes, through the tax system,

people who work hard, have children in their homes, and are still below the poverty line will be lifted above poverty, not by a Government program but by reductions in the tax system. This is a program that will get America on the move.

Finally, I want to say that if we do what others ask and just delay, we might run the risk of what happened in 1990, fooling around for 3 months, wasting valuable time when we ought to be dealing with the health care crisis, with welfare reform, with a new crime bill, with urgent matters that will bring more jobs into this economy, and winding up with a program as in the 1990's that doesn't work. This is a good, fair bill. It will make a good difference to America. And I hope that the Senators and the Congressman from Nevada will support it. I hope, most importantly, that the people of Nevada will support it.

I'll be glad to answer your questions.

Economic Program

Q. Mr. President?

The President. Yes.

Q. Hi, Mr. President. Greetings from Nevada.

The President. Thank you.

Q. First of all, many Nevadans appear to be losing some trust in Washington. At the same time, too, Nevada has been a State that has created quite a few jobs over the past few years. But now you offer a budget package that seems to hurt our big business, in other words, tourism, with the gas hike. Why should Nevadans buy into this gas hike?

The President. Well, for several reasons. First of all, it is a modest one, and gasoline is at its lowest real price in 30 years. In other words, if you adjust for inflation, gas is cheaper now than it has been for 30 years. This fuel tax increase is quite modest and, for example, will be a much lower burden on fuel than the Btu tax which the House of Representative originally passed.

Secondly, there are offsetting benefits to the job-generating engine that Nevada has become. As I said, over 90 percent of the small businesses are eligible for an actual tax reduction. Bigger businesses will be able to get incentives to invest in new plant and equipment. There are all kinds of other things that really help the business community. That's why the Home Builders, the Realtor Association, the American Electronics Association, any number of business

groups have endorsed this program, because it will create jobs. And keeping interest rates down while there's so much building going on in Nevada is very important because you have to borrow money to finance construction. So that also will have a big boon to the Nevada economy. You will get a lot more out of it than the 4.3 cent gas tax will cost.

Q. Mr. President, we've been taking phone calls from our viewers for the past 24 hours, and the overwhelming percentage have been asking, why not cut spending more first before raising these taxes?

The President. Well, first of all, we do cut spending at the same time. There are \$255 billion in spending cuts over a 5-year period and about \$241 billion in taxes over a 5-year period. They are going into a trust fund so the money can't be spent on anything else. And if we miss the reduction targets, every year I will be bound by the system we're now following to come in and correct this. Secondly, there will be more spending cuts. We are going to have a report in September from the Vice President's Commission on Reinventing Government, which will recommend some substantial increases in spending cuts. And finally, as we deal with health care, we'll be able to deal with the exploding costs of entitlement spending on health care to our Federal budget. But the only fair way to do that is to provide health security and to reform the health care system. So I assure you, there will be more spending cuts coming up.

But let me finally say that no person who's studied this believes that we can bring this deficit down and eventually get it down to zero unless we also ask primarily those people who got most of the income gains in the 1980's, that is, the top 1½ percent of our income earners; they got most of the benefits of the eighties, and they got the tax cuts of the eighties. All we're trying to do here is to restore some fairness and ask those who can pay to do so. Together these things will make a balanced package. We can't get there with just spending cuts. If I were, for example, to take all the revenue increases out, just have the spending cuts, and wait for the others to trigger in, I believe what would happen is that you'd have a substantial increase in interest rates as all these people who thought we were serious about reducing the deficit will say, well, there they go again. So we are going to cut spending more and more and more, but we need the revenues, too.

Q. Mr. President, are you disappointed that a moderate Democrat like Dick Bryan is not supporting your budget? And what message does that send?

The President. Well, I'm always disappointed if we don't get 100 percent of the votes. But I think that Senator Bryan had some questions about the bill that was in the Senate last time that I hope that this conference report will answer. And let me just mention a few things that I think will make the bill more attractive to him, and I hope may still secure his vote.

For one thing, there are clearly more spending cuts and tax increases in this bill. For another, there is a provision in this bill that—it does something that many of the people in the hotel business, the restaurant business have wanted for some time, which gives them a credit against the Social Security taxes they have to pay on their waiters' tip income, which is an important thing that's been passed by the Congress before but never actually written into law because it was vetoed previously. Thirdly, the economic incentives that were in the House of Representatives bill that were not in the Senate bill have now been put back in, for research and development, for high-tech industry, new business capital gains. We almost double the expensing for 94 percent of the small businesses in America.

A lot of things that are in this final bill in much greater degree than they were in the bill that Senator Bryan voted against. So I'm hopeful that these things plus the fact that we are going to have this trust fund, which was not in the Senate bill, to guarantee that the money goes to deficit reduction, will be enough for him to say that the bill has improved to the point where he can join Senator Reid and Congressman Bilbray in supporting it.

Reaganomics

Q. Mr. President, can you respond to former President Reagan, who wrote in today's New York Times that he felt your budget plan was unwise and would plunge the economy into the deep doldrums?

The President. Sure. When President Reagan became President, we had a \$1 trillion debt. We now have a \$4 trillion debt. For the last 10 years under Presidents Reagan and Bush, we have pleaded with our allies to work with us to support a higher rate of growth to create more jobs in all the rich countries of the world,

and they have said publicly for 10 years the biggest problem is the American deficit: "You won't do anything to get your own house in order; don't tell us what to do." This year, the allies, Germany, Japan, all these other countries, for the first time in 10 years when I met with them complimented the United States for finally doing something about our deficit and said now we're going to be able to work together to grow the economy and create jobs.

And finally, we saw the end of Reaganomics in the last 3 or 4 years, where we had 4 years with only a million new jobs coming into the economy. And the record came in on the eighties, where 60 percent of the economic growth went to the top one percent of the people. And we didn't grow very many jobs compared to previous decades.

So my answer is that President Reagan's program, which was to cut taxes and increase spending and have a huge deficit and try to borrow and spend our way out of our economic problems worked pretty well in 1983 and 1984, but after that, it began to have serious problems. And for 6 or 7 years, it's now apparent that we can no longer borrow and spend our way to prosperity. We have to have some more discipline in our national life.

Taxes

Q. Good afternoon, Mr. President. You've said that your plan will create 8 million jobs, but half of the proposed deficit reduction package comes in the way of new taxes. How do you plan to reconcile those two, when history has proven that increased taxes does not create new jobs?

The President. I don't know that history has proven that. Under President Bush's administration, where he railed against taxes and finally signed a program in 1990 which was basically a middle class tax increase that had 2½ times the burden on the middle class that this program does, we didn't have new jobs. There were times in American history when we had much higher tax rates than we will have under this program, much, much higher, where we were creating any number of jobs.

I think what has killed this economy is that so much of our money is going to deficit financing that that has kept interest rates high. People have not been able to afford money to borrow and to invest, and we have seen ourselves losing control of our financial future. So I don't think

all taxes are by definition bad for the economy. Do I think you can overtax the economy? Sure I do. But we still are going to have, on the whole, lower taxes than our major competitors and much lower taxes than we've had at times past when we created more jobs. I think we will lose more if we do nothing now and let this deficit get out of hand and run the interest rates back up. I think that will be much worse. If I didn't, I wouldn't recommend this.

Let me just make one point here by way of just kind of trying to establish my credibility on this issue. Before I became President, I was Governor of a State for 12 years where we never had to raise taxes to balance the books, where I routinely cut spending—I ran a tight balanced budget—and where, in every year I was Governor, our State was in the bottom five in the country in the percentage of our people's income taken up by State and local taxes. The only time we ever raised any new taxes was when we had heavy majority support for dedicated support for either schools or roads. That's it.

Now, what we're facing now in this country is a situation not of my own making. I wasn't in Washington the last 12 years, in either party, voting to run the debt from \$1 trillion to \$4 trillion. But I have to face the fact that that's where it is. And we're either going to do something to regain control of our own destiny, or we're going to let the economy continue to spin out of control and we'll be helpless to influence it. So it's just a question of whether we're going to do this for the long run or not.

And let me just make one final comment, because it relates to the last two questions. If you go back and look at Japan in the mid-1970's, they had a deficit about as big as ours now, a big part of their income. They decided they would balance their budget over a 10-year period. They brought it down with a disciplined balance of tax increases and spending cuts. It did not hurt their economy; it strengthened their economy. And I think if we take the long view, we will see we've got to get ourselves out of debt and invest in job growth and our future.

And keep in mind, most new businesses and most existing businesses can have their taxes reduced under this program. Only the top 4 or 5 percent of the businesses and the top 1½ percent to 2 percent of the income earners are going to pay any substantial income tax increases under this program. There are no income tax

increases for businesses earning under \$180,000 or for couples earning less than that.

Environmental and Economic Policy

Q. Good afternoon, Mr. President. Nevada poses some interesting possibilities here in terms of the jobs and growth that you've talked about. But there are also a number of environmental concerns. We have it at Yucca Mountain and also at the Nevada test site in nuclear terms. Then in northeast Nevada, there is a mine whose reopening has been delayed because of environmental concerns. What can Nevadans expect from the White House in terms of any overall policy whenever the environment clashes with the economy?

The President. You can expect an honest attempt to do what the Secretary of the Interior, Bruce Babbitt, and the EPA Director, Carol Browner, are doing all over the country, to try to do our best to reconcile the two in ways that are good for the economy, in that if the environment has to foreclose some economic activity, we believe the Federal Government has a responsibility to try to help open another avenue of activity.

You mentioned those three things, so let me run through them quickly. With regard to the magna site, I have asked the EPA to accelerate review of that. It's in an economically depressed area. If we can find a way to permit that in an environmentally responsible way, I think we ought to do it sooner rather than later. And if we can't do it, we ought to tell the people sooner rather than later. So I've asked the Government to expedite review of that.

With regard to the nuclear testing site, as you know, I have called upon the other nuclear powers of the world to observe a moratorium on nuclear testing. If that holds up, I think we have an obligation to work with you to try to find ways for the resources there and the people there to find other forms of economic activity. And with regard to Yucca Mountain, we've already ordered an independent financial management review. We're working on an independent management review. And the Governor and your congressional delegation have also talked to me very often about the question of the scientific basis on which Yucca Mountain was selected, and we have under review what we ought to do about that.

So I think we're on top of all three of those issues. And I believe ultimately, sound environ-

mental policy is good for the economy, and I think we'll find a way to create more jobs than we lose out of it if we do it right.

Next question.

Nuclear Testing Sites

Q. Mr. President, you just mentioned the Nevada test site. And as you know, the Nevada congressional delegation has several suggestions for different types of activity that would go on there. There's 8,000 jobs at stake. They have all kinds of ideas, from solar energy research facility to plutonium storage. Could you be more specific about what plan you have for the test site?

The President. No, I can't, because I didn't know until just a few weeks ago, as you know, that we would not be resuming nuclear testing. I had not made a final decision on that, and I had not had a chance to consult with our allies.

I can tell you this—let me say this again as clearly as I can. I think that your congressional delegation and your Governor will come up with some very good ideas. I believe we have a strong obligation to work with them to develop alternative economic activities for the site. First of all, the United States has a great investment there. And secondly, we have an obligation to the people of Nevada.

And let me say, for 2 or 3 years now, long before I even started running for President, I was complaining that the Federal Government started cutting defense spending way back in 1987 with no plan for helping the people affected to convert and succeed in a domestic economy. We are now trying to deal with that and play catch up on defense cuts. I don't want the same thing to happen in Nevada at the nuclear testing sites. So I'll do what I can to help and to be there and work with your local leadership.

Next question.

Immigration

Q. Mr. President, I'd like to know a little bit about what you plan to do about illegal aliens coming into our country. There's been a big hue and cry about that nationwide, people settling into California, Arizona, and Nevada. It's becoming an increasing problem. I'd like to know if you have a plan for getting these people either legal or helping to keep them from our shores and our borders.

The President. I do, and about 10 days ago I announced a plan and presented it to the Senate. And I'm very proud of the fact that this is one of those issues where we haven't had any gridlock. The Senate passed a major part of our immigration reform bill, 87 to 13, just a couple of days ago.

Let me tell you essentially what we're dealing with. Basically, there are three substantial alien problems. There is the problem of access to our country by terrorists or potential terrorists or people who will work with terrorists. And we have enacted some reforms to change the way we exercise security at airports here in the United States and security at other airports.

Secondly, there's the problem of all these people being smuggled in in, in effect, slave boats, all the folks coming in from China, for example. We have a plan designed to deal with that now and to impose a much stiffer penalty on those who do that kind of thing and also to process those people much more quickly than they have been in the past.

Then the third problem is just the problem of large numbers of illegal aliens coming. The big States that receive them now are California, Texas, and Florida, but many, many other States also have a large number of illegal aliens. We're going to have 600 more border patrol operations, faster review, and expedited review and return of people that we find who are illegal. We will observe their constitutional rights. We will be as precise and fair as we can, but we're going to expedite the review.

I support legal immigration. I think immigrants have made an enormous contribution to this country and have made us a stronger nation and a much better prepared nation to face the 21st century because we have so many different racial and ethnic groups in America. But you can only keep America safe for legal immigration if you do something firmer than we've been doing for years on illegal immigration. So that is the basic outline of the plan. We're proceeding with vigor to implement it. And we're looking at what other options we have to do more.

Yes, sir.

Economic Program

Q. Mr. President, if I might, sir, I'd like to revisit a question or perhaps broaden the scope a bit of a question a moment ago. You hold the distinction, sir, of being the first Democratic candidate to run for President who won the

State of Nevada in 28 years. That said, why then do you deserve the continued support of Nevadans when your budget package adversely affects tourism here by increasing fuel taxes, asking more money for resort companies, the engine of job growth here, and lowering deductions for meal expenses?

The President. Because Nevada will also benefit from this. Every small business in your State has a chance to lower its tax burden by investing more in its business. Every person who wants to invest in a new business in Nevada capitalized at \$50 million or less has a chance to cut their tax burden by 50 percent by investing for 5 years in such a business. There are all kinds of incentives to grow jobs in Nevada. And the most important thing is all Americans benefit when we reduce this deficit and keep our interest rates down.

If you look at what has happened to long-term interest rates since I've proposed the deficit reduction plan and it started making its way through Congress and since Alan Greenspan, the head of the Federal Reserve Board and a Republican, consistently said that this is what we need to do more than anything else to get control of our deficit. The cost of borrowing to all those Nevada businesses you just mentioned are going—by and large, for any of them that have to borrow any substantial amount of money or who can go out and refinance their business debt, they will save much more than they will be hurt by the extra burdens imposed by the changes here. So there are national interests at stake which will benefit people in Nevada, and there are specific things which will benefit people in Nevada. We have to decide—if we're going to do something about this deficit, we're all going to have to contribute.

You know, I come from a State which has the highest, or second or third highest amount of gasoline usage per vehicle in the United States of America. But the fact remains that gasoline is at its lowest price in 30 years and that the average person's annual bill is going to be around \$35 for this. And I don't think that's going to keep anybody from coming to Nevada to vacation.

Single Parent Families

Q. We took calls this morning from our audience to find out what to ask you, and we had so many different calls about, "Hey, ask him to come and play his saxophone for us in Las

Vegas, the entertainment capital of the world." But—

The President. I'd love to do that.

Q. —on a more serious note, we did get a lot of calls from single parents that wanted to know what your economic plan will do to help reward them; say, they are raising a child, a full time job, and you alluded to that earlier in the opening. Could you be more specific on this topic, please?

The President. Sure, very specific.

If I might, I'd like to answer that question, but I'd like to also say one other point in response to the young man who asked the previous question about the fuel tax. I believe that most people or at least a huge percentage of people who come to Nevada to vacation or to convention, fly there. And one of the things that Congress and the administration were very concerned about was the impact of this on an already troubled airline industry, on whether that would lead to big increases in fares, which really might have had an adverse impact on you. And as a result of that, relief was granted from airline fuel from this tax. So I think that was a big concession that I think will be very helpful to you and will avoid any adverse damage.

Now, to go back to the other question, most working parents, single parents who work and have children in the home, have family incomes of under \$30,000, all of them will be held harmless from the impact of the fuel tax by an offset in their income tax. Those who are at or near the poverty line may actually get a refund on their income tax to make sure that they will be lifted above the poverty line if they're working 40 hours a week and they have children in the home.

Interestingly enough, this expansion of the earned-income tax credit, which has received relatively little attention, is probably the most significant social reform that is pro-family and pro-work that the Congress has enacted in 20 years, because it will say to people like the very person you're talking to: We know you're out there working hard. We know you don't need any more taxes. We know you're doing everything you can to support your children. And because of the way the income tax system will be changed, if you're making a pretty good income, that is, let's say \$29,000, \$28,000, \$27,000, something like that, you'll be held harmless from this. We'll give you an income tax offset for the gas tax increase. But if you

make lower wages and if you're down around the poverty line, we will give you a tax refund so you can be lifted above the poverty line and support your children in dignity. Now, this will really help us to encourage people to move off welfare and into work.

One of the next things that I want to take up, along with health care, when this is over, is a fundamental reform of the welfare system that will literally end welfare as we know it. In order to do that, you've got to take all the incentives out of welfare and put them into work and enable people to be successful parents and successful workers. So this is a very, very important part of this provision. And that's one reason I would hope all the single parents in America will support it. Almost all of them will benefit from it.

Administration Accomplishments

Q. Mr. President, this will be the last question. I know we're supposed to be Mike Wallace here and ask you all these important questions. But it's been a pretty rough first 6 months for you. Is it what you expected, and are you having fun?

The President. I am having a great deal of fun. I'm excited by this job. I knew it would be rough if we came in and tried to change a bunch of things at once, because it's easier if you don't try to do much and you just kind of take it easy; then you can make sure you don't have so much rough sledding.

But I feel good about it. I mean, today my appointee to the Supreme Court, Ruth Bader Ginsburg, was confirmed by a 96-to-3 vote in the Senate. I think she will be an historically important Justice. Today the United States Senate on a bipartisan basis adopted one of the heart-and-soul ideas from my 1992 campaign,

the national service bill, which will enable hundreds of thousands of our young people, as we get it up and going, to earn credit against their college costs by doing service for their communities, enable people at the grassroots level in Nevada, for example, to work with their friends and neighbors to solve problems and earn credit against college while doing it. I am very excited about that. We passed the family leave law, which becomes effective this week, which protects the right of people to go home if their child is sick or their parents are ill without losing their jobs. We've gotten an awful lot done.

So I think we're moving in the right direction. And we've got a health care bill, a crime bill, and a welfare reform bill ready to go when we get the budget out of the way. So change is always hard, but I am very excited about it, and I am having a good time. And believe it or not—Governor Miller will be glad to know this—I'm trying to find a way to play golf once a week, in spite of all this work I'm doing. And most weeks I get it done. And maybe I can come out there and enjoy some of your courses once I get a little of this work out of the way.

Q. We have some great courses. Thank you, Mr. President. I've always wanted to say that.

The President. Thank you.

Q. Thank you, Mr. President, for spending this half hour with us. I think this is the best kind of television there is, and we get a little longer than the sound bite that we're used to.

NOTE: The interview began at 5:09 p.m. The President spoke via satellite from Room 459 of the Old Executive Office Building. In his remarks, he referred to Nevada journalists Gary Wadell and Paula Francis.

Address to the Nation on the Economic Program

August 3, 1993

Good evening. Tonight I want to report to you on the progress we've made and to ask for your help on our Nation's most urgent priority, reviving the American dream by restoring the American economy.

It's been at least 30 years since a President has asked Americans to take personal responsi-

bility for our country's future. It's been 25 years since our Government had a balanced budget. For at least 20 years, middle class incomes have been nearly stagnant, with too many Americans working nights, weekends, and holidays just to make ends meet. For at least 10 years costs in our health care system have ex-