

The President's News Conference October 25, 1995

Budget Legislation

The President. Good afternoon. Three years ago, I ran for President promising to put the American economy back on track and to cut the Federal deficit in half. In 1993, without a single Republican vote, the Democratic Congress adopted our deficit reduction plan. It was a plan that shrunk the deficit while investing in our people, their education, and the technological future of America.

We took firm steps toward a balanced budget, but we did it in a way that honors our values of responsibility and opportunity, work and family, a strong American community, and a strong America around the world. We did deficit reduction consistent with our values, and it was very good economic policy.

Today, America is on the move. The economy is growing. The American people have produced 7½ million new jobs, 2½ million new homeowners, over 2 million new small businesses, and the lowest combined rates of unemployment and inflation in 25 years. And I am pleased to announce today that the deficit in fiscal year '95 is \$164 billion, cut almost in half in just 3 years. The deficit was projected to be \$302 billion, as you can see here, before our plan was adopted. It was \$290 billion in 1992. We began immediately to bring it down. It came down to \$255 billion, to \$203 billion, now to \$164 billion in 3 years.

This is the first time since Harry Truman was President that the deficit has actually dropped 3 years in a row. The plan has worked better than we projected that it would. And as the chart shows, the deficit reduction is for real.

Now it is time to finish this job, to take that red line down to zero. We must balance the budget to take the burden of debt off of our children and to free up more funds for investing in our future. But we have to do it in the way we did it in 1993, that is in a way that is consistent with our values and consistent with a strategy that will actually grow the American economy. I have proposed a plan that cuts wasteful Government spending and reflects our values. It is the right way to balance the budget.

By contrast, the Republican Congress is taking the wrong way. Last week it passed the biggest Medicare cuts in our history. They're about to pass about \$148 billion in taxes and fees on working families and elderly people and low-income Americans. And their budget slashes education and technology. It undercuts the environment. In other words, it balances the budget but it still mortgages our future. That's the wrong way to go, and I don't intend to let it happen. If the Republicans plunge ahead and pass this budget, I will veto it and demand a budget that is balanced in a way that reflects our values and promotes our economy.

Before I close, I'd like to be very clear on my determination that no one should toy with the full faith and credit of the United States. Republican congressional leaders have said they won't pass a debt ceiling bill unless I accept their misguided budget priorities.

For more than two centuries, through wars and depression, our Nation has always paid its bills and honored its obligations. For all their loose talk, the congressional leaders know that if they were to allow us to go into default, this would have a severe impact on our economy, on financial markets, and on the interest rates paid by Government, thereby increasing the deficit; paid by business, therefore slowing economic growth; and paid by millions of homeowners, thereby increasing their mortgage rates. That is not a responsible thing to do for the United States, and it is certainly not responsible budget strategy. It is economic blackmail, pure and simple.

The Republicans are saying, "Either you accept what we're doing to Medicare, what we're doing to health care, what we're doing to educational opportunities, what we're doing to the environment, what we're doing to raise taxes on working families with incomes of \$25,000 a year or less and children in their homes, or we'll just stop America from honoring its obligations for the first time in history."

I am not going to let anybody hold Medicare or education or the environment or the future of this country hostage. If they send me a budget that says simply, "You take our cuts, or we'll let the country go into default," I will veto it.

Threats to our future are not an acceptable basis for good-faith efforts to resolve our differences.

The most important thing about this, folks, is that America is moving in the right direction. The deficit is coming down. The jobs are going up. The crime rate is down. The welfare rolls are down. The food stamp rolls are down. Defaults in child support are down. The poverty rate is down. The teen pregnancy rate is down. Small businesses are up. Business failures are down. We are moving in the right direction. We know what strategy works. The strategy that works is to reduce the deficit and invest in people, invest in technology, and grow the economy. Why would we abandon a proven strategy that works and that will take us all the way to a balanced budget to adopt an extreme budget that absolutely shreds our values and will weaken our economy?

We should pass the right kind of balanced budget and finish this job. But if people want to know what kind of balanced budget is right, look at the record, look at what works. We ought to do what's right for America.

This country is on a roll economically. There is no nation in the world better positioned than the United States for the 21st century. And all we have to do is to honor our values, learn how to live with all of our diversity, and have sound, sensible policies. That's what I'm fighting for. And this number today shows that we're on the right side of this battle.

Q. What are your options, and what do you think is going to happen if you do veto? Then where do we go?

The President. Well, we'll do what we've always done in cases like this. I will veto, and then they'll either pass legislation that's acceptable or they won't. But that is their choice.

You know, before they ever adopted a budget resolution, as soon as they proposed a balanced budget I proposed one. I proposed one without frills, one that eliminated hundreds of programs, one that continues to shrink the Federal Government, one that continues to invest in our future, and one with the kind of sensible economic assumptions that have characterized my first budgets. And so far, the response was, "Well, we'd be glad to talk to you, but we're not going to change anything." So the ball is basically in their court. They have to enact the laws.

Yes, Rita [Rita Braver, CBS News].

Q. Mr. President, what have you done to reach out to the Republicans and try to talk with them? Have you made any personal calls?

The President. Absolutely.

Q. Have you been rebuffed? Can you tell us what's been going on?

The President. I don't think that going into the details of what's going on would be helpful. But I have—I talk—every time I meet with or see Republican Members of Congress, every time I talk to Republican business leaders, every time I talk to anybody that I think can have any influence in this process, I make privately and in greater detail and with more specifics the argument I have just made to you. So I have not shut the door; I have kept the door open. And every time there has been any kind of public discussion of this, the leaders of the Congress have said, "Well, we'd be glad to talk, but we're not going to change anything."

Q. Mr. President, you went from a 10-year balanced budget plan down to 9 years based on improved economic conditions. Based on this, with this decline, can you see it going down every further? Is there any narrowing?

The President. Well, the question is—let me just say, I don't want to get into all the complex, technical details. But one of the things that has caused all this difference between us is their assumption that if their budget is passed, we will have lower growth and lower business profits than we have averaged for the last 25 years.

Now, that's amazing to me. They're saying to America, on the one hand, "Support our plan. We have to slash Medicare and slash medical care for poor children so we can have a big tax cut and so we can balance the budget. But if we do it, it will give you lower economic growth for the next 7 years than we've averaged for the last 25." To me, that is an amazing admission by them. I don't know why they're doing that. But that requires them to make hundreds of billions of dollars in cuts in education, in technology, in the environment, and aid to poor children and needy elderly people that would otherwise not be there.

So that is a big part of the difference between us. They say, "Well, if you adopt this incredibly complicated Medicare plan that we only allowed one day of public hearings on—we have lots of time for hearings on other subjects, but only one day for this profoundly important issue—well, it will control medical costs." And then they turn around and estimate a rate of inflation

a half a percent higher than mine. That's over \$100 billion dollars of difference between us.

So I think it's interesting. There's a lot of extreme ideology going on here that is driving them under the guise of balancing the budget to make cuts that will undermine the ability of our Nation to honor its commitment, to give all children a chance at an opportunity in life, to honor its commitment to our parents and to our environment, to many other things. And I think that's something that we ought to look at.

We have proven what works. Cut and invest works. Reduce the deficit but invest in our future works. That's what works.

Q. Mr. President, politically, though—politically, doesn't this chart allow you now, after you cast your veto, to come back and compromise to something closer to the Republican 7-year model if you're both heading toward ground zero?

The President. That depends entirely on what is in the budget. It depends entirely on what is in the budget.

You know, my idea of what America should look like in the 21st century does not include denying tens of thousands of children the chance to be in a Head Start program or raising the cost of college loans or cutting the number of scholarships by hundreds of thousands or putting the biggest burden for Medicare changes on the seniors in our country who are the poorest, the eldest, and the sickest. My idea is not raising taxes on working families to give people in my income group a tax break. I just don't understand that. So it depends on what is there.

Yes, sir, in the back.

Canada-U.S. Relations

Q. Mr. President, are you concerned about the possible breakup of Canada and the impact that could have on the North American economy and Canada-U.S. trade relations?

The President. Let me give you a careful answer. When I was in Canada last year, I said that I thought Canada had served as a model to the United States and to the entire world about how people of different cultures could live together in harmony, respecting their differences, but working together. This vote is a Canadian internal issue for the Canadian people to decide. And I would not presume to interfere with that. I can tell you that a strong and united Canada has been a wonderful partner for the

United States and an incredibly important and constructive citizen throughout the entire world.

Just since I have been President, I have seen how it works, how our partnership works, how the leadership of Canada in so many ways throughout the world works, and what it means to the rest of the world to think that there's a country like Canada where things basically work. Everybody's got problems, but it looks like a country that's doing the right things, moving in the right direction, has the kind of values that we'd all be proud of. And they've been a strong and powerful ally of ours. And I have to tell you that I hope we'll be able to continue that. I have to say that I hope that will continue. That's been good for the United States.

Now the Canadian people, the people of Quebec will have to cast their votes as their lights guide them. But Canada has been a great model for the rest of the world and has been a great partner for the United States, and I hope that can continue.

Political Strategist Dick Morris

Q. Mr. President, in the last few days you've probably read several articles about Dick Morris. Would you care to tell us about your relationship with Dick Morris, given all of these stories that have surfaced?

The President. Well, the only thing I can tell you is that he worked in my first campaign for Governor, and I think he's an able man; he's a creative man. And when you have a long time relationship with somebody, you know when to listen and then you do what you think is right. And that's the kind of relationship I have. I listen to him, he's been helpful to me, and I do what I think is right.

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Q. Mr. President, the chart you point out here today indicates that things have turned out a lot better than you thought they would, even a year ago. Why then would you propose now to go all the way to zero and balance the budget, which is something you did not propose to do a year ago when things looked a lot worse?

The President. Because now I believe we can do the job. Keep in mind—look here, we're going from \$290 billion to \$164 billion. That's why I proposed to do it over a 9-year period.

I believe that economic growth—to go back to the question that, I think, Brian [Brian Williams, NBC News] asked earlier, someone asked

this earlier—I think it’s quite conceivable that if my budget were adopted just as I propose it, that economic growth could take the deficit down even more quickly. But I didn’t estimate, that is—my budget is premised on the economy growing at about the same rate it has for the last 25 years, with the profits of our business enterprises at about the same level. If the same thing happens in the next 3 to 5 years as happened in the last 3, we would have quicker growth and a quicker resolution of this.

But that’s why I think we should not be pessimistic about the future. The more we can get this deficit down, the lower interest rates will be for people in the private sector; that means they’ll borrow more money, they’ll build more houses, they’ll have more home mortgages, they’ll invest in more plant and equipment, and the economy will grow quicker; also the lower our interest payments on our own debt will be, which means we’ll have more funds to invest in education, health care, and the environment.

So I now believe—I just didn’t want to over-promise, Brit [Brit Hume, ABC News]. I didn’t want to say that I knew we could do something we couldn’t. I know we can take this down to balance, and we can do it in a disciplined way. But I have ordered—excuse me—offered a balanced plan that says, let’s keep doing what works, and let’s don’t over-promise. And let’s don’t pretend that we can do things we can’t do, like tell you right now we can jerk \$450 billion out of the health care system with no adverse consequences.

Q. You don’t mean to be saying—take it to balance now because it would be easier, do you?

The President. No. I believe—what we know, though, is that we can—when I ran for President, I didn’t think I should make more than a 4-year pledge. [Laughter] And what I said was that I thought we could get the deficit to half what it was when I took office as a percentage of our income. That’s been done, and it’s nearly, in real dollar numbers, half of what it was. Now, we’ve had a lot of success with our reinventing Government program. I know a lot

more about how the Federal Government and the budget works than I did the day I showed up here. I believe we can take it into balance. But we’ve got to do it in a way that permits us to invest in education, invest in technology, and do right by people that have a right to rely on things like Medicare and Medicaid.

Q. Mr. President, you know that eventually you’ll have to work out this budget dispute with Congress, assuming that they can’t override your veto. Instead of going through the veto scenario and tiptoeing right up to default, why don’t you just invite the Republican leaders over here and work it out ahead of all of that?

The President. Well, let me say again, when I proposed this budget, before they even voted for their budget resolution, I had my hand outstretched. My hand has been outstretched ever since, in all kinds of public and private ways. Frankly, let me say, that I believe the same is the case of the vast majority of the Democrats in the Congress. I believe we’d like to have a huge bipartisan vote for the right sort of balanced budget.

But at every turn, what have I been told? “We’ll be glad to talk to you, but we’re not changing anything. If you don’t change our deficit, we just won’t pay the debts of the United States. We’ll abandon a 200-year history of honoring our obligations to pay our debts.”

So that really is not a question that should properly be directed to me. The Congress has to finish its business, and they will make a decision. They know exactly where I stand. They know what my principles are. And now the American people know that the philosophy that I have, the ideas that I have, the values that are in my budget also turn out to be very good for the economy and good for reducing the deficit.

Thank you very much.

NOTE: The President’s 105th news conference began at 4:15 p.m. in the Briefing Room at the White House.