

that whenever Government tries to define the public interest, something bad will happen which will be worse than all the good can offset.

And I have a lot more respect, frankly, for all of them and for the debates we've had. And I think we understand each other's position. And I hope more than anything we can get agreement, and I still think we probably can. But I just want you to know what I have been fighting for, because I can remember what it was like. I'm almost 50 now. I'm old enough to remember what it was like when there were no regulations in nursing homes. I was in chicken plants before there were any health regulations for people who worked in chicken plants. I walked in factories before OSHA came there, and I saw men working in factories with three of their fingers gone. I can remember.

I don't believe we're a weaker country because of Medicare. If you live to be over 70 in America today—people over 70 have a longer life expectancy in America than in any other country in the world because of Medicare. I believe that the Government needs to invest in research. One of the biggest—there's no votes in this one way or the other, but one of these budgets would cut our research budget 30 percent over the next 7 years; the Japanese just voted to double theirs. We just had America's Nobel Prize winners in, nine of them, into the White House; seven of them had Government research. That's the way it's done in the world.

So those are the debates we're having. There's some very good people on the other side of

this debate, and they have some good points. But fundamentally, I believe that we're better off if we say: What do our values require us to do? What will be good economic policy? What will preserve our leadership into the 21st century? How can we fight for liberty, reassure the availability of progress to everybody, and struggle for common ground? Those are the questions.

And I think about the children and the young people much more than I do people my age. You know, most of us who have already lived most of our lives have been given great gifts by America. It is our job to pass on to you a future that will be worthy of our past and that will meet the challenges of the moment. That is what this debate is about. It is not about balancing the budget. And you have two huge competing world views. Both have their points. But let me tell you something, the Democratic Party has been pronounced dead over and over and over again in the last 2 years. But tonight when I finished my work, I was never more proud to be a Democrat.

Thank you, and God bless you.

NOTE: The President spoke at 8:35 p.m. at the Capital Hilton Hotel. In his remarks, he referred to Dawson Mathis, president, and Patricia Rissler, secretary, National Democratic Club; William Long, former Assistant Clerk, U.S. House of Representatives; Barbara Boggs, dinner coordinator; and Judy Bonior, wife of Representative David Bonior.

Remarks on the Budget Negotiations and an Exchange With Reporters *January 10, 1996*

The President. Hello, everybody. Is everyone in here? Well, first, let me say that we're having this Cabinet meeting to discuss the present status of our budget negotiations and where we are. As I have said all along, I am for balancing the budget in 7 years, but I want to protect the fundamental priorities of the American people and the future of the American people. We can balance a budget in 7 years, according to the Congressional Budget Office, without having dangerously low levels of commitment to Medicare and Medicaid, without having big cuts that

undermine our commitments in education and the environment, without raising taxes on working families.

Now, that's what the Congress said they wanted. I've got this letter here from Congress, a letter from Congress to the Speaker saying that the budget we submitted in fact balances the budget in 7 years. The differences between these two budgets are now clear. We do not want to fundamentally change the commitment of the Medicare program to the health care of seniors. We do not want to fundamentally

change the commitment of the Medicaid program to senior citizens, to poor children, to the disabled. We do not want to adopt a level of investment that makes it certain that we will have to turn our backs on the needs of education or the environment.

That is what this is all about. We can even have a modest tax cut for the American people, and for families especially, and balance the budget in 7 years according to the Congressional Budget Office. That's what this letter says. They agree now, so the only differences left between us are ideological differences.

And I said in the beginning, let me say again: If the objective is to get a 7-year balanced budget that Congress says is balanced, we can do that. If the objective is to get a modest tax cut, we can do that. If the objective is to dismantle the fundamental American commitments through Medicare and Medicaid or to undermine our obligations in education and the environment, I will not do that. That is basically where it is.

Q. Mr. President, it seems like that what's being said here today and also with what's being said on Capitol Hill, that despite all of the good will that was apparent here yesterday, this really was a breakdown in the talks. You're very far away, and it sounds like you're not getting any closer together in this break.

The President. We're not—we're only very far away if you turn this into—if you insist on a tax cut which requires unacceptable levels of cuts in education and the environment and Medicare and Medicaid, or you insist on fundamentally changing those programs in ways that will erode the protections that Medicare and Medicaid now give to seniors and to poor children and to disabled people, or you insist on cuts in education that will cut back on scholarships or Head Start, or you insist on cuts which will really weaken our ability to protect the environment. If that's the deal, it's reconciling not only the level of cuts—it's not just the money here, I want to emphasize that. It's the policy.

The Republicans—if I might, let me just take Medicare for an example, just for example. The Republicans and I agree that there should be changes in the Medicare program to encourage more seniors to have more options to join managed care programs. And we agree on a number of other provisions that should be changed that will strengthen Medicare and give more options to our senior citizens. I do not agree with

changes that I think will, in effect, break up Medicare and put more and more seniors at the mercy of the present private insurance system so that the older and lower income and sicker you are, the more at risk you are. I don't want to do that.

So if we can work that out, we'll have an agreement. It's the same thing—

Q. Can you explain why—

Q. It seems like what you're talking about here really is a fundamental policy difference that is not going to be bridged and, for example, can you possibly accept the idea that Medicaid would no longer be an entitlement?

The President. No. No. But let me say this: More than my predecessors, my Republican predecessors, I have been for and I continue to be for giving the States far more flexibility in the way they run the programs. But I don't believe we should send a check, a Federal check to the States and say if you decide that you no longer want to provide health care to some poor children or some disabled people or some seniors who are getting it now, that's okay with us. I don't believe that. There is a national interest—a national interest—in protecting the health care of our children, our seniors, our disabled population. And I believe the American people believe that.

In terms of letting the States have more flexibility to make the money go further, to do different things with it, to expand coverage in different ways, we have been on the forefront of that. That's what the Vice President's reinventing Government effort is about, that's what Secretary Shalala has done in giving all these waivers to States. We are willing to go much further there.

But let me ask—I thought that we were supposed to be balancing the budget. We have agreed already, both sides have agreed, to far more savings than are necessary to balance the budget in 7 years according to the Congressional Budget Office. That's what this little letter says here. That's what their letter says. Both sides have agreed.

If this is about balancing the budget, we could do it in 15 minutes tomorrow afternoon. The American people need to understand that. Congress now agrees. I have done this. I have given them a plan. It just simply does not have the dramatic changes in Medicare and Medicaid that I think will weaken our commitment to those folks, and it does not mandate cuts in education

and the environment that are far larger than we could sustain. That would be—we cannot take the discretionary account down so low that we know that we will not be able to protect education and the environment.

So that's where we are. We can balance the budget. It's very important that the American people understand that. We have agreed, the congressional leaders and I have agreed already, to far more than enough reductions in Government spending to balance the budget within 7 years. We already have.

The issue here is over the policies involving Medicare, Medicaid, education, the environment, our opposition to raising taxes on the lowest paid working people and on the size and structure of the tax cut. This has nothing to do with balancing the budget anymore. Nothing.

We could balance the budget, literally, in 15 minutes tomorrow afternoon. And the Congressional Budget Office would say hooray. The financial markets would say hooray. Interest rates would drop. The economy would start to grow. Everything would be fine. Then we could have an election in 1996 about whether the American people agree with their view of Medicare or mine, with their view of Medicaid or mine, with their view of our obligations in education and training of our work force and our children or mine, with their view of environmental protection or mine.

Now, that's what we ought to do. We can do this in 15 minutes. So when they express pessimism, it's because they don't believe that—at least, maybe in the House and perhaps in the Senate as well—that they can pass a balanced budget program that they, their own Congressional Budget Office, will say is balanced but doesn't further these ideological goals. We ought to have an election about that.

If we're going to walk away from the fundamental commitments of Medicare, we ought to have an election about that. We haven't had an election about that. If we're going to say that our children, because they are poor, are not entitled to the health care they would otherwise get or that middle class families that have disabled children who are now getting help will or will not get that help depending on who happens to be Governor of a given State, we ought to have an election about that. And if we're going to say we're going to reduce the number of college scholarships, college loans, investments in our education system, invest-

ments in environmental protection, we ought to have an election about that. That is not what the '94 election was about, certainly not what the '92 election was about.

So let's come back here, balance a budget in 7 years, show the American people we can do it, get the economic benefits of doing it, and then have all 1996 to argue about these policies. That's the proper thing to do.

We have bent over backwards to reach good-faith, honorable, principled compromise, and we can still do that. And I don't understand what the problem is. We can even have a reasonably good-sized tax cut and do it. But there is a limit to how big the tax cut can be, and there certainly is a limit beyond which we cannot go in good conscience based on our priorities.

And let me just make one final statement. Ever since the Congress and I agreed to reopen the Government the first time, there was a resolution we passed—we all agreed to it. It said that, finally, we would agree on a budget that was balanced in 7 years, that the Congress would say was balanced in 7 years, that protected our priorities, Medicare, Medicaid, education, and the environment, and that's what the resolution said.

From the next day, all I ever heard was, "Where is your budget that they say is scored?" As if they had no obligation at all to deal with the other parts of the resolution. Well, here it is. This is their letter.

Now, what we ought to do is honor the second part of the resolution. That resolution said we're going to put off the ideological battles until the next election. That resolution said, yes, we'll balance the budget in 7 years, but we will protect education and the environment and Medicare and Medicaid. And all I'm trying to do now is honor the resolution that I signed off on when we had the first Government crisis a few weeks ago.

Q. Do you think they've deceived you, Mr. President, in their goals? Did they deceive you?

The President. No, no. I always told you what this is about. I said this weeks and weeks ago, months ago. I have not been deceived. But you know, we don't—in a political system where one party, where even, I might say, one philosophy within one party does not have total control, sooner or later you have to ask yourself, are you going to make the perfect the enemy of the good?

You know, when the Democrats—let me just give you an example. When the Democrats had the Congress in 1993 and '94, we passed the most sweeping education reform we've passed in 30 years. I did not agree with every last line in every one of those bills. But I did not make the perfect the enemy of the good. I said, I want the education reform.

We passed a crime bill after 6 years of people talking about it before I got here. I did not agree with every line in the crime bill, but I said—and neither did the Attorney General. But we said, we're not going to make the perfect the enemy of the good. We're going to have

a principled, honorable compromise. We passed the crime bill. We put over 30,000 police on the street. Crime is going down in America.

So I would plead with the Republicans to think about that, to look at that example. They can have an election over the biggest differences they have with me. Let's not make the perfect the enemy of the good. We have already agreed to enough spending cuts to balance the budget and to give a modest tax cut. Let us do it.

NOTE: The President spoke at 2:24 p.m. in the Cabinet Room at the White House, prior to a Cabinet meeting.

The President's News Conference *January 11, 1996*

The President. Good afternoon. I want to report to you this afternoon and to the American people about the progress we've made toward achieving a balanced budget that reflects our values. But first, let me tell you about the action we are taking to help the millions of people along the East Coast who are stranded and afflicted by the Blizzard of 1996.

I have asked the Director of FEMA, the Secretary of Transportation, and the Secretary of Defense to work together and to take all appropriate actions. Today I announced that we will provide Federal disaster assistance in situations where response is beyond the capability of State and local governments. In particular, we will provide funds to open up emergency routes in communities once States have applied for this assistance and FEMA verifies the need. This will allow ambulances, fire trucks, and other emergency workers to do their jobs.

Today I am announcing that this assistance will be provided to Maryland and the District of Columbia. FEMA has also received a request for assistance from New York, and we are expecting shortly to receive requests for assistance from New Jersey, Pennsylvania, Virginia, North Carolina, and Delaware. We will act on these requests quickly.

This has been a trying time for everybody affected. It's often the case that in natural disasters you see the best come out in people. As we continue to dig out from the Blizzard of

'96, I hope Americans in their communities will continue to look out for their neighbors, to help those in need, and to pull together. We will do what we can here.

Now I want to discuss the budget. After many weeks of public debate and private discussion, historic agreement on a balanced budget is within reach if we set aside partisanship and work to seize this moment. I'm optimistic that we will balance the budget, and I know we have come too far to let this opportunity slip away.

In the 12 years before I took office, for the first time in America's peacetime history, our Government deficit skyrocketed. Our administration has already cut the deficit nearly in half. But our need to pay off the interest on the debt run up in the last 12 years is giving us a deficit. Indeed, but for the interest payments on the debt run up in the 12 years before I became President, our budget would be in balance today.

We have already reduced the size of the Federal Government by more than 200,000, so that it is smaller than it has been at any time since 1965. As a percentage of the civilian work force, the Federal Government is the smallest it's been since 1933. We cut hundreds of programs. We're eliminating 16,000 pages of rules and regulations. But it's time to finish the job.

Let me be clear: We can balance the budget. We can do it in a way that invests in our people and reflects our values: opportunity for all, doing