

This budget, in short, makes really strong and significant steps toward achieving the great goals that I believe America should pursue in this new century. It helps us move toward an America where every child starts school ready to learn and graduates ready to succeed; where parents are able to succeed at home and work, and no child is raised in poverty; where we meet the challenge of the aging of America; where we provide health care to all; where we make America the safest big country on Earth; bring prosperity to the communities and people who have been left behind; pay off our national debt; reverse the course of climate change; keep America leading the world in science and technology and toward peace and prosperity; and

bring our country together, at last, as one America.

This budget takes the right steps toward those goals. I hope it will be well-received in Congress and by the American people. And I thank all of you who worked on it, down to the last detail. The details make the difference, and if we can enact them, they will make all the difference for America.

Thank you very much.

NOTE: The President spoke at 10:22 a.m. in Presidential Hall in the Dwight D. Eisenhower Executive Office Building. In his remarks, he referred to White House Chief of Staff John D. Podesta, who introduced the President; and Martin N. Baily, Chairman, Council of Economic Advisers.

Message to the Congress Transmitting a Report on the National Emergency With Respect to Terrorists Who Threaten To Disrupt the Middle East Peace Process

February 7, 2000

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to ter-

rorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995.

WILLIAM J. CLINTON

The White House,
February 7, 2000.

Interview With Willow Bay of Cable News Network's "Moneyline News Hour"

February 7, 2000

Economic Prosperity

Ms. Bay. Mr. President, did you ever imagine in your most optimistic of dreams when you first took office, think that you would see a prosperity like the one we have today?

The President. The truth, I guess I didn't, because I never thought about it. I literally never thought about how long the longest expansion was in history. But what I did believe is that there was this enormous, pent-up potential in the American people because of all the

restructuring of industry that went on in the tough years in the 1980's, because of the power of technology which has only grown exponentially since I've been in office, because I thought the American people understood the global economy and were willing to work hard and not make excessive wage demands and get their pay increases as their companies grew—all that turned out to be true.

So I just thought if I could remove the Government-related obstacles to growth by getting

the deficit down and getting interest rates down, that good things would happen. But no, I can't say that I even thought—it never crossed my mind that it would happen.

Ms. Bay. So in your mind, in some ways, was it unleashing a potential that already existed?

The President. Yes. Yes. I think the main role of Government in a global economy like this, and where growth has to come out of the private sector, is to create conditions and give people the tools to do the best they can. And so, to me, the Deficit Reduction Act in '93, the Telecommunications Act, the Balanced Budget Act of '97, saving the surplus, all these things are designed to create the conditions and give people tools. That's why I think all this investment in science and technology and having a lifetime training system is important. And then the American people will do the rest. I think we have the highest percentage of new jobs, nearly 21 million now since 1993, in the private sector of any government—excuse me—any economic expansion in our history. They're almost all, way over 90 percent, private jobs.

Ms. Bay. As you have noted, we have built a new economy. What is the most important thing, most effective thing you can do as President to keep that economy going strong?

The President. I think, stick with the present economic strategy first, keep paying the debt down, keep the interest rates down, keep the confidence up, continue to invest in education and training and science and technology, and do more to expand trade. I think that's the most important thing.

Then I think we have to continue to look for any impediments to continued growth. For example, I think over time the Telecommunications Act and the Financial Modernization Act will help a lot. And I think we have to look for other things. That's why I think this new markets proposal I've made is not going to be valuable just to help poor communities and poor people get investment; I think it will keep growth going without inflation, because it's a new way to bring expansion to areas which haven't enjoyed it.

Ms. Bay. Do you really believe this is a new economy? Because, as you know, many on Wall Street say this is a boom, like others we've seen, and it will come to an end. What in your mind distinguishes it as different, other than its length?

The President. I think there are two things that are different here. First is the role of technology. And let me say, I'm like the people on Wall Street to the extent that I don't pretend that we've repealed the laws of supply and demand, nor do I think we have repealed the potential for human error. So, of course, it could come to an end, and it probably will some day. But what is really distinguishing here is the role of this new high-tech world and the way it rifles through every sector of the economy.

The high-tech economy itself, basically the Silicon Valley type companies, they account for 8 percent of our employment but 30 percent of our growth. That understates their impact because computer technology is going through every kind of work. And the reason the traditional economists, including ours, didn't anticipate this level of growth—that you could get down to 4 percent unemployment without any inflation—is that they underestimated the productivity impact of technology. So I think that's the first thing.

The second thing is, keeping our markets open has not only given us a wider range of consumer choices and more competitive pressures, it's kept inflation down, because if we had a more closed market, then these buildups would not have the outlets they have—whether it's in homebuilding or whatever.

Ms. Bay. Do you worry at all, though, with our enthusiasm about this prosperity, with our genuine excitement over the technological revolution that we're witnessing, that we are convincing folks that this really is a boom without end?

The President. Well, I think that's what Chairman Greenspan is trying to caution against. He's trying to make sure that we don't go so fast we play it out prematurely. And I think that's what he's tried to do in the years we've worked together.

I think it's important not to overpromise, not to overclaim, but I also believe all the evidence is that there's still a lot of creativity left, there's still a lot of room for new investment, there's still a lot of room for growth if we remember the fundamentals: Keep investing in science and technology, keep investing in education and training, keep paying the debt down, and keep the markets open, and keep expanding our markets. I think if you stay with that—obviously something could go wrong, but I think if we're

not overpromising and we're on a steady course, I think we'll continue to have growth.

Fiscal Year 2001 Federal Budget

Ms. Bay. Your final budget was delivered to Congress today. On the surface, at least, it looks as if you're loosening the reins on spending a bit, revising the spending caps. Why should Americans want their Government to spend a little bit more in 2001?

The President. Well, first of all, the last couple of years we've spent more, and last year the Congress just shredded the spending caps. They just did it by calling certain normal expenditures emergencies. So this is basically a straight-forward budget. I took the spending levels of last year and I said, let's not pretend anymore that we don't want to add at least inflation to education, to medical research, to the environment, to health care. We know we're going to do that. So let's project for the next 5 years that we'll have last year's spending plus inflation, and then we'll argue about the categories of growth.

But I think Americans should want us to invest more. We've cut spending for quite a long while. As a percentage of our economy, Federal Government spending is the lowest it's been since 1966. The size of the Government is the lowest it's been in 40 years. So what we should do, now that we've trimmed down, now that we've got a surplus, we should keep paying the debt down, but we ought to invest more, I believe, in education, in science and technology, in health care, to help parents balance the needs at home and at work. And I think we can afford a modest tax cut, which I also believe is important.

Ms. Bay. You've added some revenue raisers, like closing some corporate tax loopholes—likely to be a rather tough sell in Congress. If you don't accomplish those, do your numbers still work out?

The President. Well, if all the numbers don't work out, we'll have to spend less or have a smaller tax cut. Because to me, the only number that has to work out is we've got to keep paying the debt down; we've got to not jeopardize our ability to take care of Social Security when the baby boomers retire; and we've got to hold back enough money so that Medicare stays stable and doesn't throw the whole budget out of whack or otherwise severely hurt seniors over the next 15 or 20 years.

So, to me, those are the key things, and everything else operates from that framework. So, for example, if they decide not to close some of the corporate loopholes, so we have however much less money that is over a 5-year period, then we'll either have to spend less or we'll have to have a smaller tax cut.

Ms. Bay. John Kasich, chairman of the House Budget Committee, declared your budget dead on arrival. How tough a battle are you likely to face?

The President. Well, that's what they said in '99, and we got most of it; that's what they said in '98, and we got most of it. If our crowd will—the people that agree with me—and they're not confined solely to the Democrats—we have almost 100 percent support, I think, in our party for our budget approach because we believe we should invest more in education; we believe we should invest more in health care. But I think there are also quite a number of Republicans who agree with us. So I think if we just relax and stay tough until the end of the year, we'll do fine, just like we have in the last several years.

Ms. Bay. What are likely to be the most contentious issues?

The President. Well, I think the contents of any tax cut will be contentious. I don't believe the Republicans this year will contest me on the size, because I think they've seen even in their own party that Americans don't want to run the risk of going back to deficits. They know this strategy is working.

But I feel strongly that we should focus the tax cuts on the needs of middle class families, like to pay for college tuition, long-term care for elderly and disabled relatives, expanding the earned-income tax credit for poor people, a genuine easing of the marriage penalty for people in the middle and even in lower middle income groups. But we ought to focus it there. I think they have some different ideas; we'll fight about that.

I think that a lot of them don't support our efforts to put 100,000 more teachers in the classroom, so we're going to fight over that for a third year. But we got it the first 2 years. And of course, they're against, by and large, they're more against the Patients' Bill of Rights than I am. I hope they'll raise the minimum wage, but some of them won't want to. So we'll have plenty to fight about.

Tax Reform

Ms. Bay. Do you think it's likely you'll see an easing of the marriage penalty? I know it's a hot topic of conversation right now.

The President. I do. Because I want to have a genuinely constructive atmosphere, I put a proposal to them on the marriage penalty because I know that's something they've always thought was important, too. And all I asked them to do was to confine their bill to the marriage penalty issue and to give a little relief to people in the lower income of the scale, too.

Their marriage penalty bill, in addition to easing the marriage penalty, has a whole lot of other stuff in it. So if they'll meet me halfway, we'll work something out. I think there's a fair chance we'll get that.

Debt Buybacks and the Bond Market

Ms. Bay. There was an interesting situation last week, caused largely by the surplus. As you know, the Treasury announced plans to buy back some of its debt and reduce the supply of new debt. It caused a fair amount of turmoil in the bond markets. Were you surprised by that kind of reaction in the bond market?

The President. A little bit, only because we had made clear several weeks before that we might want to buy some of our debt in early. If it had been the first time it had ever been mentioned, I wouldn't have been so surprised. And there is a debate going on now about whether it's even a good thing for us to pay ourselves out of debt, because there are some people that believe we have to have enough publicly held debt to establish the bond market, which is a, if you will, a barometer for the overall financial framework of the capital markets.

But my concern is, we financed this expansion privately. There is quite a lot of private debt outstanding; it doesn't look at all troubling today because there is so much private wealth outstanding. But I just don't want to run the risk of the thing getting out of balance. So I think as long as we're growing this way, the Government should continue to pay down the debt. And we have to buy in the bonds to do that.

Ms. Bay. Could or should the Treasury have done anything to manage the bond market more effectively, particularly given that this is unprecedented and likely to be an ongoing concern?

The President. I don't know the answer to that because, as I said, my—unless my memory is totally out of whack here, I think we announced several weeks earlier than that, we plan to buy the bonds in, and some of them would be brought in before term. So I think Secretary Summers is a very smart man and he understands this and he talks to people in the private sector all the time, and I think they'll do it the best way they can.

But just yesterday Chairman Greenspan said again that he thought the best thing that we could do in the executive branch would be to continue to take the debt down, and he hoped Congress would cooperate. So I think we're all—if we're wrong, we're all wrong together, anyway. And I don't think we are.

Information Age Entrepreneurship

Ms. Bay. On a more personal note, you are clearly a believer in this new economy. If you were starting your career today, would you be tempted to start a career on the frontlines of this revolution or—

The President. Oh, absolutely.

Ms. Bay. You would?

The President. Absolutely. It's so exciting. I mean, you talk to all these young people who are out there and have come up with these ideas, and they have access to capital, and they do things. And then when they—a lot of them make a phenomenal amount of money in almost no time, but they also hire people. They're interested in contributing to the strength of society. I never bought this generation X argument; most of these young people really care about the overall health of America. And I think the idea of having an economy that really is running on ideas is a very exciting prospect for the future.

Ms. Bay. Tempted, perhaps, to run a dot-com?

The President. Yes, I would be. If I were starting again, I would be. You know, I'm probably too old to do it now. I'll have to find something else to do in a year, so maybe I'll think about it then. [Laughter] But I'm not sure I'm not too creaky around the edges to do it.

2000 Election

Ms. Bay. Word is they could use some experience in the dot-com world. [Laughter]

Final question. In the middle of this campaign season, Senator McCain is running as an outsider, in part, against you and your legacy. Yet, his economic platform looks surprisingly like Clinton/Gore economic policy. Does that make him a more formidable opponent for Al Gore?

The President. Well, first of all, I think that every person in the last 30 years, including me, when I ran—you always run as an outsider, because more people live outside Washington than inside Washington, and people always think of it as a distant place.

But I think it's both flattering and I think encouraging that Republicans generally have turned away from tax cuts that are so big that they could trouble our economy. And no matter who wins their nomination, there are lots of other differences between our two parties and our candidates that the American people will have a chance to think about.

I think it would be a very good thing if we could establish a bipartisan consensus that we're going to keep paying this debt down; we're going to save Social Security for the baby boom generation; we're not going to allow Medicare to go broke. That would be a good thing, and it would be worthy of—you know, in a global economy, having a common economic policy is part of our national security.

Now, that would be attractive. Then the burden would fall on both the Democrats and Republicans to clarify what the other issues are and what the differences are. So I think, really, it's quite impossible to predict, this early, how this thing will change. It's one of the things I've learned watching Presidential politics over more than half my life now—that they'll change. Once you think you've got it figured out, the American people are still in the saddle, and they'll change it on you.

Hillary Clinton's Senate Campaign

Ms. Bay. Speaking of politics, congratulations. Mrs. Clinton made it formal over the weekend, announcing her campaign for the U.S. Senate.

The President. She did.

Ms. Bay. Are you really prepared to hit the campaign trail again, and this time as a supportive spouse?

The President. Well, I will do whatever I can to help her. And New York has been very good to me and wonderful to us, to our family, to our administration, to the Vice President. But I think now what they want to do is hear from her. Yesterday was her day. I thought she was terrific. I was so proud of her. I loved her speech and what she said and what she's running on. If I can help her, of course, I will.

But my instinct is that the people of New York want to hear from her directly, and that if I can help her, it will be later in the campaign when we get down to the—longer toward the end and there's fundamental decisions to be made by a relatively small number of voters who might be willing to listen to my arguments—not because it's me but just because I have a microphone.

But people are pretty independent in this country, and they like to make their own decisions. And they're not going to vote for her just because she's my wife, but they might vote for her because we share some values and some approaches to the issues. And they want to make their own judgment about her. I thought she was terrific when she announced. I was so proud of her. And I'll be happy to be a member of the Senate spouses club. I hope I get to be. [Laughter]

Ms. Bay. President Clinton, thank you very much for joining us tonight.

The President. Thank you.

NOTE: The interview began at 5:20 p.m. in the Roosevelt Room at the White House. The transcript was embargoed for release until 7:30 p.m. A tape was not available for verification of the content of this interview.