

Week Ending Friday, August 6, 1993

Remarks on Flood Aid

July 29, 1993

The President. I have made three trips now to the Midwest during this flood. My Secretary of Agriculture and the Director of FEMA have been there many, many more times. We've seen so many people who have lost their homes, their farms, their businesses, but they are carrying on very, very bravely.

Here in Washington, we're working hard to get a multibillion dollar emergency aid package through the Congress to help rebuild the communities, the businesses, the homes, to help to provide basic assistance. But the Federal Government can't do it all. Our country always has had a system in which the National Government would come to the need of States and communities and citizens when they needed help, but we've never been able to cover all the costs, and we won't be able to now. That's why we need your help.

The Red Cross has done a magnificent job; so has the Salvation Army; so have the churches and the other community groups; so have thousands of people, young and old and all in-between, who have come to help. But we need your help. And I hope that you, too, will contribute whatever you can afford to help these wonderful Americans put their lives back together. They need your encouragement and your support. We'll do our part. We need you to help, too.

Q. [Inaudible]

The President. The aid should be there very soon. Of course, some of the emergency aid is there now. The Federal Emergency Management Agency and the Department of Agriculture have been giving cash and food stamps to people who are totally out of all resources and money. But the big aid will be there just as quickly as we can get it through the Congress. I think it will happen very soon. And we're all set up to move the

checks out very quickly, I think within a couple of weeks after I can sign the bill. And that should be just in the next day or so.

In terms of the long run, we've already got a group established to look at that. I met with the Governors of the affected States here in the White House just a couple of days ago, and we're going to work hard in the long run, too. I don't want this to happen again to you or to anybody else.

Q. [Inaudible]

The President. There is an 800 number that gets several thousand calls a day just from Iowa, down in Texas. If you don't have it, I will arrange to have it called in while the telethon is going on. We've tried to set up a one-stop telephone so that all Americans who are affected by the flood could call. We're going to do our best, as I said, to take care of this and also to take care of the long-term problems. I can't control the weather, but we're going to work hard to help you.

NOTE: The President spoke at 8:15 p.m. via satellite from the Library at the White House. A portion of these remarks could not be verified because the tape was incomplete. This item was not received in time for publication in the appropriate issue.

Interview With the Arizona Media

July 30, 1993

The President. Thank you for joining me by satellite. I'm glad to have the opportunity to speak with you and through you to the people of Arizona. I'd like to make a brief opening statement and then preserve as much time as possible for your questions.

The Senate and the House conferees are nearing agreement on a budget program which preserves the essential principles that I began with in this whole endeavor back in February.

First, it will reduce the deficit by about \$500 billion with divisions equally between spending cuts and revenue increases.

Secondly, it will restore fairness to the Tax Code by asking 70 percent or more of the burden of the new revenues to be borne by people with incomes above \$200,000, the top 1.2 percent of our country, the people who received most of the economic gains of the last 10 years and got a tax reduction during that period.

Third, the burden on the middle class, people with incomes above \$30,000 for family incomes, but less than \$180,000, will be asked to pay a modest fuel tax, about 4.3 cents, which will be less than \$50 a year on average for the average family.

Fourth, for the first time ever, we will be able to say to working people with children that if they work 40 hours a week, if they play by the rules, they will not be taxed into poverty but lifted out of it because of a dramatic expansion in the earned-income tax credit. This is an essential downpayment on welfare reform, really rewards work and family, and it's very, very important.

And finally, and perhaps most important of all, this plan brings down the deficit and keeps interest rates down and at the same time provides important new incentives for business investment and job growth and new incentive to invest in small businesses capitalized at \$50 million a year or less, very important to the high-tech community; a huge increase in the expensing provision for small businesses, meaning that 90 percent of the small businesses in America will actually be eligible for a tax reduction under this program if they reinvest in their businesses; third, an expansion of the research and development tax credit, very important to the growing economy; and fourth, something that will affect Arizona because you've got a lot of new people coming in there, some real incentives to revitalize homebuilding and real estate in ways that will generate a lot of a new jobs.

So for all these reasons, I very much hope that this plan will pass. The more the American people know about it, the more they are likely to support it. Almost all of the opposition has been generated by false claims that this plan has no deficit reduction, no spend-

ing cuts, and too much of a tax burden on the middle class. All three of those things are wrong.

And finally, let me say just one other point, because I've had this conversation with Senator DeConcini so often. There's a difference in this plan and the plan that passed in 1990, which didn't produce deficit reduction. First, we don't have unrealistic revenue forecasts. We have cold-blooded, hard facts in our projections that are agreed to by all the expert analysts. Secondly, all this money goes into a trust fund and can only be spent for deficit reduction. Thirdly, under the House version of the bill, there is an actual enforcement mechanism so that if we miss our deficit reduction target in any of the next 5 years, the President would be legally bound to correct the miss on the target, because nobody can foresee the future with absolute precision, and the Congress legally bound to vote on it or vote on another proposal to do the same thing.

So we have some protections here that have not been there before, that will bring this deficit down, revitalize our economy, and enable us to go on to the other crucial issues facing this country, including health care, welfare reform, the crime bill, the immigration issue, a lot of the other things we need to face. And I hope that your Members of Congress will support it. I thank Representative English for doing so the first time around. I'll be glad to answer your questions.

Deficit Reduction

Q. Mr. President, thank you very much for being with us by satellite this afternoon. And as we begin in the interest of fairness and full disclosure to the viewing audience and to the people listening on the radio, I think it's important to point out that the White House has imposed a ground rule here today that there will be no followup questions from reporters.

That being said, Mr. President, it's clear that most Americans do want to see a deficit reduction here. The plan which is likely to come out of the Senate Conference Committee, maybe even yet today, is somewhat short of your \$500-billion-dollar-over-5-year target. Arizona Senator Dennis DeConcini, whom you talked about just a moment ago,

says that he can't vote for it when it comes up for a full Senate vote because there are, quote, no assurances that new taxes will be used for deficit reduction—[inaudible]—retire the debt. Those words were spoken by him this morning.

Now, I understand what you just said, but obviously, he doesn't believe it's going to reduce the deficit far enough. What's your response to that?

The President. I have a twofold response. First of all, they are arguing about the details. They are talking about a deficit reduction package somewhere in the range of \$490 billion to \$496 billion or \$497 billion; anything in that range would be 98 percent of where we are.

Secondly, the taxes will not legally be able to be spent on anything other than deficit reduction. They will be put into a trust fund which must be spent on deficit reduction. They can't legally be spent on anything else.

Now, Senator DeConcini wants a strong budget control mechanism to go into the plan. But as he pointed out to me, I supported his amendment, too, which is very much like the one we passed in the House. The only reason that the DeConcini amendment did not pass in the Senate is that all the Republicans voted against it because they don't want us to have good budgetary control. I don't know why; you'll have to ask them. But I'm going to have the strongest possible controls to guarantee that all the tax money goes to deficit reduction. If you put it into a trust fund and if we have to make annual corrections if we miss the targets, that's about as well as we can do, I think.

Senior Citizens' Investments

Q. Mr. President, the readers of my newspaper are nearly all senior citizens. They've seen the returns on their nest eggs decline considerably in recent years. Will your economic plan strengthen their investments, and if so, how?

The President. I think it will strengthen their investments by promoting economic growth. A lot of senior citizens who have their investments in primarily interest-earning accounts have had earnings drop as interest rates have gone down. But that's one of the reasons that you've had in Arizona, for

example, a big increase in homebuilding and more people working in construction.

But I think what you will see over the long run is a very strong stock market, highly reliable bonds, and interest rates that will be lower as long as we can keep inflation low, but that will grow with the economy. And I think over the long run, what the senior citizens need is stable economic growth. They may have to balance their investment portfolios more between equities and plain bonds that depend on long-term interest rates. But I think all of us are helped over the long run if we can keep long-term interest rates down.

Economic Program

Q. Mr. President, why did you decide to do this in Arizona this afternoon? Is it because your tax plan is in trouble here? Is it because this morning Dennis DeConcini said again he wouldn't vote for it and because the Republicans are busy running a bunch of radio ads encouraging Karan English to vote against it?

The President. Well, it's because I think that I ought to answer these questions directly and because, frankly, the Republicans have willfully misrepresented the truth and the facts about this all over the country and especially in Arizona. I have been doing this, however, in many other States. You've actually—you helped to support the Republican rhetorical campaign by just what you said.

This is not a tax plan. This is an economic plan. Fifty percent of the deficit reduction is in spending cuts. We're cutting the Federal work force by 150,000. We're cutting everything from agriculture and veterans benefits to all kinds of other programs, all across the board. We have asked the wealthiest 1.2 percent of the American people who got big tax cuts during trickle-down economics to pay over 70 percent of the tax burden. We've held families with incomes under \$30,000 a year harmless. We have actually rewarded the working poor of whom there are many in Arizona with a change in the Tax Code so that they'll be lifted out of, not kept in, poverty by taxes. And we've got big incentives for small business investment.

I will say this again: The Wall Street Journal has now run three articles in the last 2

weeks pointing out how a lot of these lobbying groups have willfully misrepresented the facts of this program to the small business community. Over 90 percent of the small businesses in the United States of America will be eligible for a tax reduction under this program if they reinvest in their businesses.

And I think when people know the facts—Senator DeConcini pointed out to me in my conversation with him 2 days ago—he said it's really too bad that people don't know the facts. He said, "This program had real support on February the 18th when you spoke to the Nation and went through the facts, point by point by point." And now the program is even better for average Americans than it was then. We've improved it. But all they've been told by the Republicans is, no deficit reduction, all taxes.

Let me just point out one other thing for all the Republican ads that are being run. When this budget came up in the Senate Finance Committee and the Republicans, with all their talk about needing more budget cuts, were given their chance, the Republicans did not offer one nickel in budget cuts over the ones that I had already offered, not one red cent.

When Senator Dole presented his plan in the United States Senate it was a joke, from people who thought we ought to have \$500 billion of deficit reduction. He had \$100 billion less than I did, and \$66 billion of his spending cuts were, quote, unspecified, meaning, "Trust me, I'll figure that out later. I don't want to make anybody else mad."

Now, if you look at my spending cuts, they're specific. There are 200 of them. We've got a plan. All I want the people of Arizona to know is the truth. When they get the facts, they can make their own conclusions.

Small Business

Q. Mr. President, in the past week we've heard from several small business groups who say increasing taxes on the most successful small businesses, which according to figures are 4 percent, would hurt those who are providing all of the new jobs, especially here in Arizona. I want to know your response to that.

The President. My response is that there are 700,000 small businesses that are organized and pay taxes under the Tax Code as individual taxpayers. Of that, 94 percent of them will have no income tax increase but will be eligible for a very big increase in their expensing provisions, which means they'll be eligible for a tax cut.

I think for the top 6 percent to say they should have no responsibility in paying down the deficit is wrong. And for them to say they're the only ones creating new jobs is wrong. All of them, anybody that's that big has the option of converting to the regular corporate status, and regular corporations don't pay a tax increase in this until they have taxable income in excess of \$10 million. But people who get the benefits that come from being taxed as individual taxpayers should be taxed as individual taxpayers. They also have options to reinvest in their businesses and get tax benefits down the road, I might add.

Economic Program

Q. Mr. President, in the past few weeks we've had interviews with Al Gore, with Bruce Babbitt, with David Wilhelm. All were sent out to Arizona or called on the telephone to talk about this program. And now today we're getting to speak with you. You seem to be expending a tremendous amount of political capital over this program. I know you don't like to think about this, but I wonder, if the worst happens and this package loses, how big of a setback will it be for your administration?

The President. It will be a big setback for America. Let me remind you—this is an interesting thing—that we had 67 business executives here in the White House a couple of days ago endorsing this plan. About half of them were Republicans. We had the heads of four energy companies here. Lod Cook, who was one of President Bush's cochairs in 1992, was here endorsing our economic program.

This is not a partisan issue. Alan Greenspan, a Republican who is head of the Federal Reserve Board, has repeatedly said if we don't pass this deficit reduction plan, it means higher interest rates, a weaker economy, more uncertainty for America. What I'm trying to do is to cut through the incred-

ible partisan fog that our adversaries have created and look at the facts. Republican business people who have looked at the facts are overwhelmingly supportive of this program. The Republican head of the Federal Reserve Board is supportive of this program.

When I represented the United States in Tokyo recently and got an agreement from other countries to lower tariffs on our manufactured products which, if we can get everyone in the General Agreement on Trade to sign off on by the end of the year, will put hundreds of thousands of manufacturing jobs into America. I got that agreement because we were bringing down our deficit. It was the first time in 10 years the leaders of the other industrialized countries had not attacked America in their statement, instead, they complimented us.

This has nothing to do with party or with me personally. Look, I want to get on to other things. I'll tell you what will happen if we don't do that. We'll spend 60 days or 90 days fooling around with this. You'll get less deficit reduction. You'll get higher interest rates. And the United States Congress will not go on to deal with health care, which every American has a stake in seeing resolved so that we can stabilize and make secure health care for all Americans and bring costs within inflation. We won't go on to welfare reform. We won't go on to the crime bill. We'll just sit here and flail around, and it'll be bad for America. I'll get up and go to work the next day, try to get the Congress to do its part. But I don't think that's going to happen. I don't think the United States Congress is going to let interest rates go up because of the fog of misinformation that's put out here. I think they're going to trust their people, go home and tell them the truth. And I'll tell you something else: I think the Republicans will begin to vote with us on other issues. You can already see it now on national service. We're going to pass the national service program I campaigned so hard on next week with broad, bipartisan support because people are tired of all this partisanship.

Q. I'd like to go back to the question we talked about a moment ago, and that is why we're doing this. Half of our congressional

delegation clearly will not vote for the plan, and three of the Democrats either will not or may not. I think we would all learn a little bit from the kind of personal interaction you're having with DeConcini, Coppersmith, and English to try to get them to be on your side.

The President. Well, I've asked them all to vote for the program, and I've told them that I would do what I could to get the facts out. But let me say this: There are two categories of people who are holding out now and trying to make up their mind how to vote. There's one group of people who desperately believed that this program ought to pass, but they're simply afraid that they'll never be able to convince their own voters, because of all the sort of rhetoric that's come out of the Republicans, that it's good for them. That is, I don't know how many Members of Congress have said to me, "This is a good deal for the people of my district. If they knew the facts, they would like the program. I don't know if I'll ever be able to get them the facts because of the dominance of the sort of 'tax, tax, tax' attack on it." So I think for those folks, I have to get out there and give them the facts. That's what I'm trying to do here today with you.

There are others who have certain specific objections that I have tried to meet. One of them is the objection that Senator DeConcini always raises, that we can't go back to 1990. If we have a deficit reduction package, the taxes have to go to reduce the debt, and we have to have an enforcement mechanism. And we have done that, and we will do that.

Let me assure you: I'm doing this with a lot of other States, too, for the same reasons. I want to try to at least explain to people directly what the issues are and what the facts are so they can make up their own minds. And I believe that, as President, I should be directly accountable not only to the people but also to press out in the country and not just depend upon whatever the nightly controversy is that dominates the evening news and the political press corps here to get the information out, to you. I think I owe you more than that, and I'm just trying to do my job.

Manufacturing

Q. Mr. President, much of the economic projections we hear about have to do with growth in the services industry. And yet many of the economists tell us that America only moves its engine forward when industry prospers, when manufacturing is doing its thing. What plans do you have for rejuvenating and improving the manufacturing engine of the United States?

The President. Good question. Let me mention, if I might, three things. First, let me compliment you on the question. I do think that services are important, but no great nation can give up its manufacturing base. I'm working on three things.

First of all, in this economic program, there are plain incentives for manufacturers, tax incentives, to invest in new plant and equipment to be more competitive, or to start new businesses, especially in the high-tech area.

Secondly, in the budget we are actually spending more on a couple of things. One of the most important things is more money on defense conversion to try to take advantage of the incredible skills of these companies that have lost their defense contracts but have the capacity to produce for the high-tech, nondefense economy of the world.

The third thing we're trying to do is to find more markets for our manufactured products. The most important thing I did at Tokyo was to get these other countries to agree to drop their tariffs, in many cases eliminate their tariffs on everything from pharmaceuticals to electronics so that Americans can sell more abroad. And I might say that there is virtually no disagreement on this. Everybody agrees that if the big seven nations can get what we agreed to into a world trade agreement by the end of the year, it will bring hundreds of thousands of manufacturing jobs back to the United States. So those are the three things we're really trying to hammer.

Economic Program

Q. Mr. President, given the job that the opponents of this economic package have done in selling it here in Arizona and elsewhere as a tax-and-spend plan, and we have two freshman Democrats who are sort of lay-

ing their careers on the line if they vote for this, what specifically can they tell their constituents, not in general terms but in very specific terms, what can they tell their constituents is in this package for them?

The President. First of all, they can tell their constituents that almost every small business in their district will be eligible for a tax reduction if they invest more in their business.

Secondly, they can tell their constituents that California is a growing State with a vibrant population where a lot of new businesses will be started. And this plan has dramatically increased incentives for getting capital for new businesses.

Thirdly, they can tell their constituents who are working hard for limited wages that this plan holds them harmless if they're families with incomes of less than \$30,000 a year, and actually if they're at a low income and still working full time, they'll get a tax break out of this. Those are personal, immediate benefits.

And finally they can say that all of them will benefit from low interest rates. How many Arizonans have refinanced their homes since we've been able to bring interest rates down by taking on this deficit? How many more will be able to do it in the next few years or get a lower business loan or a lower car loan or a consumer loan or a college loan? These are personal, immediate, tangible benefits.

The other thing they can say is that when they do pay taxes to the Federal Government, we won't have to spend so much of it paying interest on the debt. We can spend more of it investing in the future of Arizona and America. These are things that I hope your freshman Congressmen can say.

But let me say that the opponents have a lot easier case. If you don't care what the facts are and you just want to say "tax and spend," it's an easy task. But let me just point out, it was under Republican Presidents that the debt of this country went from \$1 trillion to \$4 trillion. And you can look at the evidence. The Congress actually appropriated slightly less money than those Presidents asked them to spend over the last 12 years.

And a lot of the people that are raising all this Cain now helped us to get in the fix

we're in. I was a Governor during that period, and you look at my record. My State was always in the bottom five States in the country in the percentage of income going to State and local taxes. We never had to raise any money to pay off a debt. I don't like this. I hate the idea of raising taxes to reduce the deficit. But no one seriously believes that we can do what we need to do unless we reverse some of the things that happened during the trickle-down years of the eighties. I'm doing the best I can to take the tough decisions now to free up our economy as we move toward the 21st century. And I hope that Republicans, independents, and Democrats in Arizona who can think about that in terms of the future will be supportive.

Health Care

Q. Good afternoon, Mr. President. This question maybe is not related to the budget plan, but it's so important to the Hispanic community. Three days ago, you asked the Congress for \$172 million in order to reinforce the immigration law and reduce the number of people that is coming illegally to this country. The majority of these people, Mr. President, are not criminals but working people. They are paying taxes. And they need medical care. My question, Mr. President, is, in your health care reform, is going to protect community health centers who right now treat illegal aliens here in Arizona? They are the only one. Are you going to protect these centers?

The President. The final shape of the health care reform has not been decided. But I believe that the likelihood is that American citizens will be individually covered but that public health centers will also be funded and that people who come into their doors will be eligible for care. That's what I think will happen. I think that is the likelihood.

I don't think you can see that sort of entitlement, the health care card that Americans might get otherwise, will go to illegal aliens. I think that is probably not going to happen. But I do think we will continue to fund public health facilities, and I think we must. I think that there are a lot of American citizens who would otherwise have no access to health care if we did not do so, particularly in urban

areas that are quite poor or rural areas without access to other health care.

Consumer Confidence

Q. Mr. President, I guess I want to go back to something you said just a moment ago. You said no one believes that we can change things unless we reverse the policies of the eighties, to paraphrase what you said. But there's something I don't understand, and that is why most Americans or many Americans at least don't seem to agree that the consumer outlook, the economic outlook, is good. The consumer confidence level has dropped to its lowest point in 10 months this July. And more importantly as they look out over the next 6 months, consumers, according to most of the surveys, aren't very optimistic about the economy and things improving even with your economic plan.

The President. I think there are—[*inaudible*—]reasons for that. First of all, keep in mind, America's economic difficulties that most Americans face—that is, most people are working harder for lower wages and not keeping up with inflation, while health care and education and housing costs have outstripped inflation—those trends have been in the making for 20 years and are a function of our inability to adjust as well as we should have over those 20 years to the new challenges of the global economy. Secondly, there was a great deal of optimism right after I was elected, but you can't expect results overnight. These forces have been in play for years and years. You can't turn them around overnight. Thirdly, most of these people have been given an enormous amount of misinformation about what is actually in the economic plan. And finally as I tried to say in response to a lot of the very good questions which have been asked, this economic plan alone is not the answer. It is an essential first step. We still have to have a more aggressive trade policy to sell our products. We've still got to reinvest in the skills of our people. We've still got to have a good defense conversion policy. We've cut all these defense workers out without reinvesting in their potential to contribute to the economy.

So there are many other things we have to do. But once we do this, I think you'll see an upturn in confidence: We can move

on the health care; we can move on the other job-creating policies; we can move on to welfare reform. And those things together will make a real difference in the economy and a real difference in the outlook for most Americans.

But most folks in this country have had a pretty tough time for 20 years now. And I want to turn it around, but it is not going to happen overnight. And we have to have the courage and the fortitude and the constancy to take on a whole lot of issues and not expect a silver bullet or an easy answer.

Q. Mr. President, I wish we had more time, but thank you very much for being with us.

The President. Thank you, sir—[inaudible]—and thank you, ladies and gentlemen.

NOTE: The interview began at 4:44 p.m. The President spoke via satellite from Room 459 of the Old Executive Office Building. In his remarks, he referred to Lodwick M. Cook, chairman and chief executive officer, ARCO, and David Wilhelm, chairman of the National Democratic Committee. This item was not received in time for publication in the appropriate issue.

Interview With the California Media

July 30, 1993

Q. I know you'd like to start out this afternoon with an opening remark, sir.

The President. I would, and thank you very much for allowing me to join you in this way. I hope I'll get back to the Central Valley in person before long. I had some wonderful times there during the election, and I'm glad to have the chance to visit with you directly.

As you know, in the next few days the Congress will take up a final vote on the economic plan, which they have been debating now since February. So far the Congress has moved with great speed in trying to deal with this plan and trying to keep its essential features intact. I want to just review those features today and why I think it's important as a first step in our long-term efforts in redeveloping the American economy and the California economy.

First, the plan will reduce the deficit by very close to \$500 billion, equally divided between spending cuts and revenue increases,

put in a trust fund so that the money cannot legally be spent on anything else but deficit reduction.

Secondly, the plan will ask of the tax increases that 70 percent at least of those come from people with incomes above \$200,000, the top 1.2 percent of our economy, people who got most of the economic gains and a tax cut in the 1980's.

Thirdly, the middle class burden will be quite modest. I wish there didn't have to be any middle class tax, but the deficit has gotten much larger just since the election, and we have to address it now. And that burden will be for a middle class family of four with an income of between \$40,000 and \$60,000, less than \$50 a year. Next, the plan holds working families with incomes of under \$30,000 a year harmless and gives the working poor, those who still live below the poverty line, actual tax relief so that we'll be able to say for the first time, if you work 40 hours a week and you have children in your home, you'd be lifted above the poverty line. This is a profoundly important thing.

And next, and perhaps most important for California, the plan has real incentives for private sector business growth: Incentives that the high-tech community in California wanted very badly for investments in new companies with \$50 million a year or less in capitalization, big cuts for them; an increase in the expensing provision for small business that will give over 90 percent of the small business operations—and farms that qualify, too, I might add—a tax benefit, not a tax increase but a tax benefit when they reinvest in their businesses; next, an increase in the research and development tax credit; and finally, some incentives to invest in areas that are traditionally underdeveloped, both rural and urban areas, to get free enterprise in there to do that job.

So for all these reasons, this economic plan is good for the country, and it's good for California. It is not the end-all and be-all. We have to move on to health care. We have to move on to a trade policy that enables us to sell more of our products and services abroad. We have to move on to welfare reform. We have a crime bill. We have an im-