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Americans, I don't know what would. I thank these people for the lives they have lived and the light they have shined.

Again, we welcome them and all of you to the White House and ask you to join us in the State Dining Room.

Thank you very much.

NOTE: The President spoke at 3:15 p.m. in the East Room at the White House. In his remarks, he referred to former Secretary of the Treasury Robert E. Rubin; former Secretary of State Henry A. Kissinger; Gov. Pedro Rosselló of Puerto Rico; former First Lady Betty Ford; alleged gunman Buford O. Furrow; Cecilia A. Suyat, widow of Supreme Court Justice Thurgood A. Marshall; and Mr. Wayburn's wife, Peggy. The transcript made available by the Office of the Press Secretary also included the remarks of the First Lady.

Statement on the Tornado Damage in Salt Lake City, Utah

August 11, 1999

I want to express my concern for the people of Salt Lake City, who are suffering the effects of a devastating tornado that tore through their city this afternoon. I was particularly saddened to learn that the tornado left at least one person dead and dozens injured. Officials from the Federal Emergency Management Agency (FEMA) are already on the ground; more officials are en route; and FEMA Director James Lee Witt has talked by phone with Governor Leavitt. The burden of recovery will be heavy, but it is a burden that the people of Salt Lake City need not carry alone. As they begin the difficult process of mourning, healing, and rebuilding, our Nation stands steadfastly behind them.

Interview With Susie Gharib of the "Nightly Business Report"

August 11, 1999

Wages and Inflation

Ms. Gharib. It looks like wages are really starting to pick up now, and this is benefiting even people on the bottom rung of the economic ladder. But this is something that's worrying Wall Street because you saw the reaction to the employment report that the worry is that as wages rise, that this could create inflation. Do you think that wages are rising so fast that you could create an inflation problem?

The President. I don't think there's any evidence of that now for a couple of reasons. One is, you know, we had about 20 years when, in effect, there was no real rise in wages for people in the middle and the lower income groups, and they have had a good rise. It's been going on for about 3 years now. But we have seen enough experience, at least so far, that we don't see the signs of inflation.

I also believe the fact that we have open markets and, therefore, lots of competition and a lot of productivity increases fueled by technology should give us some encouragement there. It's something obviously we have to be vigilant about. But based on the present evidence, I think people are—they're earning their pay increases, and they've worked hard for them and, so far, I don't think there is evidence of inflation.

Stock Market

Ms. Gharib. Mr. President, on Wall Street, they say that the direction of the stock market is a good predictor of where the economy is headed 6 to 9 months into the future. We've seen some rallies recently, but still stocks are down 10 percent or more from their recent highs. Do you think that the stock market is telling us that rough times are ahead?

The President. Not necessarily. No, I don't, because, keep in mind, the stock market was 3,200 when I took office. It was 6,500 in 1996, late in '96. So it's still perking along pretty well. And I think it's unrealistic to think that it's going to more than triple every 5 years. You're just not going to have that every 5 years. But I think that the most important thing I can say is that from my point of view, is that, as Secretary Rubin used to say, ''Markets go up. Markets go down.''

What the Government should focus on is keeping the fundamentals right. And it seems to me that if we can keep paying down the debt, practice fiscal responsibility, keep pushing to open markets, and keep making the kind of long-term investments that we know are good for the American economy, then the people in the private sector will take care of the rest.

I think you really get in trouble trying to predict what's going to happen in the global economy where already we've defied all the predictions. You know, when I became President, the consensus was that if we had two or more quarters of unemployment below 6 percent, we'd have inflation. And we know that the rules are being rewritten.

Now, that doesn't mean that the laws of economics have been repealed; it must mean that our ability to predict is not as great as it would have been in a more stable time. So I'm basically quite optimistic about the American economy as long as we keep the fundamentals right.

Monetary Policy

Ms. Gharib. You mentioned Robert Rubin, and there are some people who believe that since Robert Rubin left his post as Treasury Secretary, that the administration has modified its policy on the dollar. Can you clarify this for us? And we have seen the dollar under pressure recently. Do you no longer support a strong dollar policy?

The President. No, we haven't modified our policy. I think that what you've seen with the dollar is partly a function of an expected recovery in Asia, and I think that on balance, that's good. And the European economy may be growing a little more; on balance, that's good. And so I think that that is a predictable thing.

Plus, you know, to try to help our friends in Asia and Russia get through this crisis—and the Chinese particularly have had—even they've had a little bit of problems—we've run quite a large trade deficit here because we haven't wanted to close our markets since they were in trouble. Those things happen—that tends to weaken the currency too, after a certain amount of time.

So I haven't been particularly alarmed by it, but neither am I for a weak dollar. I think the United States has to be for a strong dollar. And again, I say the way for us to do that is to not abandon our budgetary discipline and our long-term policies on expanded trade and investments and technology.

Tax Cuts and Federal Spending

Ms. Gharib. Mr. President, let's talk a little bit about taxes. You have been quite adamant, and so has your administration, that any kind of tax cut above $300 billion is no deal. And yet now we're hearing that you may be open to discussion and some negotiation on this. Are you signaling that you're more flexible?

The President. No. What I'm flexible about is what is in the tax cut. It's interesting—if you look at my tax bill of $250 billion and the Republicans with $800 billion, we have almost exactly the same benefits for middle class people, they're just differently configured. But the size of the middle class tax cut in both packages is about the same.

What I have said—I don't even think they ought to adopt my tax cut first. I would be opposed if they said—if they call me tomorrow and they said, ''You know, we slept on it last night, and we decided you were right, and we like not only the size of your tax cut, but what's in it, and we'd like to send it to you next week.'' I would say don't do that, for the following reason: I think it is wrong, on principle, to pass a tax cut before you figure out what your obligations are.

And Senator Breaux and Mr. Thomas had this Medicare condition. I thought there were some good things in it; there were some things I didn't agree with. So I gave Congress a Medicare plan that would lengthen the life of the Trust Fund and pay for a modest prescription drug benefit. I also gave them a budget which would, over time, not only save the Social Security surplus taxes for Social Security but would lengthen the life of the Trust Fund. And I gave them a budget which said, here's what I would spend for defense, for education, for other things, and here's what I would spend for a tax cut.

What I think they ought to do is give me a Medicare proposal. Then let's get together and work out what we're going to do with that. Then let's figure out what we have to spend. Already this Congress, even under the Republican leadership, has decided to spend more for veterans, for agriculture, and for defense. And they say they want to spend more for education. But their tax cut makes it clear, specifically in the tax bill, that they

had to cut all these things drastically that they're voting to spend more money on.

So my position is, send me a Medicare proposal; let's figure out what we have to spend on other things and what we've got to do to pay the debt down, and let's give the rest back to the taxpayers. And I will be very flexible about how we do it.

Ms. Gharib. All right. Let's talk about where you might be flexible. We had Pete Domenici, chairman of the Budget Committee, on our program recently, and he was saying that when you look at the whole surplus, only a quarter of it would be devoted to these tax cut proposals, things like an income tax cut, estate tax cut, cut in the marriage penalty tax. And even your Vice President, Mr. Gore, was on our program recently—he said he would support a cut in the marriage penalty tax. Is there anything here among these tax cuts that you might support?

The President. Sure. But the question is—let me just say, in all respect to Senator Domenici, they say it that way because it sounds so reasonable, but that's not quite right, and here's why. The Republicans have agreed with me—and I applaud them for this—they've agreed that we should take that portion of the surplus—projected surplus—it's not here yet—that portion of projected surplus attributable to Social Security taxes and not spend it. Okay? That leaves a third left.

When you take their tax cut, plus the extra interest payments we have to make—because when you cut taxes, you don't pay the debt off as fast—it takes up everything that's left, which means that they have no money to spend whatever on defense, on education, on lengthening the life of the Medicare Trust Fund, and yet they're voting to do these things.

So they either want to get into the Social Security surplus, at which case we're not going to pay the debt down and we're going to make a big mistake, I think, or they're pursuing the course which will require drastic cuts in the very things they say they're trying to increase. So, on any specific, I'm happy to talk to them. I think it would be great to get rid of the marriage penalty. There are a lot of things that they proposed that—in the Senate bill, in the original Senate bill, had a lot of great policy in it. We can't afford to do that and take care of the American economy.

Federal Reserve Board Chairman

Ms. Gharib. Sir, we're running out of time, so I want to ask you a few more quick questions, okay? Mr. President, I wouldn't be a good business reporter unless I asked you a question about Alan Greenspan. The last time this came up you said you don't even know if Mr. Greenspan would be interested in another term as Chairman of the Federal Reserve. Now, I'm sure you have a lot of contact with Mr. Greenspan, and your Treasury Secretary meets with him from time to time. Do you now know if Mr. Greenspan would be interested?

The President. Well, I saw him just today, actually, when we gave President Ford the Medal of Freedom, but I didn't have a chance to talk to him about it. You know, I think he's done a great job. I did reappoint him once. And I think that we've had an appropriate relationship. I don't comment on the Fed's actions, but I think we've both pursued complementary policies, and I think he's done a good job. But I think it is not useful for me to feed speculation one way or the other until I've at least had a chance to talk to him. I have no earthly idea what his intentions are, and we haven't had a chance to talk.

Ms. Gharib. Well, obviously, you've put some focus on the Federal Reserve recently, you recently named Carol Parry to fill one of the boards—he's on the Fed. You've named Roger Ferguson to fill the Vice Chair post. And you've told us that you will deal with the whole Fed Chairman job in a timely manner. Are we getting close to that time?

The President. Well, his time, term runs out at some point, and at some point it will be appropriate for the two of us to talk. But I think until the two of us talk, it would be just foolish for me to say anything. It would only cause—whatever I say might be rendered moot by the conversation we have. So I just don't think I should.

But I think the important thing is for the American people to know that I support the direction he's taken, and I think he's done

a good job. And I've tried not to meddle, and I'm not supposed to.

Since you brought him up, though, I think I ought to mention that he, along with others, have pointed out that if we don't pay the debt down and we still have a tax cut that's too big, it will increase the chances of inflation, which will increase the likelihood of interest rate increases. And all the benefits the American people could get in a tax cut, including upper income people, could be taken away by higher interest rates, which not only take more money out of people's pockets directly but will slow economic growth.

So I think that that's another thing that ought to be hammered home about this tax cut. Why should we do something on the one hand if we're going to lose the benefit of it from higher interest rates and lower growth?

New Markets Initiative

Ms. Gharib. I don't want to tackle with you on that, but I do want to talk to you more about economic growth. I'd like to talk to you about your new markets initiatives. The economy has had this wonderful run and it's been growing for so long, and it's even benefited a lot of the people who are living in economically distressed areas.

The President. It has.

Ms. Gharib. Is the goal of your new markets plan to speed up this process?

The President. Well, to speed it up where it's underway and to kick it off where it's not. We still have, believe it or not, we still have got a lot of counties in this country where the unemployment rate is over 10 percent, and a lot more where the unemployment rate is over 7.5 percent. So what I try to do, first of all, is to vigorously support the Community Investment Act, setting up more community financial institutions, expanding enterprise zones, which the Vice President has run for us so well over the last 6 years.

But what I want to do now is try to mobilize the business community and set up a legal framework that would give an incentive in every area of the country which has not felt the prosperity to grow more quickly. So I've sent this legislation up last week which would essentially give business people the same incentives to invest in developing communities in America that they get to invest in developing communities in Central America or the Caribbean or Africa or Asia. I don't want to take those away; I just want to have the same incentives in America in the Mississippi Delta, in Appalachia, in the Indian reservations, the inner cities.

And we have this terrific interest in the business community now, I think partly because they feel they're prosperous and they can do it and they ought to do it. But I want to emphasize, this is not a social program. This is a conviction of mine that there is profit to be made in these areas where unemployment is too high and underemployment is too high, and there is too little investment.

Ms. Gharib. But I'm sure you've heard this before, where people will say, ''Look, we've tried this before. We've tried tax credits. It's difficult.''

The President. But it's never been tried. First of all, it's never been tried in the comprehensive way we're doing it, where we're going to work with these communities and help them. Secondly, it has never been tried when the economy was this prosperous and when everybody is asking the very question that we've been talking about—all the business community, you ask them—we started with the stock market, how long can the stock market stay; is inflation—if we have inflation, will that bring the stock market down? Everybody is worried—we've already got the longest peacetime expansion in history; how much longer can it go on without inflation?

Now, my argument is that every American ought to be interested in this new markets initiative because one sure way to grow the economy without inflation is to invest in a place where you have both more businesses and more consumers—more business, more employees, more consumers. There is no inflationary impact to that growth. And it's right there at our feet.

And every American who believes in free trade ought to believe in the new markets initiative because it's closer to home with the same direct benefits and no inflation. And so there is—if I can use a little jargon, there is a macroeconomic benefit as well as the human benefit of doing this. I think we've got the best chance in my lifetime to get this done, the best chance since the early sixties. We lost control of the economy in the late

sixties. We had inflation with guns and butter, and we've never had a chance since then to do this. We've got it now.

Ms. Gharib. I'm getting notices that my time is up. But would you give me permission to ask you one last question?

The President. Sure.

Ms. Gharib. I think it's a good question, and I think you'd like to answer it.

The President. Sure.

Future of the National Economy

Ms. Gharib. Mr. President, your term is drawing to a close and you have presided over one of the most fruitful economic times in this century, but let's fast-forward to the next generation, Chelsea's generation. What do we have to do to guarantee in the future this kind of prosperity and more?

The President. We have to make the most of this prosperity if we want to guarantee the next generation. We can't guarantee our children anything. We can't perceive the challenges they'll face. Their lives will have its own rhythm. But we do know this—what do we know about our kids' generation? We know they're going to have to deal with the aging of the baby boomers. We're going to get old, and there are more of us than any other generation before to reach this age.

We know they're going to live in a world that is increasingly more competitive, where financial markets are global and interest rates are set in that environment. We know that the children who are in the schools now are the most diverse group in history, and they are the first generation larger than the baby boom, and they will grow up in an era where education is more important than ever before.

We know those three things. Therefore, what should we do? We should make sure that our kids don't have to pay for us in our retirement by taking care of Social Security and Medicare now, so that when we're 75 and 80 years old, our children won't have to take care of us, and they can take care of our grandchildren.

Second, we should make America debt-free for the first time since 1835, so we keep interest rates down and more money can be borrowed by people in their private lives and business and personal lives. And when our trading partners get in trouble, like Asia has in the last 2 years, they can get the money they need at lower cost because we won't be taking it out of the system.

And the third thing we ought to do is give every kid in this country a world-class education. Now, if we can do those three things, we can maximize the chances that our children's generation will have greater prosperity than we do.

NOTE: The interview began at 5:04 p.m. in the Roosevelt Room at the White House and was videotaped for later broadcast. This interview was released by the Office of the Press Secretary on August 12. A tape was not available for verification of the content of this interview.

Remarks on Developing and Promoting Biobased Products and Bioenergy

August 12, 1999

Thank you. Well, if Amal Mansour gets tired of alternative energy, she might consider politics for a career. [*Laughter*] She gave quite a speech, and I thank her.

Shootings at the North Valley Jewish Community Center

Let me just say, before I begin, I would like to say just a few words about the latest developments in the shootings in Los Angeles. It now appears that they were motivated by racial and ethnic hatred. If so, that's the second such incident we've had in the last couple of weeks, along with the killings that occurred in the Midwest, which you all remember very well, and another compelling argument, in my judgment, for this country to renew its commitment to our common community, our common humanity; and another compelling argument for the passage of the hate crimes legislation and the commonsense gun legislation we have recommended.

I know the Attorney General spoke about this earlier today, but I wanted to strongly support and associate myself with her comments on this.