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*Mr. Harkin.* Thanks for saying that.

*The President.* "Thanks for saying that."

What we all want to know is whether you are wet or dry.

*Mr. Harkin.* It is a great moment to talk to you, Mr. President.

*The President.* Frank, what we all want to know here is whether you are wet or dry. I've been to Iowa twice, and I know how much flooding you've had. So tell us how it is around where you live.

*Mr. Harkin.* Today it is humid and muggy. I did watch on TV when you were in Iowa.

*The President.* Well, I just had the Governors of six States, including Iowa, in to see me to talk about how we could help people get over the flood damage, and I certainly hope we can do a good job of that.

*Mr. Harkin.* Hopefully you will do your best.

*The President.* I want you to tell all the people here with me how you like this communications system.

*Mr. Harkin.* It is wonderful—have a TV crew from Des Moines in my house.

*The President.* Well, now I want you to say a word to your brother. You have proved that you are a person of fewer words than—[*laughter*]—than the President or your brother. Congratulations.

NOTE: The President spoke at 3:09 p.m. in the Roosevelt Room at the White House. The conversation took place during a ceremony commemorating the anniversary of the Americans with Disabilities Act.

## Interview With the Georgia Media
*July 27, 1993*

*The President.* Well, first of all, I want to thank you for coming. Welcome. As you probably know, we've been doing a whole series of these press conferences, both when I'm out and when I'm here and also some of it electronically, but as much in person-to-person as possible. And I would like to give as much time as possible to answer your questions.

But I think I should begin with a story that Charles Stenholm told this morning. He's the chairman of the Conservative Caucus in the House who, by the way, thinks we should make some changes in the program during the conference. But he acknowledged today that—he said every time someone calls me criticizing this program, they've normally had their heads filled full of misinformation by people who are criticizing them without telling everything. And every time I talk somebody through it, they wind up thinking it's not so bad.

Last night Leon Panetta went to a Maryland district that's fairly representative of the United States with Congressman Cardin and went through the whole program. And afterward the Congressman asked the people, "Do you want me to vote for this, or do you want me to delay it 60 days more or just let it to go to pieces and see what happens?" And three to one, they wanted him to support it.

Then the Wall Street Journal last week finally began something that has not happened up here. This is not your issue but ours in Washington. They actually went around and started asking people who said they were with small business groups opposed to this plan if they knew what was in it, and it turned out they didn't. And over 90 percent of the small businesses in America will actually be eligible for a tax reduction under this program, because they have no tax increase on the income taxes, and we doubled the expensing provisions for small businesses.

So the program—I just want to emphasize again—is the only program presented that provides $500 billion of deficit reduction, an equal balance between spending cuts and tax increases. For every $5 in spending cuts, there are $5 in tax increases; $4 of those come from people with incomes in the upper 5 percent of the income brackets; $1 comes from the middle class. Working families with incomes of under $30,000—and there are a bunch of them in Georgia—are held harmless in this program. An average family of four with an income of $50,000, we're looking at a ceiling of about $50 a year, which is less than a buck a month to get the deficit down and provide some of the

economic incentives to grow some jobs, which I think is very, very important. So I think it's a balanced plan. I think it's a fair plan. And if you look at the alternative that was presented in the Senate, it's the only serious plan so far that's been up that really has big deficit reduction in a fair way.

Questions? Go ahead.

*Georgia Congressional Support*

*Q.* As you're meeting with us, obviously, some of this is directed at reaching our congressional delegation as well. We had conservative Democrats in the House, and obviously Senator Nunn in the Senate, who had voted against the plan. How are you approaching our delegation? Are you meeting with them personally? How are you lobbying them? Are you disappointed that you haven't had them with you? And do you think you can turn them around?

*The President.* First of all, we got a good number of votes from Georgia for which I am very grateful. But let me tell you how I'm doing it generally. I'm trying to meet with the House Members in the big caucuses first: the Conservative Caucus; the Mainstream Forum, which is sort of the DLC group; the Black Caucus; the Hispanic Caucus; the Women's Caucus. I've met with all of them, except I'm meeting with the Mainstream Forum tonight, and then talking to individual Members about individual concerns.

In the Senate we pretty well know the 10 or 15 Senators that could go either way and what the issues are for them, and so I'm trying to talk to each of them individually about their concerns. I met with four Senators over the weekend, and I have talked to a number of others over the phone.

The concerns basically are twofold. They break down into two broad categories. Some are just worried about a political reaction. And many of them have said to me, "Look, if our constituents knew what was in this, we know they would support it."

This is the only political issue in my lifetime where people have known less about it as it's gone on; that is, known less about the issue as time has gone on. The night I gave the State of the Union Address when there was a great deal of support for this was really the time when people had the largest number of facts. And then all the groups that ginned up opposition to it—it's like this spokesperson for a small business group last week ran a car washing service; turned out she got a tax reduction, not a tax increase out of this plan, and she didn't know it. And the people that had gotten her to stand up and speak against something she didn't know what was in.

So for those folks we have really got work on just making sure that they understand, that we now have an aggressive effort to get the evidence out that this is fair, progressive, real deficit reduction and real job creation. It's going to keep interest rates down and get jobs up. I mean, that's just a—that's reality, and I think that's important.

To the second argument is that the country wants us to make a decision and go on about other things. They don't want us to fool around for 60 more days without a budget. They want us to make a decision and then deal with health care, the crime bill, the welfare reform bill, all the other issues out there facing us.

Now, there's another group of people who basically didn't like either the bill that passed the Senate or the bill that passed the House but are more than prepared to take the political heat associated with serious deficit reduction if they can get a bill that they agree with. Senator Nunn, for example, told me that there were basically two big issues for him. And he told me that he might have reluctantly voted for the House bill because the House bill addressed one issue, which is that we need some more incentives in the Tax Code for people to invest their money in job-creating activities. And in the House, you know, we had incentives for new and small business capital gains tax. You invest your money in a business capitalized at $15 million a year less; if you hold it for 5 years, you cut your tax rate in half on the gain.

By raising personal income tax rates, we created a significant incentive to halve capital gains generally by investing in new businesses. We had some new incentives for new plant and equipment. We had new incentives to revive real estate and homebuilding. We had incentives to do more research and development.

When the Senate passed its bill to move from the Btu tax down to the fuel tax at 4.3 percent, one of the ways they did it was just to eliminate all that stuff, as well as the empowerment zones to try to get free enterprise into the depressed urban and rural areas. They cut that way, way back, so—no, they eliminated it in the Senate bill.

So, I believe that that concern will be ad-

dressed in the conference report. That is, I think the final bill will, through a combination of other spending cuts and maybe some just minor modifications to the revenue package, put a lot of those job incentives back in there.

The other issue that Senator Nunn raises is one with which I am very sympathetic but one that I am absolutely convinced we cannot deal with right now but that we have to deal with. And that is that there needs to be some limits, some discipline on the growth of entitlement spending. Let me just give you an example. The budget that was passed last year before I became President had an estimated 12 percent a year increase in health care costs, Medicare and Medicaid, 12 percent a year. Now, the rolls were growing some, but most of it was just inflation, paying more for the same health care.

We cut that back to 9 percent a year and saved $55 billion or so off the previous budget, a big shave. But still if you look at this budget now, you've got defense going down, many domestic programs going down, and an overall freeze on domestic spending. That is, for all the increases we have in Head Start and worker training and new technologies and defense conversions, we have offsetting decreases in something else. And the only thing that's really increasing in this budget are the retirement programs, Social Security cost-of-living increases, which are at least covered by the Social Security tax, and other cost-of-living increases on retirement programs and health care. That's what's going up.

So Senator Nunn and others believe, and I do, that you have to find a way to control health care costs. Otherwise, you're going to give the whole budget over to health care. You wind up cutting defense too much, and you don't have enough money left to spend where you ought to spend it, which is in revitalizing this economy. The problem is that if you put a cap on health care costs in this budget without reforming health care, which is the next big issue I want Congress to take up, if you did that, then all that would happen is you'd impose a hidden tax on every American with health insurance. Because what happens is if you just quit paying doctors and hospitals at the Federal level, then they just send a bill to your employers and to you if you pay part of your health insurance.

And that's why I don't think we can pass this cap now. I think we can pass the controls on health care costs by the Government if we reform health care. So anyway, that's a long answer. But you're interested in the Georgia politicians. I'm dealing with the political concerns and the substantive concerns as they come up.

*Senator Sam Nunn*

*Q.* Can I follow up? Why could you not convince Nunn of that, given the fact that here's a guy who supported you in the campaign and sold you, in effect, to Georgia voters in campaign ads? And it would seem like, this being as important to you as it is, that you would be able to persuade him to accept the logic of that and wait for health care reform down the road.

*The President.* I'm not sure he won't. I mean, he told me clearly that he found that he thought the Senate was wrong to take out all the job incentives, and of course, I did, too. But my argument to him was don't let the thing get defeated. Let's send it to Congress and see if we can put them back in. But you know, he and Senator Domenici worked for years on this program of strength in America. I think he's got a lot vested in it. He's got some very strong convictions about it. But all of us, including the President, in order to get anything done in a tough time, we've got to be willing to compromise some. And I hope we will get his support at the end.

But I just wanted to tell you what I think the roots of it are. I think they're—and that I'm very sympathetic with a lot of what he was saying. And I think in the end we'll get where he wants to go.

Let me just mention one other thing I have to tell you. If you get the budget out of the way and you start health care reform, which is the only way to ever get the deficit down to zero, by the way—I'm not satisfied with going down to $200 billion a year and then going back up again in 5 years; we've got to do something about health care to move it to zero. Then the other big issue that's coming up this fall that I think is terribly important is the Vice President's report on reinventing the Government. That's been a big issue that Senator Nunn and I worked on through the Democratic Leadership Council. He is going to offer some very controversial but very important suggestions to cut the overhead costs of the Federal Government and make it more efficient, make it more

user-friendly to the taxpayers, and free up some money which can itself be used to reduce the deficit or to invest in our future. So all these things have to be seen together.

And the argument I have to make to Senator Nunn—and I'm trying to make to some others, and a lot of the moderate Republicans who basically think they ought to support me if they could get out from under the partisan deal—is that you cannot solve every problem with the Federal budget with this act. We cannot solve all the problems. But if you put the budget and economic program with the Gore reinventing Government initiatives, with health care reform, you can bring this deficit down to zero, and you can really revitalize the economy, and you can do it in a way that's fair to all the American people. But you can't do it in one bill. And I guess that's the—a lot of the people who are holding out are saying, "Well, we want it to be perfect." Well, it can't be perfect. It's just got to be a big advance. It's given us the dramatically lower interest rates, and it's a good thing.

*Q.* Can you tell us a little about your relationship to Senator Nunn? I'm belaboring the point a little bit, but we have watched this over the last 6 months. How often do you talk with him? How is your personal relationship, despite all of the thing with gays in the military——

*The President.* Probably—I don't know—anyway, often. I talk to him often on the phone. And I see him with some frequency, and I hope to see him again pretty soon to discuss this. But you know, it's not unusual for me every week, a time or two, to pick up the phone and call him on something.

*Q.* Are you frustrated with him?

*The President.* No. No, I mean, I think—you know, I don't agree with the decision he made on the budget bill. But I agree with the reasons he had for not liking the way it came out. I didn't like the way it came out. But I think we should have kicked it into the conference—the Senate did the right thing—so we could keep the process going. Because the Republicans have not offered any credible alternatives, so there's no basis for us to build a bipartisan coalition. I hope we never have another bill without a bipartisan coalition, because I'm not comfortable with that. But in general I think it's going pretty well. I mean, the other issues—you know, he never made any pretense. He never agreed with me on the gays in the military issue. He made it clear in the campaign. He made it clear during the transition. He made it clear after the election. And we wound up—he wound up in a place where I don't think he expected to wind up either. I mean, I think we moved this thing quite a long way.

As a practical matter, if you read this policy, it differs from what I said in the campaign in only one respect: You still can't openly declare your homosexuality without some fear of being severed from the service. If you do that, the burden is then on you to demonstrate you are not going to violate the Code of Conduct. But I never said one word, not a word, about changing anything about the Code of Conduct. And yet the military leaders themselves decided to go further than they had ever gone in protecting the privacy and association rights of all members of the military in ways that Colin Powell summed up as a policy of "live and let live." That goes well beyond anything I even talked about in the campaign. Senator Nunn endorsed that. The Joint Chiefs endorsed that. The House leadership yesterday endorsed that. So I'm very encouraged about where we are on it.

*Economic Program*

*Q.* I've asked this question of a couple of your people, and I'd really like to hear your response on it as well. You last week released the jobs State by State that you think the plan will generate. Now, this morning in a session, Roger Altman's staff basically said, "Gee, we probably shouldn't have been so specific. We should have rounded these numbers a little bit. We're not going to create 238,416, or whatever, for the State of Georgia."

*The President.* It might be more; it might be less. I think everybody knows projections are approximations.

*Q.* But the choice was to release very specific numbers and now to round them. And now the administration is getting some criticism for that. Do you not think it may have been a mistake to have tried to put such specific numbers together in an attempt to sell this plan?

*The President.* Well, it may have been, but let me tell you why we did it. What we're trying to do is to avoid—frankly, the main reason we did it was to avoid overpromising, because I don't believe that this plan alone can restore America's health. I just think it is the critical, it is the critical first step. Without it I think you have total uncertainty; you have chaos; you

have interest rates going back up again, and you have a Government that can't get anything done.

With it you begin the march to progress. I think to get total economic health you have to do something about the health care crisis, do something about the way the Government does its business, deal with the welfare reform issue. And then there has to be a whole set of other economic strategies to help people convert from a defense to a domestic economy, continue the education and training of the work force, open new markets, all those other things.

So I think what they were trying to do was to say yes, it will do something, but we don't want to overpromise. Here's a model we ran through, and this is where we got. It may or may not have been a mistake, but we were trying to give people a sense of what our own research had produced.

*Media Coverage*

*Q.* Could I ask a followup please? One of the reasons for days like today is that people acknowledge that you have been misunderstood to some extent in terms of this plan. As you well know, there's been a fairly constant sense among some people in the administration, and sometimes you're one of them, that you've been misunderstood a lot on issues like gays in the military and what you first meant and what you really meant and on the economic plan, that sort of thing. Why, now that you've been here for a while, do you feel there is something systemic that's wrong with the way the media covers the White House? Why have you been so misunderstood by the people who cover this administration?

*The President.* Oh, I don't know. I think that for one thing if you throw something really controversial out there, and are new and different, it is very difficult for anything but the controversy to get constant coverage. And I don't say this so much about you but I mean, just in all the stories that compete for time on the national news. For example, let's suppose you're—and this is not a criticism more than an observation—suppose you are the producer of ABC News or wherever. You've got to put the flood on, right? The Israelis bomb the Bekaa Valley or attack the—you've got to put that on. So instead of, I mean, you can't go back through every night all the essence of the economic plan. And if our adversaries decide just to scream, "taxes," it's just easier to cover that story and to get it in the timeslots you can cover it.

I think that a big part of it is when there is just a huge volume of news and you've got somebody like me who's very much into trying to solve problems and get them out of the way, whether it's the test ban issue or the POW issue or the Northwest United States forest issue, I just try to take all these things and move through them. If you get something really controversial like gays in the military, it's not as if I had a chance to sit in the home in a fireside chat with the American people and walk them through my position and then walk them through why we came up with this compromise and why I think it is the principled, right thing to do.

And on the economic plan, I think it's just clear, I think—let me just give you—Bernie Sanders from Vermont is an independent from Vermont, the only independent in the Congress. He called me the other day and he said, "I have done you a terrible disservice." I said, "What do you mean? You voted for me on everything." He said, "That's what I'm telling you." He said, "If the progressives in the Congress had burned you in effigy for all these spending cuts, then America would know you had made spending cuts. But because the entire Democratic Party and I rolled on the spending cuts, it was never newsworthy." They weren't newsworthy. The newsworthy thing was the fight over the taxes, so that even when the Republicans—they were so smart about it—when the Republicans in the Senate Finance Committee offered all kinds of things to water down the tax program, but they did not offer one, not one red cent in spending cuts, because they didn't want to take any tough decisions. They knew we already made a lot of spending cuts, and they just wanted a lot of attacks on the taxes.

So I think, frankly, anytime you do hard things and you try to change, you have to expect to be misunderstood. But when you've got more than one thing out there at once, you have to really work on talking it through, which is why I think I should have been doing this from February the 18th until today, not just for the last month or so.

*Q.* But is any of this your fault, sir?

*The President.* Sure it is. Sure it is. I mean, I'm sure it is. I've got to learn—you know it is. But I'll tell you this, I've got an administra-

tion that's tried to face the problems of this country. Everybody up here is trying to do right by America. We get up every day and go to work, and we have taken on things that have been ignored for a long time. And I do not believe, frankly, that the evaluation of the administration by the press or the people has fairly compared us with what got done in previous administrations. I mean, I could have been, I guess, immensely popular if all I'd done is make speeches for the last 6 months and not try to do anything.

*Taxes*

*Q.* Mr. President, this goes to what you've already been saying about American taxpayers. There are many people who have the perception that you are a taxaholic, that you didn't get the message that many people in this country want you to cut spending first, get rid of the bloat in the Federal Government and then talk about tax hikes.

*The President.* But we are cutting spending. And if all you had was spending cuts, you would have a deficit reduction package in the neighborhood of $250 billion to $260 billion which no one—which the financial markets would not take seriously and interest rates would be 2 percent higher and all these people refinancing their home and saving a ton of money on it wouldn't be saving it.

In other words, let me give it to you in another way. We are cutting spending. We're going to cut more spending. But you'd be amazed how many of those same people, when you say, "Okay, all the growth is in Medicare and Medicaid. You want me to cut Medicare?"—they say, "No, don't do that." I mean, there are people who believe that all the Federal budget goes to welfare and foreign aid—which is something we cut, by the way, foreign aid—which is a tiny percentage of the total overall budget of the Federal Government.

We are—this administration, not the two previous ones—that's really got the serious attempt going to reduce the Federal bureaucracy and to change the way the Federal Government relates to people. That's what the Vice President is working on, and we'll have our report out next month. But we don't have time to fool around.

Let me just make one final point about this. David Stockman, who was Ronald Reagan's Budget Director when the '81 tax cuts were enacted, gave an interview last month in which he said it was folly to believe we could balance the budget on spending cuts alone, because in 1981 President Reagan intended to cut taxes 3 percent of national income. And by the time he and the Congress got through with their bidding war, they had cut them 6 percent of national income, so much that some companies couldn't even handle all their tax cuts. They were selling them to others. And he said, "That has to be reversed." That's what I'm trying to do.

And you know, let me just point out for all those people who think I'm a taxaholic, for 12 years I was Governor of a State that was always in every year in the bottom five of the States in the country in the percentage of income going to State and local taxes, in every year. We had the toughest balanced budget law in the country, and the only time we raised money was when a majority of the people of my State supported it, and the money went to schools or roads. We didn't do anything but education and jobs with new taxes. In the late eighties, the percentage of our income going to taxes in Arkansas was the same as it was in the late seventies when I became Governor.

But when you get up here, you see the problems we've got and you see how long they've been ignored. And keep in mind, families with incomes under $30,000 are going to be held harmless. Families with incomes between $30,000 and $140,000 are going to be asked to pay very modest amounts. The average payment for a family of four with a $50,000 income is $50 a year. To get this deficit under control, I think it's worth it. If the people don't think so, they can tell their Congressman. But the idea that there are no spending cuts in this thing is simply not true. The spending cuts have not been controversial, so they have not been reported, so people don't think they exist. But they do exist.

*Legislative Action*

*Q.* Mr. President, what are the consequences of your not getting this budget plan passed as you want it by the August recess?

*The President.* Well, the consequences of not passing a budget plan—it won't be exactly as everybody wants it. That's what a democracy is about. People get together and work through. But if they don't pass the budget plan by the August recess, what will happen is we'll flail

around here for a couple of months. You'll see interest rates start to go up again. Uncertainty will get worse, and you'll wind up with less deficit reduction. Politics will take over, and you'll wind up with less deficit reduction. So the thing we need to do is to make a decision and get on with it. I mean, we've been fooling around with this for long enough.

I realize that we're keeping a pace that's faster than normal for Washington; but for America, they want something done. It's time to do something. It means that if you fool around with it, it means we don't deal with health care; we don't deal with welfare reform; we don't deal with the crime bill; we don't deal with all these other issues that are out there crying for attention in America. Eight months is long enough to make a decision about a budget and an economic plan. It's just long enough.

*Q.* Are you worried you're not going to be able to get it?

*The President.* Well, I think in the end they will do it because I think that all the Republican Members have gone on strike basically. We've reached out to them. We've tried to negotiate with them. And they have basically said, you know, they don't want to talk unless we're willing to do things that aren't real, adopt these amorphous caps and slash Medicare even for middle class people, and I'm not willing to do that.

*Q.* Did you talk to Senator Coverdell?

*The President.* Yeah, I've met with the whole Republican caucus. And I meet with the Republican leadership, with the Democrats every other week.

*Q.* What have you learned about your ability to rally your own troops? You talked about under Republican resistance, but some of the strongest resistance has come within the party.

*The President.* Well, I think you should not assume—the Democratic Party, first of all, is much more diverse than the Republican Party but, secondly, has been much more unified with me than the Republicans were with President Bush.

That's another thing. Look at the historical perspective. Here's a little question: There was a Republican House budget plan and my plan voted on back to back in the House. There are more Democrats than Republicans, right? Now, the Republican plan was no tax increases, the Kasich plan. He lost more Republicans for his plan than I lost Democrats for mine because it was so unfair to the elderly, the poor, the middle class. That was the other plan in the House. Last year, 1992, when the Bush budget came up in the House of Representatives, 75 percent of the Republicans, not the Democrats, the Republicans, voted against it. Why? Because it was a political document. I mean, I have given them a real budget, and it's tough.

Let me just say one thing in closing. The reporter for the Philadelphia Inquirer, the political reporter, went out and did something that we should have arranged. I wish I had thought about it, but he did it about 2 weeks ago. He interviewed all these budget experts who work for private companies but whose job it is to know about the Federal budget. And he wrote an article which said that the consensus was that my claims were accurate and that Senator Dole's attacks were not. And the budget expert for Price Waterhouse, not an employee of my administration, said that the budget we had presented was the most honest budget in more than a decade and the only thing that was wrong with it was that it would produce more deficit reduction than I was claiming. And we can get you a copy of the article. It was very impressive.

But I think the Democrats, when you think about the withering attack that they have been under, constant misinformation, and almost no way to get the facts out except through their newsletters—and we have begun to run ads for some of them now, those that have been subject to ad attacks—I think there's been a remarkable cohesion in a very diverse party because there is now a consensus that the time has come to do something about the deficit and to try to grow some jobs. And that's what we're trying to do. And I think they'll do it before August 5th. I'll be very surprised if they really want to go to an August recess, have all this unresolved, and come back here and fool around in September and October and not deal with the other problems of America. I think it will be a mistake, and I don't think they'll do it.

Thanks.

NOTE: The interview began at 3:59 p.m. on the South Lawn at the White House.