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tunity to lower their tax burden if, but only if, they invest. So I think that reality is creeping back in, and that's a healthy thing always.

Iraq

Q. Mr. President, the Pentagon says that U.S. naval aircraft have again bombed Iraqi missile sites. Could you update us and tell us what exactly is going on?

The President. There is nothing out of the ordinary about what happened. It was not part of any new initiative. It was part of the old understandings under which our planes operate in that area and circumstances under which they respond.

Entitlements

Q. Mr. President, another controversial aspect of your plan deals with entitlements. A few days ago, Congressman Tim Penny said that you're considering issuing an Executive order to curb entitlements. My understanding is it would be modeled after the Stenholm entitlement budget provision in the House. Can you comment?

The President. The Stenholm provision basically imposes discipline on our budget. It says that if we miss the deficit reduction target in any given year in any given category, whatever the category is, whether it's general expenditures, revenues, or entitlements, that the President will have to come back in with a plan to meet the deficit reduction target, and the Congress must vote on it. They don't have to vote specifically for that, but they must vote for something. They have to vote on it. In the rather arcane rules of the Senate, there is some question about whether that provision can go on this budget bill without triggering a filibuster and, therefore, requiring 60 percent to approve that provision.

Now, I believe every Republican Senator is for the Stenholm amendment, in his or her heart. I believe that, because it is what they always say they want: spending discipline. And yet they are threatening to filibuster it. Why? Because it makes our bill stronger, because it's a real deficit reduction, because it undermines the ability to give speeches instead of doing something.

And so if they don't let the Stenholm provision go on the budget, then I will do my best to, by Executive order or through a separate bill or through some other measure, to get as much of that discipline as I can. I think we should every year—nobody, nobody running a business can foresee what's going to happen for 5 years. The networks represented here can't do a 5-year budget and estimate with absolute exactitude what their revenues are going to be and who will watch what and all that sort of stuff. And you ought to make corrections every year, and this is the first time the Government's ever committed itself to that. I like it.

Bosnia

Q. Mr. President, are you considering the use of war planes over Bosnia, not just to protect U.N. peacekeeping forces but also to keep the supply lines going and perhaps to stop some of the shelling in Sarajevo?

The President. The best way for me to answer that today is to say that nothing has changed since I was asked that question and others yesterday. We're still waiting to hear from the U.N. When we do, when we make a decision, then I will respond.

NOTE: The President spoke at 12:02 p.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to participant Robin Dikeman. A tape was not available for verification of the content of these remarks.

Interview With the Nevada Media
July 29, 1993

The President. It's nice to hear your voice. I want to thank all of you for participating in this radio press conference or town hall meeting or whatever we want to call it. I'm glad to have the chance to talk with you.

Let me just say very briefly by way of summary, the Senate and the House are meeting today, trying to agree on a final version of the economic program which could then be presented for a vote next week. Obviously, I'm try-

ing to secure passage of the program. I believe it is very important. I want to emphasize, if I might, some of the major features.

First, this is the largest program for deficit reduction in the history of the country, $500 billion. Of every $10 of deficit reduction, half of it is in spending cuts, very significant ones in nondefense as well as in defense, including 150,000-person reduction in the Federal work force and big cuts across the board in many other programs.

Second thing I want to say is that of the $5 in new revenues, about 80 percent of them come from the top 5 percent of the American work force. There are no income tax increases on couples with incomes below $180,000 a year.

Third thing I want to say is that in addition to reducing the deficit and imposing a fair tax burden, this program does an awful lot to promote job growth. It holds families with incomes of under $30,000 a year harmless. It doubles the expensing provision of small business and makes over 90 percent of the small businesses in America eligible for a tax reduction if they invest more in their businesses. It has a very innovative capital gains tax for investment in small new companies that are capitalized at $50 million a year or less, which should benefit a fast-growing State like Nevada. It has any number of other very important things that could help the technology jobs in your State, including an extension of the research and development tax credit, as well as real initiatives to revive homebuilding and real estate which is why the National Home Builders and the National Realtors, two groups not normally associated with Democratic Party initiatives, have endorsed this program.

Yesterday we had almost 70 business executives from all over the country, including 4 big energy company executives, about half of them Republican and of course the other half Democratic, endorsing the program and saying it was important because we had a 20-year low in interest rates, and we had to restore certainty to the economy, keep these interest rates down because we're bringing the deficit down, and get on with other business. We've got a health care issue to deal with, a crime bill to deal with, welfare reform to deal with, all these things that have to be done but can't be done until we first pass the economic plan.

With that, I'll be glad to take as many questions as we can.

Economic Program

Q. Thank you, Mr. President, for allowing us this opportunity. Why have you had such a tough time selling your economic plan to not only Congress but to the American public?

The President. I think until the last couple of weeks, the opposition did a better job than we did because they had a simpler job of selling it. We had some overtures to the Republicans, and especially in the Senate, before I even unveiled this program about whether there was a possibility of a real bipartisan effort to deal with this deficit. And we were basically told that if we were going to have any taxes on upper income people, they weren't interested. And they basically wanted to take it all out of Medicare and other things that we think there's a limit to how much you can cut. And we've cut Medicare as much or more than they have in the past but not as much as they wanted.

So when you've got a program of spending cuts, tax increases that are overwhelmingly on the wealthy with an enormous number of economic incentives to grow, you'd think it would be quite popular. In fact, it is when people know the details of it. But what happened is, you had everybody from the Republican Senators to a lot of the House Members to Rush Limbaugh just trying to convince the American people that there were no spending cuts, no deficit reduction, and no taxes on anybody but the middle class. None of that was true. But it's a lot easier to bad-mouth something like that and just scream "taxes" than it is to deal with the specifics.

Let me just give you one example. Just in the last couple of weeks, it's been very impressive to me that the Wall Street Journal, a newspaper that's not editorially on my side often, that their news columns have repeatedly shown how most small businesses benefit from this program, but most of them didn't know. Their communications job, those that are against us, was simpler than ours, and we've only begun to do what we should in the last couple of weeks.

But the more people know about this, the more likely they are to support it. The details of the plan are friendly to support; it's all this rhetoric that's hurt us so bad.

Taxes

Q. Mr. President, I am here, and on behalf of our audience in northern Nevada, I would

like to thank you for this opportunity. We've had quite a lot of interest at our station today particularly in the subject of the cost of your economic program to our people here in northern Nevada. Mr. President, the deficit is something that most people cannot reach out and touch or feel, and yet taxes, whether we're talking income taxes, a gas tax, a value-added tax, those are very real to our people here in northern Nevada. Is there too much emphasis in your program on reducing the deficit through taxes and not enough on cutting the burden to the American people?

The President. Well, let's talk about that. I think from the day I made it clear that we were going to bring down the deficit and then the Chairman of the Federal Reserve Board, a Republican, Alan Greenspan, came out and supported it, long-term interest rates began to drop. When the House passed my bill, they dropped some more. When the Senate passed my bill, they dropped some more.

So here's why average people should be for bringing the deficit down. Number one, that's the way to keep long-term interest rates down. That means you can refinance your home or your business loan or take out a car loan, a consumer loan, or a college loan at lower interest rates. Millions and millions of Americans have refinanced their homes just in the last 5 or 6 months with these lower interest rates that are a direct result of our serious attempt to bring the deficit down. And if we pass the program, the interest rates will stay down until the economy really, really starts to boom again. That's good news.

Here's another reason ordinary people should be for bringing the deficit down. We are spending more and more of taxpayers' money just to pay interest on the debt. In 1980 our debt was $1 trillion. By 1992 our debt was $4 trillion. Today every Nevadan puts 15 cents of every tax dollar to the Federal Government just to pay interest on the debt. That means middle class people are paying interest payments to upper income bond holders who hold that money, instead of using the money to educate their children or to build roads or otherwise develop the economy of Nevada.

The third thing I would say is that this deficit has clearly made our economy weaker. It is one reason we cannot grow jobs and increase incomes. Now, Nevada has been the fastest growing State in the country for new jobs for the last 6 or 7 years. But even that cannot go on forever.

Finally, let me say, let's talk about what this burden really is. Keep in mind that half of this deficit reduction is coming from spending cuts. Of the taxes which will be paid, basically, for a family of four with an income of $50,000 or $60,000 or what we're talking about today, the costs will be no more—and this is the outside—than $50 a year, or less than a dollar a week. For a family with income of under $30,000, they'll be held harmless. And the income tax increases only trigger on people whose taxes were lowered in the 1980's while middle class taxes went up, families in the upper 6 percent of the income earners. So I think it is a fair and balanced program.

Q. Thank you, Mr. President.

Q. Good afternoon, thank you.

The President. Thanks.

Senator Richard Bryan

Q. Are you speaking to residents of the Silver State today mainly at an attempt to change Senator Richard Bryan's opposition to your deficit reduction plan?

The President. Yes, but not only that, also to point out why Senator Reid and Congressman Bilbray voted for it. They've all been good friends of mine. And Senator Bryan has some very legitimate concerns which I've tried to address, and I think when this conference report comes out, that is, the final form comes out, the bill will be more to his liking.

One of the things that Senator Bryan, himself, thought the Btu tax was a little better than the gas tax. He also felt very strongly that we ought to have more economic growth incentives in this bill than the Senate originally provided. And we're putting some of those growth incentives that I proposed in the beginning back in there: the new business capital gains tax, the incentives to rebuild the homebuilding industry in America, the incentives for industry to invest in new plant and equipment, doubling the expensing provision for small business, more incentives for research and development, the things that will cause business and individuals to invest to grow jobs. Dick Bryan said he thought that too much of that had been taken out when the Senate bill passed, and I agree with him. And I hope when we get this final bill out there he'll see it as a pro-jobs bill that will be good for Nevada, and then he'll feel

that he can vote for it.

Job Creation

Q. We seemed to be losing jobs nationally faster than they can be generated: last week Procter & Gamble, this week IBM, not to mention the jobs that have been lost through the cutback in the Sears catalog stores. How do you propose to reverse that process, and is there something specific that the private sector can do to help?

The President. Yes, there are some specific things that the private sector can do, and let me make two comments, if I might, to the statement you made by way of introduction. Number one, every rich country in the world is now having trouble creating jobs, even when they're having economic growth. We've seen that in Germany. We've seen it in France. We've seen it in Japan. That's cold comfort for America, but our unemployment rate is actually lower than all those countries now, as tough as it is here.

Number two, in our country and in all other advanced countries, big, big companies like IBM, Procter & Gamble, Sears are going through a process of restructuring where they're eliminating middle layers of management, getting rid of unprofitable businesses, and cutting down so they can be more flexible and so they can compete. That is very tough, and it's tough for our economy.

So how are we going to generate more jobs? These are the things that have to be done. First of all, what can the private sector do? They can invest more, create more jobs here, and sell more products and services at home and abroad.

What is the Government going to do to help them do that? The first thing I want to do is get the deficit down so we can keep interest rates down. The second thing I want to do is to change the Tax Code so that we favor investment for jobs, that we give people ways to lower their tax burden by investing to create jobs. The third thing I'm trying my heart out to do is to open new markets for our American products and services around the world. If we do those three things and we provide a better system for educating and training the work force, control health care costs, which is a big problem for a lot of these big companies—a lot of them are going into real trouble because they can't control health care costs—and then have a better system for developing our people's ability to work, reducing the welfare rolls, increasing the work rolls, training people better, those are the kinds of things that will change the future of this country. And that's what my economic plan is designed to do. The deficit reduction program and the jobs incentives, that's only the first step. We've still got to do these other things as well.

Economic Program

Q. Of all the things in the budget and the deficit reduction package, several of the things which seem to hurt Nevada the most—we're basically a service economy; we depend on tourists arriving here. We're not a manufacturing State; we're not really an agricultural State; we don't export a lot of things anywhere. And yet, the proposal for a nickel more a gallon on gas—the Btu tax may or may not be dead—all of those things would tend to drive down tourism, the very thing that Nevada thrives on. What is there in your program, since we're already the second fastest growing State job-wise and we have among the highest in new construction and what have you in our State—what is there specifically in your plan that will actually be of benefit and not of cost to the people of Nevada?

The President. Well, first, let me make a comment about—there will not be a Btu tax. If it is an energy tax, it will only be the fuel tax. I think it will pass at a low enough level so that it will not burden travel any. Keep in mind that gasoline in America is the cheapest of any country in the world, and gasoline is now at its lowest price in 30 years in America when you make adjustments for inflation. So we've got very low fuel costs, and we're proposing a very modest gas tax, not a big one.

Secondly, there are a lot of things that are good for Nevada, are the incentives to revitalize the homebuilding and real estate—homebuilding's slow everywhere, just about—the incentives for all small businesses to invest more, to increase their profitability and their employment, which is a dramatic thing. We've qualified over 90 percent of the small businesses in this country for a tax break. And then the incentives for new high-tech industry and research and development and investment in new companies, that's very important, because among other things, we're trying to find alternative developments uses for the nuclear test site while we've

got this moratorium on nuclear testing. You've got a big sort of technology-based infrastructure up there because of the past nuclear tests, and the Governor's economic development task force is working with us now to determine whether there are alternative uses and projects and spin-offs. And this would help a great deal because it would make this kind of investment more attractive to more capital by giving tax incentives to attract it.

So all those things are important. And in the end, I'll say every State in the country will have a more attractive, effective economy if the deficit stays down and we can keep interest rates down. Low interest rates for a sustained period of time will make available more money to more business people and lower cost in every State in America, and that's very, very important. That's a big issue in every State.

We can take a few more questions if you like. Let me go back to the top.

Federal Lands

Q. Yes, sir. Mr. President. Do you see there being increases in grazing fees for public lands, and also on mining royalties?

The President. I think the Congress will pass some increase on mining royalties with a bipartisan consensus that has some support from the West this year. I think they will be pretty modest and the subject of a lot of discussion. But it appears to me that they're going to pass a bill to do that.

With regard to the grazing issue, Secretary Babbitt has visited Nevada as part of his western swing to talk to people about that. What we had hoped to do is to turn that whole issue into an environmental one, that is, to give ranchers incentives to continually restore the ranchland as a way of avoiding higher fees and also to make sure that any fees that were imposed were not economically crippling to the people involved.

As you may know, if you've been reading the press back East, that we took a lot of criticism, Secretary Babbitt and I did, from a lot of legislators from places other than the West who wanted to mandate by law much, much higher grazing fees. And we took the position that the Secretary ought to go out West, ought to sit and visit with the ranchers and cattlemen and talk to them about what we could do to make sure we're being environmentally responsible with this Federal land and how we can use the grazing fee structure in a way that would encourage that. So that's where that issue is now.

Energy Tax

Q. A fuel tax increase will not only be felt at the gas pumps, sir, but in people's pocketbooks as well, in regard to the price of goods and services at the consumer level. Now, the Fed has indicated that interest rates will be raised if inflation starts to rise. How do you justify a double whammy or a double blow like that? How can that be good for the economy, sir?

The President. Well, the Fed has basically indicated that they're going to raise interest rates if this deficit reduction package doesn't pass. Alan Greenspan has repeatedly told the Congress that the size of the Federal deficit and the accumulated Federal debt from the last 12 years was the biggest threat to the health of the American economy. And he was up there just last week saying that if this plan is derailed and we don't, in fact, come up with a plan for just about $500 billion of deficit reduction, that in his view interest rates are going to go up, and that will cripple the economy.

As I said, everybody we have talked to has suggested that this level of fuel tax increase will be very modest and have virtually no impact on the economies of the various States in the country. Virtually all States in America have raised fuel taxes more than this for their road programs over the last 10 years without adverse economic impact.

Q. Early on in the proposition on the Btu tax, you mentioned that one of the reasons for such a tax was to provide an incentive for alternate energy sources. Now, Nevada has tremendous geothermal energy resources here that are being developed on a somewhat small scale. Without that Btu tax and that incentive, what kind of an incentive are you going to provide down the road for developing alternative energy such as geothermal?

The President. We're going to have to come up with another approach. The reason I liked the Btu tax is that it promoted the development of American clean energy: natural gas, geothermal, methane, ethanol, solar energy, all kinds of things which would have led to big investments in the West particularly to try to develop the technologies. But there was so much misinformation and such an effective spe-

cial interest campaign carried out against the Btu tax that it was killed. We just had no way to save it.

I will say this in response to the gas tax question: The fuel tax now being considered is a smaller amount per gallon than the Btu tax was. But Nevada would have gotten the benefit of having a greater economic incentive to develop geothermal and alternative sources of energy. I haven't given up on that, but I can't do everything in this bill. In order to get on to energy policy, control of health care costs, which is a huge economic issue for America, welfare reform, all these other issues, we've got to pass the economic plan first.

Federal Employees

Q. We hear again and again how we all must make sacrifices to bring the deficit under control. What about the salaries and benefits that Federal employees earn? Will they too be asked to sacrifice?

The President. Absolutely. First of all, let me repeat again, I recommended, number one, that we reduce the Federal work force by now a figure that is now 150,000, and I think it will be bigger before we finish, that is, I have another report coming out on this next month; number two, that we freeze the pay of Federal employees of next year, and for the next 5 years we not give them the cost-of-living increases that they got all during the eighties, that we give them less than the total cost-of-living increase.

I think you can make a compelling argument that Federal employees are making from a percentage point of view, the biggest contribution to deficit reduction of any single group in America. And by and large, interestingly enough, they've been pretty supportive of this. They've recognized it that they have jobs with the Federal Government, that we've got to downsize the Government, and that they need to show some restraint, if other Americans are going to be asked to pay $50 a year in a fuel tax, that they need to show some restraint on their pay. But if you look at the automatic cost-of-living increases they've been getting for the last 12 years, it will cost them a lot more than $50 a year, this program will, before we're done, and they'll pay a much bigger share. But I think that's right; the Government should make a bigger sacrifice than the taxpayers. I believe that they should, and I believe they are.

Line-Item Veto

Q. Our Senator Harry Reid recently had a small success in getting the 100-year-old Tea Tasting Board abolished and the funds for that. He proposes sunset legislation that would cut off funding for all programs after 10 years without a review, and President Bush and several others have proposed the line-item veto, something that the State Governors, many State Governors have. Why haven't we heard anything about that? It would seem to me and to many that it would be a way to cut a lot of pork out of the various national budgets.

The President. I'm strongly in favor of it, and we have actually passed it through one House of the Congress already. A strict line-item veto would probably require a constitutional amendment. We had to modify it some to meet the requirements of the Federal Constitution, but we've passed a strong bill out of the House. It's in the Senate now. I think both Senator Reid and Senator Bryan support it, and I very much hope that we can pass it. If I had the line-item veto, I assure you that I would, myself, be able to deal with things like the Tea Tasting Board and some of the other subsidies.

You know, Senator Bryan has proposed eliminating the mohair subsidy, which goes back to the Korean war, which was a pretty gutsy thing for him to do, but it passed the Senate last week. So both Harry Reid and Dick Bryan have been working on this cost-cutting in the Senate. I want the line-item veto very badly. I pushed it as hard as I could. We got it through the House, and I think that the Senate will pass it, but everything is on hold while they deal with the budget. But you're absolutely right, it ought to be passed.

As far as the sunset review goes, we had such a law in my State, and we tried to use it. My own experience would indicate that the Government could eliminate an agency a year and never miss it. That's basically what we'd try to do. Every time our legislature met every 2 years, we'd just try to eliminate a government agency. We did it, oh, three or four or five times, and I never heard any complaint from the taxpayers if it was something we didn't need anymore.

So I think there is more specific cutting that we can do, but I would remind you that next month the Vice President is going to reveal his report on reinventing Government, and we'll have a lot more recommendations for further

cuts in there.

Let me take one last question—oh, they say I have to quit. I'm sorry. I'm having a good time, and I wish I could talk to you some more, but I've got to go to another meeting.

Let me say how much I appreciate your giving me this opportunity to speak directly to the people of Nevada, and how much I hope that they will encourage their Senators and Congressman Bilbray to support this plan. It's clearly good for America. There is an enormous bipartisan support from people who know how badly this huge deficit has hurt our country and how much we need some more incentives in the Tax Code for people to invest where the new jobs are being created, in small businesses.

We have done our best to ease the impact of this on middle class families and on any given State. Like Nevada, I live in a State with a high amount of gasoline usage. But the price of gasoline now, plus the relatively modest amount of the fuel tax, it seems to me is a small price to pay to get this Federal deficit under control and keep these interest rates down.

So I hope you will support the plan. And we need it. And most importantly, I hope you will support the fact that your Senators and your Congressmen are up here in Washington really trying to honestly cut this budget and make some tough decisions, and I think they deserve support in that effort.

Thank you very, very much.

NOTE: The interview began at 4:43 p.m. The President spoke via satellite from the Roosevelt Room at the White House. A tape was not available for verification of the content of this interview.

Remarks on Presenting the Young American Medals for Service and Bravery

July 29, 1993

The President. Thank you very much. Ladies and gentlemen, especially to our honorees, I want to welcome you to the White House and say I hope you had a wonderful day in Washington. I know you've been over to the Justice Department with the Attorney General. I want to thank her for her service to America and for her introduction and to recognize some others who are here: Floyd Clarke, the Acting Director of the FBI; Robert Bonner, the Administrator of the Drug Enforcement Administration; Henry Hudson, the Director of the U.S. Marshals Service; S.S. Ashton, Jr., of the Office of Justice Programs; and Ellen Wesley, who coordinates this program at the Department of Justice. I'd also like to recognize at least four Members of the Congress who are here: Senators Kent Conrad and Byron Dorgan from North Dakota, and Senator Larry Pressler from South Dakota, and Congressman Tim Johnson from South Dakota. I want to thank you for coming.

The Young American Medal for Service and the Young American Medal for Bravery are awarded to a young person whose deeds, in a very real way, represent the best our Nation can offer. At a time when we hear too much about self-interest and not enough about what each of us can do to advance the common good of all Americans, seven young people here being honored, with their families, are role models for all the rest of us. Their selfless acts of service to their neighbors remind us of our own responsibilities to our communities and to our Nation.

As extraordinary as the courage and initiative of all these young people has been, we must remember, too, that every American can contribute. Look how the American people are responding to the challenge presented by the horrible floods in the middle of the country or how they responded to Hurricane Andrew last year. Most Americans want to do more and will every day if they're given a chance to do it.

The medals we award today honor special acts. And in the same spirit, I have tried to launch in the Nation's Capital for young people throughout the country a program of national service that will give people the opportunity to help people day-in and day-out, and to earn some money as well against their college edu-