

NOTE: The interview began at 12:49 p.m. The President spoke from the Roosevelt Room at the White House. A question referred to newspaper

reports that Henry Leon Ritzenthaler might be the President's half-brother.

Interview With Larry King June 21, 1993

Mr. King. Welcome back to another hour of "The Larry King Show." Great pleasure to have with us—the last time we had him on a radio show he was in a car in Detroit during the campaign, getting to the airport. In fact, he gave us a visual description of the highway. Do you remember that?

The President. I do remember it.

Economic Program

Mr. King. President Clinton, a couple of things. First, Senator Phil Gramm last week on my television show said—the Republican from Texas—anytime, anywhere, anyplace he'll come to the White House, he'll meet with you, he'll sit down to work out a deal on the economy from the Republican Party standpoint. He said, you invite him, he's there. What about it?

The President. I'm always happy to talk to Senator Gramm, but the issue is, what are they for? I mean, there at least was a Republican budget offered in the House of Representatives, and more Republicans voted against it than Democrats voted against my budget. There was a bipartisan budget offered in the Senate Finance Committee which by common consent probably couldn't get 20 votes on the floor of the Senate. So what I want to know is, what are they for? I have met with the Republican Senators completely. I meet with the leadership of the Republicans along with the Democrats all the time. I am always anxious to discuss this. But we need to know what the specifics are. I mean, I put out a plan that has \$250 billion in tax cuts in it that affects agriculture, veterans, defense, foreign aid, the Federal employee pay, Federal employee retirement, cuts huge amounts out of all these things. They've been trying to convince the American people that there are no spending cuts. Senator Gramm tried to do it in his own State of Texas in the recent election season.

So, if we're going to have anything to talk about, we've all got to at least say what the

facts are. All I'm saying is I'd be happy to have any suggestions he has, but we've got to know where we're going on this.

Mr. King. You're saying it would be pointless to sit down unless they come in with a preagenda?

The President. The Senate Finance Committee met last week on the economic plan and dealt with a lot of Republican amendments after they went all over the country saying the issue was spending. The Republicans tried to lower taxes in a lot of different ways, mostly on upper income folks. And everything they offered would have increased the deficit because they did not introduce one single spending cut amendment, because those are the tough and controversial things, because they know how much we've already cut spending in this budget.

So, all I'm saying is, you know, I'll talk to Phil Gramm; I'll talk to anybody. He may want to talk to me this week because I'm trying to save the space station and the super collider in his State, two things I believe in. After having shaved down the space station by \$4 billion and shaved the cost of the super collider some, I believe they're important for America as investments in science and technology. But there are a lot of people who are against these projects who are going to try to take his rhetoric and the rhetoric of the recent Texas election and use it against him because of the things they said. So, Senator Gramm may need me this week because I agree with him on this issue, and I hope we can save them for America's sake. But the political rhetoric of some of the Republicans in pretending that there are no spending cuts has made it tougher.

Mr. King. So in other words, what everybody wants is, they don't want to pay new taxes; they don't want to cut any services. We just want a free ride.

The President. Yes, and we want to do it in a way that looks politically palatable. So they

talk about, well, let's put a cap on all this spending or limits on all that and not come up with the specifics. My budget has 200 specific spending cuts over the previous Bush budget. A hundred of them are more than \$100 million a piece. And I really have tried to take this thing on. For years we listened to all this rhetoric about how we could cut taxes and increase spending and somehow everything would be all right. And we took the debt from \$1 trillion to \$4 trillion. We had astronomical long-term interest rates. Ever since we've been trying to bring the interest rates down by bringing the deficit down, you see mortgage rates at a 20-year low, housing starts at a 7-year high; construction employment is increased at the highest rate in 9 years. We've got 755,000 new jobs coming into the economy. Most of them are coming in because people are refinancing their debt and freeing up money to invest in the economy. So we're moving this in the right direction. But of course, it's not popular to do these difficult things.

International Economy

Mr. King. You're going to have to go to Japan in a couple weeks. That's a major economic conference. Let's assume the Senate passes this; then they go to House committee, and that of course won't be settled by the time you go there. And you go to a country where their leadership is going to change. How much of a ball of wax is that?

The President. Well, it's going to be a challenge to get a lot done at this summit. But I'm convinced we can. We have two or three issues that we really need to deal with. We're trying to come to grips with the need for a new trade agreement for the world, which I think is very important, will create more jobs in America. We'd have more jobs today if Europe and Japan weren't in the bad economics conditions they're in. Their growth rates are substantially lower than ours. If they were in better shape, they'd be buying more of our products and we'd have more jobs.

The second thing we're going to try to deal with is what we can do, each in our own countries, to promote global economic growth. The Europeans and Japanese have been telling America for years, "Get your deficit down." So we're doing that. Now they've got to lower their interest rates in Europe so they can grow, and they've got to invest some more money in Japan

so they can grow and buy more of our products. And if we do it together, we can bring this world out of the recession it's in, and that means more jobs for America.

Mr. King. But what part does Japan play if they're lame duck?

The President. Well, I think that depends upon what all the political sides in the country will say about the negotiations that we're on. I mean, it's pretty clear to me that no matter who winds up being Prime Minister of Japan and what faction that person comes out of, that they're going to have to continue to open their economy to our products. And they're going to have to continue to stimulate their economy, because they don't have a budget deficit, they've got a surplus.

What's happening in Japan now I think has more than anything else to do with the legacy of the various political scandals and the political corruption. I think their economic policy is going to have to take the direction that we support almost no matter who gets elected Prime Minister. They can't withdraw from the world or shut us out now. They've got too much at stake in expanding into China and other countries and doing business in a very complicated world that simply won't allow Japan to be the only rich country in the world with \$110 billion a year trade surplus.

Mr. King. So you're hopeful, no matter who it is?

The President. Yes, I am. It presents a challenge to get done the things I wanted to get done in Japan at the conference. It will be more challenging, but I still think that we may be able to do that simply because of the limits on their economic options.

NAFTA

Mr. King. During the campaign you told me, in fact, almost the day it happened, when President Bush signed it in San Antonio, you said to me the next day that you supported this fair trade concept with Mexico and Canada on balance. You had some questions. Do you still have some questions?

The President. Yes, but I'm still for it. As a matter of fact, I feel more strongly today, if possible, that it is the right direction for us to take. The trade agreement, I thought, had some weaknesses. It was negotiated with a greater concern for our financial institutions and our intellectual property concerns, that is, patent

and copyright concerns, than for new jobs and environmental cleanup, things that I thought were real important.

So we're trying to fix that. We're trying to make sure that this trade agreement with Mexico and Canada has very strong provisions to guarantee appropriate investments in environmental cleanups, so we don't have more pollution in America or we don't have people going down to Mexico just so they won't have to have any antipollution expenses, and so we have some labor protections.

But I think we're getting there. And I believe that the right kind of trade agreement can create jobs in America. I don't agree that it'll cost jobs. If you look just in the last couple of days, there was a notice from General Motors that they're closing an operation in Mexico, bringing it back to the United States, going to create 1,000 jobs in Michigan and higher labor costs because of the productivity and the nearness to the labor parts market, to the auto parts market. And I think you're going to see a lot of that. If anybody wants to shut a plant down and go to Mexico just because they have cheap wages, they can do that today. Nothing is going to change in the NAFTA agreement. But if you have more growth on both sides, then you'll have less illegal immigration from Mexico, more people will be able to get jobs at home and stay with their families, their incomes will rise, and they'll buy more American products. Last month, Mexico replaced Japan as the second biggest purchaser of American manufacturing products. We have a \$6 billion trade surplus with them. That means we create jobs out of our trade with them. So I think it's a good deal for America, and I hope we can pass it.

Media Coverage

Mr. King. One other quick thing. L.A. Times Mirror poll out today says 51 percent of the public thinks the press has been unfair to you, more unfair to you than your predecessors. Any comment?

The President. You know, I always trust the people in the end. They pretty well get it right.

Mr. King. You think that's right, about right?

The President. I think the most important thing now is what I said at my press conference last week. The American people know if there's something going on and some tension that is not—doesn't have much to do with their interests. And I think that's what they have perceived here. And so what I have done, clearly, in the last couple of weeks, is to reach out a hand of understanding to the capital press corps here and to ask them not to stop criticizing me, because that's their job when they think I'm wrong or they think there's a story to be pursued, but to approach this whole work that we have to do together with an atmosphere of respect and greater trust. And I pledge to try to do the same thing.

I think the American people want to see the flaws in my proposal, want to see the contradictions if they are there, want to see me subject to honest scrutiny. But they don't like the feeling of feeding frenzy. They don't want that. And so, you know, I've done what I could, and I hope we'll have the kind of response that the American people plainly want.

Chelsea Clinton

Mr. King. Chelsea going to Japan?

The President. Well, I hope so. I think it would be educational for her, although some people have said that, you know, we ought to consider what kind of Asian press coverage she'll get and whether that would prohibit her from learning anything or doing anything there. But there is a lot of precedent for previous Presidents' families going on trade missions. And I'd like to see her do it. I think she'd learn a lot from it if in fact she'll be able to function when she's there. So we're going to try to figure that out in the next few days.

Mr. King. Thanks, Mr. President.

The President. Thanks, Larry.

NOTE: The interview began at 1 p.m. The President spoke from the Roosevelt Room at the White House.