

of a given State, we ought to have an election about that.

And if we're going to say we're going to reduce the number of college scholarships, college loans, investments in our education system, investments in environmental protection, we ought to have an election about that. That is not what the '94 election was about, certainly not what the '92 election was about.

So let's come back here, balance a budget in 7 years, show the American people we can do it, get the economic benefits of doing it, and then have all 1996 to argue about these policies. That's the proper thing to do.

We have bent over backwards to reach good-faith, honorable, principled compromise, and we can still do that. And I don't understand what the problem is. We can even have a reasonably good-sized tax cut and do it. But there is a limit to how big the tax cut can be, and there certainly is a limit beyond which we cannot go in good conscience based on our priorities.

And let me just make one final statement. Ever since the Congress and I agreed to reopen the Government the first time, there was a resolution we passed—we all agreed to it. It said that, finally, we would agree on a budget that was balanced in 7 years, that the Congress would say was balanced in 7 years, that protected our priorities, Medicare, Medicaid, education, and the environment, and that's what the resolution said.

From the next day, all I ever heard was, "Where is your budget that they say is scored?" As if they had no obligation at all to deal with the other parts of the resolution. Well, here it is. This is their letter.

Now, what we ought to do is honor the second part of the resolution. That resolution said we're going to put off the ideological battles until the next election. That resolution said, yes, we'll balance the budget in 7 years, but we will protect education and the environment, and Medicare and Medicaid. And all I'm trying to do now is honor the resolution that I signed off on when we had the first Government crisis a few weeks ago.

Q. Do you think they've deceived you, Mr. President, in their goals? Did they deceive you?

The President. No, no. I always told you what this is about. I said this weeks and weeks ago, months ago. I have not been deceived. But you know, we don't—in a political system where one party, where even, I might say, one philosophy within one party does not have total control, sooner or later you have to ask yourself, are you going to make the perfect the enemy of the good?

You know, when the Democrats—let me just give you an example. When the Democrats had the Congress in 1993 and '94, we passed the most sweeping education reform we've passed in 30 years. I did not agree with every last line in every one of those bills. But I did not make the perfect the enemy of the good. I said, I want the education reform.

We passed a crime bill after 6 years of people talking about it before I got here. I did not agree with every line in the crime bill, but I said—and neither did the Attorney General. But we said, we're not going to make the perfect the enemy of the good. We're going to have a principled, honorable compromise. We passed the crime bill. We put over 30,000 police on the street. Crime is going down in America.

So I would plead with the Republicans to think about that, to look at that example. They can have an election over the biggest differences they have with me. Let's not make the perfect the enemy of the good. We have already agreed to enough spending cuts to balance the budget and to give a modest tax cut. Let us do it.

NOTE: The President spoke at 2:24 p.m. in the Cabinet Room at the White House.

The President's News Conference

January 11, 1996

The President. Good afternoon. I want to report to you this afternoon and to the American people about the progress we've made toward achieving a balanced budget that reflects our values. But first, let me tell you about the action we are taking to help the millions of people along the East Coast who are stranded and afflicted by the Blizzard of 1996.

I have asked the Director of FEMA, the Secretary of Transportation, and the Sec-

retary of Defense to work together and to take all appropriate actions. Today I announced that we will provide Federal disaster assistance in situations where response is beyond the capability of State and local governments. In particular, we will provide funds to open up emergency routes in communities once States have applied for this assistance and FEMA verifies the need. This will allow ambulances, fire trucks, and other emergency workers to do their jobs.

Today I am announcing that this assistance will be provided to Maryland and the District of Columbia. FEMA has also received a request for assistance from New York, and we are expecting shortly to receive requests for assistance from New Jersey, Pennsylvania, Virginia, North Carolina, and Delaware. We will act on these requests quickly.

This has been a trying time for everybody affected. It's often the case that in natural disasters you see the best come out in people. As we continue to dig out from the Blizzard of '96, I hope Americans in their communities will continue to look out for their neighbors, to help those in need, and to pull together. We will do what we can here.

Now I want to discuss the budget. After many weeks of public debate and private discussion, historic agreement on a balanced budget is within reach if we set aside partisanship and work to seize this moment. I'm optimistic that we will balance the budget, and I know we have come too far to let this opportunity slip away.

In the 12 years before I took office, for the first time in America's peacetime history, our Government deficit skyrocketed. Our administration has already cut the deficit nearly in half. But our need to pay off the interest on the debt run up in the last 12 years is giving us a deficit. Indeed, but for the interest payments on the debt run up in the 12 years before I became President, our budget would be in balance today.

We have already reduced the size of the Federal Government by more than 200,000, so that it is smaller than it has been at any time since 1965. As a percentage of the civilian work force, the Federal Government is the smallest it's been since 1933. We cut hundreds of programs. We're eliminating

16,000 pages of rules and regulations. But it's time to finish the job.

Let me be clear: We can balance the budget. We can do it in a way that invests in our people and reflects our values: opportunity for all, doing our duty for our parents and our children, strengthening our communities, our families, and America.

As all of you know, I have submitted a plan to balance the budget in 7 years using the conservative estimates of the Congressional Budget Office. Let me repeat: With this letter, which I am carrying around with me to remind everyone that we have done it, Congress's own economists confirm what we have said all along. We can balance the budget without excessive cuts in Medicare and Medicaid, without cutting education or the environment or raising taxes on our hardest pressed working families.

Now as all of you know also, the Republicans in Congress are insisting on cuts in Medicare, Medicaid, education, and the environment that I believe are well beyond what is necessary to balance the budget, well beyond what is necessary to secure the solvencies of those programs, well beyond what is necessary for the Congressional Budget Office to say we have to do to balance the budget.

We all know, too, that there are two strains at work in the Republican effort. There is the genuine desire to balance the budget, which I share. But there are those who want to use the balanced budget and a huge tax cut crammed within the balanced budget to strip our National Government and our country of our ability to do our part here in Washington to help people out in our communities with the challenges they face. We shouldn't let our fundamental agreement on a balanced budget be held hostage to a narrower agenda that seeks to prevent America from giving Medicare to senior citizens or quality nursing home care or educational opportunity for young people or environmental protection to all of us.

We could quickly find common ground on balancing the budget and providing appropriate modest tax relief; we could do this in 15 minutes, after the tens of hours we have already spent together. What has held up this agreement is the insistence of the Repub-

licans on cuts that I believe are excessive in Medicare, Medicaid, education, and the environment, and insistence on a tax hike on the lowest income of our working families. These things are not necessary to balance the budget.

Having said that, let me say we have come a long way. We have agreed on well over \$600 billion of savings, far more than necessary to balance the budget. This should be a moment for national unity, a time to put aside partisanship, to reject ideology, to find common ground for the common good. A balanced budget that reflects the best of both parties, the best of our values and will pass on to the next generation a stronger America, that is within our grasp. We should get it done now, and I believe we will get it done in the near future.

Terry [Terence Hunt, Associated Press].

The First Lady

Q. Mr. President, some newly released documents raised questions about some statements by Mrs. Clinton on the White House Travel Office firings and her role in representing the Madison Guaranty Savings and Loan Association. Do you think it would be a good idea for her to testify before Congress to clear up these issues?

The President. Well, she has said that she will do whatever is necessary to answer all the appropriate questions, and I think that she should do that. And I think that we will determine in the days ahead, together, what is necessary. She has begun to answer those questions. We'll be doing some more of that before the week is out, and I presume we'll be doing quite a lot of it in the days ahead. And as you know, there was a hearing, I think, today on part of this matter in the Senate and will be another one next week. These questions should be answered.

Let me say, for 4 years, as these questions have come up, we have tried to answer them all; we have tried to be fully cooperative. And we will be in this case. And I think she should do what is necessary to answer the questions. That's what she said she'll do, and I think that's what will happen.

Q. Is that within the pale, though, testifying? Do you—

The President. Well, I think—I want to leave it the way I said it today. I think whatever is necessary to fully answer the questions she will do. That's what she said would do, and I think we should leave it there for now.

Budget Negotiations

Helen [Helen Thomas, United Press International].

Q. Mr. President, Speaker Gingrich seems to have thrown in the towel on the budget, seems to—says something about there won't be a budget, not until the next election. And you talked to Senator Dole today. Did he agree with that? What's going to happen? Is there a meeting on Wednesday? Also, the last proposal you put on the table, did that make a lot of new major concessions?

The President. Well, let me try to answer all those questions. First of all, we all pledged, all the parties, that we would not discuss our proposals that would require all of us to agree. So I don't believe that I should violate the understandings that we had in our meeting to discuss the specifics.

Let me say that we have come very close together, I believe. We have come most of the way. The differences in dollars are not as different now as some of the differences in policies. We have also made some remarkable progress on policies in some areas. We've had some interesting discussions, for example, on what we should do for small business, arising out of the White House Conference on Small Business. We've talked a lot about the serious problems that would befall our farmers if farm legislation is not enacted, or at least this farm bill extended—should it be allowed to lapse; we can't have that. So we've talked about a lot of other things. We've had long, exhaustive discussions about welfare reform in an attempt to resolve that in the context of these negotiations. So I think the talks have been good, even though there are still some thorny difficulties remaining.

I called Senator Dole today because I just kind of wanted to check in with him and get a reality check. I said, you know, when we left that meeting I asked you and I asked the Democratic leaders to consider a proposal that I made because I had not made

it to the Democrats either. I wanted them, all four, to look at it. We had an agenda of things that our staffs were going to work on during this week. And we characterized it quite consciously as a recess. And I still feel that we can and should reach an agreement. And I just want to make sure you feel that way, and if so, we'll keep working together. And I got a pretty good response.

Now, I have not had a chance to talk to the Speaker. But I can tell you this: When we left, we agreed that they would consider the last suggestion I made, all of them. We agreed that there would be certain things that we would work on together and with the Governors. We agreed that this would be a recess, and we agreed that we would meet on Wednesday. So I assume that all that is still the way it was agreed.

Q. Well, are the American people going to have to tolerate one shutdown after another and neglect of all their services?

The President. Well, as you know, I didn't—I don't approve of any of these shutdowns. I think Congress was wrong to do it the first time. I think it was wrong to continue. I was pleased when Senator Dole said that that policy should be abandoned, and I was pleased when the Speaker said that it was morally indefensible to hold the Federal employees hostage. So I do not believe it will shut down again. There is no need to have a shutdown again.

I'm telling you, we're not that far apart. If the objective is balancing the budget and giving an appropriate tax cut, we are not that far apart. And we ought to resolve the policy issues we can resolve, put the ones we can't to the side. There will be plenty of things to argue about in the election season, but this is something we ought to give the American people. And I think we will. I'm quite confident. I think we will.

Mr. Blitzer [Wolf Blitzer, Cable News Network].

President's Visit to Bosnia

Q. Mr. President, could you explain to us why it's so important that you go to Bosnia at this moment, when U.S. troops and NATO troops are still trying to implement the peace agreement and having all sorts of logistical problems, and the security situation, frankly,

is not very good, as well? Why endanger yourself and the deployment in order to go to Bosnia right now?

The President. Well, first of all, I do not believe that in going there I would endanger the deployment. And the judgment about whether I am in danger is one that is made by the Secret Service, and they believe we can make the trip that we have scheduled. I would not go if the commanders were not ready for me to come.

As you know, I wanted very much to go there over Christmas, on Christmas Eve. But our commander there said that it was an inappropriate thing to do because of the disruption in the deployment.

I think it's important that I go see the troops, that I see firsthand how this mission that I have sent them on is being implemented, that I tell them, personally, that they are doing a good job. They are performing a remarkable service in a terribly important mission. So I feel quite comfortable about this trip. We have worked very hard with our commanders on the ground in Bosnia to structure the trip so that its objectives can be met without in any way undermining our fundamental mission there. And on the security front, I feel quite comfortable with the trip as it has been designed and as we will carry it out.

Yes?

Budget Negotiations

Q. The offer that you made over the week-end certified now, as you point out, by the Congressional Budget Office has extracted from the Republicans a rather substantial set of concessions, the most substantial they've made yet. In light of that, they seem to be expecting you to counter that with a similar offer of your own. If you did, and you're as close as you say they are, it seems that would almost clinch it. Why not go ahead and do that, sir?

The President. That's my speech. You just made my speech for me. [Laughter] I have—first of all, I believe if you look at the spending concessions and you start from equal points, whether you start from our beginning budget offers or the ones that were made back in December, we have both made sub-

stantial concessions away from our original point.

My belief is that we should go for a balanced budget that is scored in a way that Congress recognizes, because that's what the law requires, but that, having done that, we should not—we should not violate the other conditions of our previous agreement which is to take any risks with Medicare or Medicaid or do things that we know will cause us to undermine our investment in education and the environment.

Now we can do that and get a tax cut. We still have some differences on policies relating to Medicare. We're trying to work out our differences over Medicaid. We still have some significant differences on environmental policies. But I believe all that can be worked out.

And so that's why I say I have been somewhat surprised at some of the negative tone of the stories coming out since we adjourned because I, frankly, felt quite good, and I did make them, as I said, an offer that I hoped that they would sleep on and work on.

Q. Well, is now the time for the President to come forward and say, let's split the difference?

The President. It's not as simple as splitting the difference. It's not just—there's more than money at stake here. There are policies at stake. And if you split the difference, again, according to the rules of the Congressional Budget Office, there must be policies which back up whatever number that you pick.

So that's why I say that if we know we can balance the budget and we know it will work over 7 years, we shouldn't go beyond that in any kind of gratuitous cuts in Medicare and Medicaid that will require policy changes that either we may have to back up on, which will undermine the credibility of the agreement, or that could do serious damage to the programs.

The First Lady

Q. Mr. President, when you campaigned in 1992, you and the First Lady both said that the American people would get two for the price of one. I wondered if that's still going to be a slogan in 1996, and if the First Lady has really taken the role that you envi-

sioned for her as First Lady or if she's just simply become too controversial?

The President. Well, first of all, I think she's done a fine job. I may have asked her to do more than anybody should ever have been asked to do when I asked her to undertake the health care effort. But there are worse things than wanting every American child to have health care coverage, just the way every child in every other advanced country in the world has.

I believe that—in the last 6 months or 8 months she wanted to take a lot of time off to write her book, which she did do. And I think the book is a very important contribution to America, which reflects 25 years of work, learning, and exposure on her part. And I expect that she will continue to be an enormous positive force in this country.

And in terms of controversy, very often in this town you don't make yourself controversial; someone else makes you controversial. So I don't think you can do anything about that, especially in the wake of the health care issue.

Q. If I could just follow up, sir, are you saying that her conduct, especially involving the Travel Office and the discrepancies in what she said about her involvement in Madison Guaranty, that these things have nothing to do with the controversy?

The President. Well, let me tell you, you are assuming something that has not been proved. No discrepancies have been established. Now, we were all concerned, as we have all said, that we kept hearing all these reports after we got here that there were problems with the Travel Office. It turns out there were problems with the Travel Office, and they were serious. An accounting firm said they were serious. Those have been corrected. The American people should feel good about that.

We also said—Mr. McLarty did, who was then the Chief of Staff, undertook his own review and said the matter wasn't handled well and detailed why. There have been something like seven reviews of the Travel Office.

So I would dispute your characterization. An allegation is not the same thing as a fact. And particularly, I would remind the American people, when it comes to the whole

Whitewater issue, the allegations have often—matter of fact, virtually always borne no relationship to the facts. That’s really the story of this for the last 4 years. An allegation comes up, and we answer it. And then people say, “Well, here’s another allegation. Answer this.” And then, “Here’s another allegation. Answer this.” That is the way we are living here in Washington today.

We’re going to do it, and I would ask that—the American people are fundamentally fair-minded. And as I would say, I just ask all of you to listen to the answers and do what the American people will do: Make up your own mind.

Yes, Brian [Brian Williams, NBC News].

Q. Mr. President, do you worry about the cumulative effect of this drumbeat, which is getting louder? As of close of business today, there will be more people under subpoena in the Travel Office matter than were fired in the Travel Office matter. And second, you must have discussed why it is—even if cleared in the end of all charges why it is your wife, the First Lady, appears to be the most—arguably, the most controversial First Lady at least in modern politics.

The President. Since Eleanor Roosevelt, for many of the same reasons, from many of the same sources. And that’s just part of what we’re living through. The American people can make up their own mind about the facts of it.

Q. To kind of stay on this theme of controversy, the end result seems to be that it’s taken a toll financially on your obligations. And there’s a magazine report out that’s assessed your situation and basically decides that you’re pretty close to bankruptcy. Could you give us a little bit of the financial toll?

The President. You know, I feel worse—I suppose that probably is right. I’ve never added it all up, but that’s probably right. And I would like to remind you that today finally, at long last, records that everybody knew existed that weren’t released apparently had been released. Apparently, the Republicans finally agreed to release the Resolution Trust Corporation report, which spent another \$4 million of the taxpayers’ money to say what we said all along, that there is no basis even for a civil action against us, that we told the truth about the land agreement we had, that

we’d lost the money that we’d said we’d lost, that we had nothing to do with operating the savings and loan, that we took no money from it—just like we said all along.

So I think that’s apparently part of the price of this. I tell you, I feel a lot worse about all the innocent people who work here who don’t make particularly high salaries and don’t have the net worth that we brought here who had to hire lawyers and pay legal fees, too, who were completely innocent of any wrongdoing and who have to deal with that.

I think it is interesting—let me say, I have no objection to, if anybody has a question of me, I’ll be glad to keep answering them. But I do think it is interesting, when you were talking about getting the budget balanced and the controversy over Medicare, that this Congress has had over 40 hearings on Whitewater and one hearing on its Medicare bill. And if you look at—and I think that’s an observation worth noting. I don’t know what it means exactly.

Yes.

Budget Negotiations

Q. Back to the budget for a second. If the Republicans agree to reduce their tax cut, would you, in turn, agree to make more cuts in Medicare and Medicaid?

The President. Let me say again, I think it is wrong—first of all, I agreed not to discuss the negotiations retrospectively, and I—and I’m having a hard enough time negotiating in private. I can’t do it with you as well as them.

But I want to make two comments. First of all, it is important that the budget number have integrity. Therefore, it is important that the budget number be supported by policies to achieve that number. And I will—I have not offered anything that I did not think there was a policy to back up, that would actually save money without hurting our efforts to provide Medicare to the seniors or to help poor and disabled children or the seniors in nursing homes that get the benefit of the Medicaid program.

So that is basically my parameter. And I’m open to new ideas and new suggestions on that. We’re trying to encourage more people and more States to have the option of man-

aged care because we know that will lower inflation in the out-years without undermining the integrity of the program or the services available. No one knows exactly how much savings that will achieve, so we're trying to find a more reasonable thing to do on that.

Now, as a general proposition, I don't think that I or any Democrat—and I believe many Republicans—want to be in the position of appearing to have cut Medicare and Medicaid to fund an excessive tax cut. On the other hand, we can have some modest, but significant, tax relief in this budget bill if we do it right.

Q. Mr. President, back to the economy again. In assuming that perhaps some of the pessimism might be justified, as the markets have done in the past couple of days, are you willing, first of all, to consider a long-term CR that would keep the Government operating but not settle the budget question until, as you say, there is an election about it? And two, are you willing to pay the economic price of that happening, considering the way the markets reacted over the past couple of days on news that there may not be a deal?

The President. Let me give you two answers to that. First of all, if that happens, I'll cross that bridge when I come to it, and we'll all have to talk about it. But every time we have started to talk about what would happen if we didn't reach an agreement in our private meetings and how we would move from—we stopped after about two minutes, because at least in the context of our private conversations, no one has wanted to acknowledge that we could not reach an agreement for a plan over 7 years because we are close enough to do it and because we know we owe it to the United States to do it. So I believe we will reach an agreement.

Now, let me make a comment that I made the other day in a different context that I think perhaps I didn't emphasize enough. You now have two parties, not one, committed to reducing this deficit until it is eliminated. You have a record here of the Democratic President and our Democrats in Congress who alone—alone passed a budget plan

in 1993 that has reduced our deficit by one-half.

So I would say to the American people and to the financial markets, we're going to get this budget deficit down until the budget is balanced. But the best way to do it is to sign an agreement now so people can see. It's like the man on the moon—the budget will be balanced by "x" date. And that's what I think we should do. And I still believe that we will.

Tax Cut

Q. Mr. President, back on the budget, the Republicans propose a tax cut; you propose a tax cut. How will a tax cut, a modest tax cut, reduce the deficit?

The President. Well, first of all, the tax cut won't reduce the deficit unless it leads to increased growth in the context of a deficit reduction plan. If it does lead to increased growth, if it's part of—if it's a balanced plan so that the deficit reduction still has credibility, then the tax cut can play an important part of that by helping to provide some extra income, particularly to hard-pressed families with children who have had a more difficult time the last 10 or 15 years.

Let me ask you—you could make the same argument about education. You could say, well, how can you invest money on education and reduce the deficit? You do it because it strengthens the economy over the long run.

So if we target this tax relief particularly to families, to people seeking an education, to some of the priorities of the White House Conference on Small Business, some of those things that we've all talked about that I think we have broad agreement on, it will strengthen America, and in so strengthening America, it will make us stronger, we'll grow more, and we'll do better. But we have to do it in the context of knowing we're going to balance that budget.

Yes, Peter [Peter Maer, Westwood One Radio].

Speaker Newt Gingrich

Q. Mr. President, at the height of one of the earlier phases of the budget negotiations you made a comment about the tail wagging the dog in the House of Representatives. You didn't mention any names that day. So I'd like to ask you, what is your assessment of

Mr. Gingrich's leadership of his troops during the budget fight and, for that matter, for the past year of his speakership overall?

The President. Well, first of all, you have to look and say that they've held together pretty well. And you have to give him credit for that. He's held them together pretty well on a course that I have often disagreed with, but you must give him credit for that.

The only time that they had a significant breaking of ranks that moved toward the Democrats was on some environmental issues that I—and of course, I agreed with those who broke because I think we should have a stronger environmental policy in the United States than most of them do. But otherwise, they've pretty well stayed together.

Now, on the Government reopening, there were 17 that were, if you will, to Mr. Gingrich's right; they wanted to leave the Government closed and continue to play out this strategy, which I think was wrong. But I think he did the right thing there, just as I believe Senator Dole did in abandoning the strategy first. I think that when Speaker Gingrich saw that we had a plan that the Congressional Budget Office had scored, that I was continuing to work hard with him to reach an agreement, and it was wrong to keep the people out of work or have people working and not be paid—you know, you never—I say, "never"—you often don't get a hundred percent.

So I think he's still clearly the Speaker and clearly the leader of that House group. And I think he has a strong hand there.

Q. Do you think he should be more cautious about comments that affect the market like the comment that he made yesterday?

The President. Well, you know, this is one of those areas where I think we all have to take responsibility for ourselves. I don't think I should be characterizing that.

Yes, Mara [Mara Liason, National Public Radio].

Cooperation With Investigations

Q. You made a point about being open and cooperative with the Special Counsel and the investigating committees, and you've turned over tens of thousands of documents. The documents that were recently turned over, however, weren't turned over for a very

long period of time. I'm wondering if you're concerned enough about that delay to look into why they weren't turned over, and if you found that any of your staff hadn't been cooperative with the committees, what would you recommend to do about it?

The President. Well, first of all, I have no reason to believe that anybody on our staff has not been cooperative. And I think that everyone who's commented on this from the other side has basically supported that.

Now, on these last two matters, the people who—and let me remind you, these documents were not leaked, they were not found by investigators. These documents were found by people in the White House who turned them over. And the people who are on the committees will have every opportunity to ask them what the circumstances were in which they were found.

But we've told everybody that we're in the cooperation business. That's what we want to do. We want to get this over with. If I had known about these documents at the time they existed, I would have been glad to put them in an envelope myself and send them down there, because I think to just keep dragging this out is not good and not necessary. So I'm—the more the merrier, the quicker the better.

Q. Mr. President.

The President. Yes.

Q. If I could follow up, do you, though, feel you've gotten a satisfactory explanation from whatever staff was involved on why they were not found, and what was that explanation?

The President. Well, I have no reason to believe that there was any intentional failure to turn them over. I do not know. I want to wait and see what happens. They are all going to be given the opportunity to explain what the circumstances were. But our rules are clear, and our record is clear. I mean, we have literally pushed, I think, over 50,000 pieces of paper to the committees now and to all the relevant other bodies. And we are clearly trying to cooperate.

Yes, ma'am.

1996 Presidential Election

Q. Mr. President, the New Hampshire primary is now only about 6 weeks away. Do

you plan to formally announce that you intend to run for reelection and name a campaign manager and a campaign chairman? And if so, when?

The President. Well, I think people know what my intentions are, but I—in due course I will make those announcements.

I do believe, and I have said this repeatedly, that I think this process going on 4 years is too long. Indeed, when I announced for President as a virtual unknown in 1991, I didn't do it until October of 1991. And I just think that the process is too long. And I have a lot of work to do here as President. I'm trying to work with Senator Dole and Mr. Gingrich and Mr. Armev and others to get an agreement on the balanced budget. I am very concerned about making sure that things are going as they should in Bosnia. And I want to do my job as long as I can. But there will be plenty of time for politics this year. I imagine that everybody will be glad when the next election is done.

Debt Limit

Q. Mr. President, no budget deal could well mean no increase in the Government's borrowing authority. And I'm wondering whether you are willing to risk default as one of the costs of having no deal, or whether you're willing to invoke some emergency powers to increase that authority, even though the Treasury has been concerned that they may not have the legal basis to do that?

The President. Well, the Secretary of the Treasury has done a very good job in managing that so far and has not done anything that he has not been told he's on solid ground in doing. I think it would be wrong and almost inconceivable for the United States to default on its debt. It was bad enough to shut the Government down. It was harmful to the American people and to the good people who work for the Federal Government. That was wrong as part of some sort of strategy. And this would be wrong. We have never refused to pay our debts. We are a great nation, and I don't believe we'll do that.

Q. Mr. President, following up on that, with the debt limit so close at hand, it's not one of the issues that can be put off until November. Secretary Rubin, for example, says in a few weeks, we may face another

crunch. Are you actively negotiating anything on the debt limit that could resolve it well ahead of some of the other budget issues that might be delayed until November?

The President. Well, we have had very serious discussions within the context of the budget talks. And obviously, if there is a budget agreement, everyone assumes it will be resolved. But I believe it will be resolved, regardless, because it would be wrong not to do it. It would be simply wrong.

Federal Reserve Board Chairman

Q. Mr. President, a question about Alan Greenspan. As you know, his term is due to expire in a couple of months. Can you tell us when you plan to make a decision about whether you will nominate him for another term, what factors you are going to consider, and whether one of those factors would be the potential instability in the financial markets if you decided to nominate someone else?

The President. I have to make that decision within a couple of months, as you pointed out, and I'm going to follow my standard practice and tell you that I will make that decision in an appropriate way and announce it at the appropriate time. Obviously, I have done what I could to show the American people that we have a responsible Government. We are bringing the deficit down. We are looking out for the long-term health of the American economy, and we've had, I believe, the appropriate relationship with the Federal Reserve. And that's why we're still growing the economy without inflation.

Budget Negotiations

Q. Mr. President, do you see any danger to the economy if there is no budget deal this year at all, such as a recession?

The President. There should not be. We have the lowest combined rates of inflation and unemployment in 27 years now. We have worked very hard to keep unemployment going down, keep it well down under 6 percent, and to keep the inflation low. The underlying fundamentals are good. And our economic analysts say that they expect continued growth with no inflation in 1996.

I think it would—let me just say this: I think that if we could get a budget agree-

ment, it would be better for the economy, because I think it would be a spur for even lower interest rates and to have a longer recovery with longer, more stable growth. So I don't know that anything bad will happen if we don't get it, but it would be considerably better if we did.

And let me say again, if we decide that what we want to do is to balance the budget in 7 years—I have demonstrated with this letter I keep showing you that Congress has said that I have a plan to do it; they have a plan to do it; we are closer together than we were by far when these talks began. We can balance the budget. In order to do that, some of the differences between me and the Congress over some of these issues will have to be taken out of that budget agreement and deferred for the election. But that's what elections are for. We should not make the perfect the enemy of the good. Let me say that again: We should not make the perfect the enemy of the good. It is a good thing to balance the budget. It is a good thing to have the right kind of tax cut.

If there are other matters that cannot be resolved, we should defer them, have an election about them, let the American people make their judgments. Meanwhile, all of us, whatever happens in the next election, will always be able to say we passed a credible balanced budget plan; we passed a reasonable tax cut; we did what was right for America; and we didn't undermine our obligations in Medicare, Medicaid, education, and the environment.

1996 Election Issues

Q. Mr. President, as I recall, you once told the Republicans that if they wanted to pass these ideological changes, they'd have to have someone else behind the Oval Office desk to sign them into law. Is that what this boils down to, you putting your Presidency on the line for the budgetary items and the Government programs you believe in? And isn't that what the Speaker is saying, that these have—isn't he saying that these have to be resolved before they'll do any budget, other than continuing resolutions?

The President. But the point I'm trying to make—that is what I said. And if you look at the context in which I said it, at the pro-

posals they then had on the table, already they have moved on that. And I have made a good faith effort to come toward them. But that's what you have elections about.

The way democracies work—and particularly the way ours has worked for 200 years—is that people of good faith and honest differences attempt to reconcile their differences. And then when they can't, they attempt to do what they can and then let the voters resolve their differences that they can't resolve at election time. The important thing now is that all the American people know that one of the differences we do not have to resolve is whether we should pass a credible balanced budget plan. That can be done. That can be done in no time. We have already—both sides have agreed to well over—well over \$600 billion in spending reductions. We have agreed to more than enough to balance the budget in 7 years and still give a modest tax cut. So that is no longer at issue.

My view is we should do both those things. We should pass the balanced budget. We should give a modest tax cut. We should put the other differences off for the election. That's what elections are for. But that's not an excuse for us to lay down on the job now. The people hired us to show up for work every day. I mean, to say, well, we're not going to do anything until the people vote in November—this is not a parliamentary system. This is the American system, and it requires us responsibly to do what we can to set aside our partisan differences when we have an agreement and not hold up the good things waiting for what we believe are the better things. The better things, we can debate those in the election.

Q. Mr. President, what are the issues you think should be deferred to the election? You've mentioned Medicare and Medicaid several times as things you just can't tolerate that degree of cut.

The President. Well, I think the—in the structure of Medicare. You know, we can try some experiments, but to fundamentally change the structure of Medicare so that it would no longer be a recognizable guarantee for our seniors, I think that is going too far in the direction of just turning it over to in-

insurance companies and other private providers.

Whether Medicaid should be a block grant instead of a guarantee from the Nation to our poor and disabled children and to seniors in nursing homes, that's something I think could be deferred to the election. But we can make an 80 percent agreement because I am in favor of letting the States have much more flexibility in the way they run the program.

Or some of the environmental aspects of their plan that I do not believe properly belong in that. I don't see why we should cloud this budget agreement with controversial items like whether we should drill in the Arctic National Wildlife Refuge. Those things are not necessary to balance the budget.

Q. Is that to say then, sir, that Medicaid and—

Debt Limit

Q. What can you say to U.S. investors to allay their fears that a debt limit will be increased? And do you feel that the Republicans actually understand what they're playing with?

The President. Well, I hope they do. Normally they say they're more pro-business than I am. I dispute that. I think that this administration has been very good for American business. But I will say again: It would be wrong for the Congress not to extend the debt limit so that we can pay our bills. As a country, a great country, we have never done that. We have never let the financial markets be in any doubt; we have never let the citizens who hold our debt be in any doubt that America is as good as its word, and we pay our bills. And I believe in the end that's what we'll do.

Earned-Income Tax Credit

Q. What are your policy—Mr. President, what are your policy concerns and parameters around the earned-income tax credit?

The President. Well, my policies are simple. The earned-income tax credit was first enacted, I believe, under a Republican President, Mr. Ford. I believe that either President Bush or President Reagan expanded it a little bit. President Reagan said it was the best anti-poverty program in the last 30

years. So this has always had strong bipartisan support. When I became President, I asked the Congress to roughly double the earned-income tax credit because I wanted to say, "If you work 40 hours a week and you have a child in your home, no matter how low your wage is, you will not live in poverty. You will not be taxed into poverty. The tax system will lift you out of poverty." I wanted to do that because I thought it was pro-work and pro-family, and because I thought it would encourage people to leave welfare and come to work.

Now, in the last 3 years we've had a decline in the welfare rolls, a decline in the food stamp rolls, a decline in the poverty rolls. That didn't all happen because of the earned-income tax credit, but it made a contribution. They believe there are some abuses in it; so do I. We have agreed on savings from abuse. There are disputes. Should single workers get a modest earned-income tax credit even though they don't have children? Many of them say no. I believe they should because if you're out there working, even if you're single, with minimum wage, your payroll—or even above minimum wage—your payroll tax will be much bigger than your income tax. And those folks are having a hard time keeping body and soul together. The vast majority of this money goes to people with children.

There are some other questions there that we could debate, but the core principle is the one I want to maintain. I think the United States ought to be able to say if you're out there working like you should full-time and you have a child when you come home from work, you ought not to have to raise that child in poverty. That is the principle behind the program and the one to which I want to adhere.

I'll take one more.

Whitewater Related Legal Bills

Q. Mr. President, another Whitewater related question. Money magazine recently reported that you owe some \$1.6 million in unpaid legal bills—

The President. That's just what he said.

Q.—related mostly to Whitewater investigations. Is it fair that taxpayers could end up paying some of those legal bills?

The President. Well, this is a—as I understand the law, the taxpayers won't pay any of the bills, because I'm not a target of the investigation, which the American people might find interesting to know. As I understand it, the Federal Government doesn't reimburse people's legal bills unless—I think one of the Cabinet members in a previous administration got some legal bills reimbursed because he was a target of an investigation, and then was either acquitted or not charged or something.

So I am assuming that I will be responsible in some form or fashion for those legal bills. But as I said, I didn't run for this office for the money. And I feel badly that 20 years of our hard effort and savings may go away. We've received some help from some people who, as you know, have contributed to the legal expense fund.

But if I stay healthy, I'll be able to pay my bills and earn a pretty good living. I'm far more concerned about the legal bills of other people that are much—they're smaller legal bills, but for them it's a lot of money. So I'm a lot more concerned about them than myself.

Yes, sir. One more.

Q. Could you clarify something, sir? Some of your answers today seem to suggest that you might agree with Mr. Gingrich and Mr. Dole that it might well take another election to resolve this whole budget deal.

The President. No, I disagree with that. I completely disagree with that.

Q. So you believe then, sir, that this is not going to go on and on and on. I mean, can you predict right now that by the State of the Union Address—

The President. Well, if it—let me just say that if it's up to me, I will do everything I can to keep it from going on and on. That is, we know you have now two plans that the Congressional Budget Office has certified. You just have to take my word for it, because we promised not to discuss the negotiations, but we've moved closer together. We are not that far apart on the money. As a percentage of the total monies that will be spent in the categories at issue, we probably are warring over less than 2 percent now. But in terms of the policies and the human impact, the

potential is very great in that money that's left. So there are policy differences left.

Now, what I'm saying to you is we owe it to the American people to pass a balanced budget deal and to do it now, because we have both identified more than enough savings to do it and to have the tax cut. We should agree on everything we possibly can. Then those things we can't we should defer to the next election. But when the voters vote in the next election they should have no doubt that their budget is going to be balanced and that Medicare and Medicaid and education and the environment are going to be protected; that the country is going to be stronger, that we are moving in the right direction and that here are these two very different sets of views about how we can best meet the challenges of the future. You decide, make your judgment, and you're still in the driver's seat. But meanwhile, we did what we were hired to do and what we said we would do, which is to balance the budget.

We have to adjourn, but let me just say this before I quit—where's Charlie Tasnadi? Where are you? Where are you? This is his—after 32 years working for AP, this is his very last Presidential press conference. Thanks for doing a great job. Let's give him a big hand. [Applause] I'm not sure you're old enough to retire, but there are some days when I can understand why you decided to. [Laughter]

Thank you, and God bless you.

NOTE: The President's 113th news conference began at 4 p.m. in the East Room at the White House. A portion of this news conference could not be verified because the tape was incomplete.

Remarks to the People of Bosnia

January 11, 1996

To all the people of Bosnia, let me say I look forward to being with you tomorrow in a land where the waste of war is finally giving way to the promise of peace.

As I visit with American peacekeeping forces stationed in Bosnia, I urge you to seize that promise, to turn the peace agreement signed one month ago from words into deeds. For nearly 4 years the war that tore Bosnia apart dramatized your differences.