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receiving a new, lucrative license for high-tech digital TV. That's the least we can ask of broadcasters, who are given access to the public airwaves, worth billions of dollars, at no cost, with only the requirement that they meet a basic public obligation. Today I'm appointing two distinguished Americans to lead a commission that will help the FCC decide precisely how free broadcast time can be given to candidates as part of the broadcasters' public interest obligations.

Les Moonves is the president of CBS Entertainment and one of America's most prominent and creative broadcasters. And Dr. Norman Ornstein, resident scholar at the American Enterprise Institute, is one of America's best known political scientists and a renowned expert on campaign finance reform. Their commission will explore the details of free time for candidates and other public interest obligations, such as children's broadcasting, which may need to be updated.

All these steps are important, but still they're no substitute for legislation. Again I say, Congress must act to pass comprehensive bipartisan legislation. And as I said before, Senators John McCain and Russ Feingold, joined by Representatives Shays and Meehan, have strong legislation that would limit spending, end soft money, and give candidates free time or reduced-rate TV time. I'm pleased to report that Senators McCain and Feingold have announced they will bring their bill to a vote later this summer in the Senate. This will be our first chance to see who's for real on the issue of reform.

Needed change has been filibustered to death in every Congress for a decade. In my first term, it was filibustered to death each and every year. Now the same people who filibustered reform before, whose obstruction gave us the present system, have vowed to do it again. Let's let the people be heard. Let's not let them get away with it. Every Senator must realize that a vote for a filibuster is a vote to continue undue special interests influence, soft money contributions, out-of-control spending, and continued public skepticism about the way the political process works.

When it comes to fixing our campaign finance system, let's make this summer a time not of talk but of action, not of recriminations but of results. We have a rare chance to restore the trust and earn the participation of the American people. The way we pay for elections is broken; it's time to fix it. I ask for your support. And thanks for listening.

NOTE: The address was recorded at 6:09 p.m. on June 27 in the East Room at the White House for broadcast at 10:06 a.m. on June 28.

Remarks on Departure for Boston, Massachusetts, and an Exchange With Reporters

June 30, 1997

Tax Cut Proposal

The President. Ladies and gentlemen, now that the two Houses of Congress have completed action on their tax plan, I would like to make some comments and offer my plan for what I think should be done with the tax portion of the balanced budget agreement.

By way of background, let me point out again, as I have said many times, I was determined to change the economic policy of the United States Government when I became President. We abandoned trickle-down and the big deficits and instead adopted an invest and grow strategy: reduce the deficit, invest in the education and skills of our people, and make sure we sold more American goods and services around the world. That has contributed, along with the ingenuity, hard work, and productivity of the American people, to the healthiest economy we've had in a generation.

I want the balanced budget we ultimately pass to continue to reinforce that strategy and our values. The agreement that we signed with the Republican and Democratic leaders of Congress reflects the invest and grow strategy. It is in balance with our values of honoring work, strengthening families, and offering opportunity. It eliminates the deficit, it invests in education, it extends health care for more of our children while securing Medicare for our parents, and it provides for an affordable tax cut for the American people.

America's families deserve a tax cut, and they deserve one that reflects their values. It is, after all, the energy and dedication of

the American people that has produced our present prosperity, that has made it possible for us to balance the budget. The American people should receive a dividend from this prosperity because they have produced the strength that has enabled us to achieve it. The dividend should be reflected in policies that help them to strengthen their families and educate their children.

Two different tax cut bills have passed the House and the Senate. The bills contain many good elements, but I do not believe they represent the best way to cut taxes, nor are they consistent with the balanced budget agreement. They are not close to the roughly $35 billion the agreement explicitly provides to help people provide for higher education costs. They do an inadequate job of opening the doors to college, therefore. They direct far too little relief to the middle class. They include time-bomb tax cuts that threaten to explode the deficit. They do not do enough to keep our economy going.

Today, as lawmakers from both Houses prepare to begin final negotiations with our administration over the details of a tax cut, I offer my plan to cut taxes. My plan reflects America's values, helping families pay for college, raise their children, buy or sell a home, pay for health care. It honors the budget agreement. It is the right plan for America.

This reflects the approach of Democratic alternatives that were offered in Congress, but it also reflects the priorities of the Republicans as well. The $85 billion tax cut I submit has five central elements.

First, the tax cut plan will focus on education, our Nation's highest priority, with $35 billion in targeted tax cuts. To offer opportunity in the new and rapidly changing economy, we must make the 13th and 14th years of education, the first 2 years of college, as universal as a high school diploma is today. To that end, my proposal will give young people a HOPE scholarship tax credit worth up to $1,500 for the first 2 years of college. It gives further tax cuts to help pay for 4 years of college. It provides tax relief to pay for training and learning throughout a lifetime. It will allow parents to save in a tax-free IRA for their children's education, and it will use tax incentives to help communities rebuild and modernize their schools. Education is how we will meet the challenges of the 21st century, and the core of our tax cut must be to help families pay for education. The tax cuts can do for our children what the GI bill did for Americans a generation ago.

Second, my plan gives families a $500 tax credit for every child under 17. This plan, unlike the tax cut proposals put forth by the congressional majority, would give working people who earn lower salaries the child tax credit as well. A rookie police officer or a starting teacher, a firefighter or a nurse who earns $22,000 deserves a child tax credit. They are some of our hardest pressed working people. They are paying taxes now, and I will fight to give them the same tax relief that other Americans would receive.

Third, to honor our commitment to bipartisanship, the plan allows taxpayers to exclude 30 percent of their capital gains from taxation. It also gives a capital gains tax cut for buying and selling a home. The capital gains cut is targeted, more prudent and less likely to explode the deficit in the years to come than the plan of the congressional majority.

Fourth, my plan provides estate tax relief to help parents who want to pass small businesses and family farms on to their children.

Fifth, the plan provides tax incentives to encourage businesses to hire people off welfare. It will also provide tax cuts to businesses that clean up urban toxic waste sites known as brownfields and convert these sites to productive use. It will create 20 more empowerment zones to attract businesses into disadvantaged neighborhoods, and it includes tax incentives to revive our Nation's capital.

The brownfields and the empowerment zones were both mentioned in the budget agreement as items that the leaders would work hard to include in the final tax bill. It is now time for all the leaders who did the agreement to work together to achieve that. Only by bringing the spark of private enterprise into our inner cities will we truly break the cycle of poverty that holds too many of our people back.

In addition, the Senate, by bipartisan agreement, departed from the budget agreement to support a 20 cents per pack tax on cigarettes. I will support this change. Unlike the Senate version, however, I believe these

revenues should be used entirely in ways that focus on the needs of children and health care.

This tax cut plan that I have just outlined embodies the best ideas offered by Democrats. It reflects many of the priorities of the Republicans, such as the capital gains cut. It is balanced. It is fair to the middle class. It will foster economic growth without hurting our vulnerable citizens. And it is consistent with the budget agreement. It is the right plan for America. And I will do my best and fight hard for it in the weeks to come.

Q. What do you say to people who think you give more to the rich than the poor in this case?

The President. Well, I would just—I would ask you to compare my plan with the Republican plan. Our plan gives the vast majority of aid to the middle class, the 60 percent in the middle, and much, much more than either the plan which passed the Senate or the plan which passed the House. The people who have more money pay more taxes, and if you have a capital gains tax cut or an estate tax cut of any kind, there will be significant benefits to people in upper income groups. But our plan targets hard the middle class as well as working people who make more modest incomes.

And Secretary Rubin and Director Raines and the others on our economic team who are here will have a distributional chart, and you can compare the two. But we committed to work with the Republicans, and this is a good-faith effort to do that, incorporating both their ideas for capital gains and some other things as well.

Q. Mr. President, could you just lay out for us what you see as the primary differences in your approach to capital gains and theirs? And also, why did you wait until now when the two Houses have finished to offer this plan; why didn't you do it earlier?

The President. Well, because up until now I was working with both the Democrats and the Republicans in the Congress to develop their plans and to negotiate with them. But we now have two plans that, in one important respect—the amount of money allocated to help middle class families pay for higher education is clearly inconsistent with the budget agreement.

If you go back and read the budget agreement, the budget agreement says that certain things will be done, and it says other things will be worked on, that there will be best efforts. There was no ambiguity here. We said we would allocate roughly $35 billion of this to help families pay for higher education. The plans aren't close to that.

Now, can we afford to do all the things that the Republicans want to do and the things that are also mentioned in the budget agreement that are important to me and important to many Democrats? The answer is, we can if we have prudence and discipline.

The principal difference in the capital gains provisions is that I would have a 30 percent exclusion; they would have a 50 percent exclusion. It's still a very large tax cut for people who can invest money. And I think you will see that it is not necessary in terms of the stock market. It's doing quite well as it is. What I'd like to see us do is to offer more incentive for people to start new businesses and to hold on to those investments for a longer period of time to build companies.

Q. Mr. President, are you worried about the deficit rising if there——

The President. I'm worried about the deficit rising with some of the less—perhaps less publicized aspects of both plans. I think that some of the individual retirement accounts, or so-called back-loaded accounts—which means they could dramatically increase in cost to the Treasury right outside the 10-year budget window. I'm worried about the indexing of capital gains. I'm worried about the weakening of the alternative minimum tax revisions to the point where people will be making a lot of money and not paying any taxes ever. And we went through that once in the early eighties; the American people were, to say the least, opposed to it. And that could also lead to a big increase in the deficit.

Q. Mr. President, is that a list of things over which you would definitely veto a tax bill? Republicans may be wanting to know that.

The President. Well, first of all—I talked to Senator Lott and Speaker Gingrich last week, and we've had good working relationships with Mr. Archer and Senator Roth and others. I don't want to get into veto now.

We knew that this, because of the unusual way in which this budget agreement was fashioned, that this would proceed, in effect, in a series of stages, the budget agreement, then the congressional committees, then we'd have final negotiations over the bill. I don't want to start talking about veto now. I want to craft an agreement consistent with the budget agreement that can be written into law and can be passed with the bipartisan majority of both sides.

We had a bipartisan majority in both Houses for the budget agreement. And I think it's important that we try to preserve that here.

Hong Kong

Q. Mr. President, are you concerned, given the letter that came from Secretary Albright to the Chinese, that the Chinese will stick to their end of the bargain on maintaining democracy in Hong Kong during this transition?

The President. Well, Secretary Albright is there, as you know, and what we have is the agreement, the 1984 agreement that the Chinese and the British asked the United States to support, and we did. And we expect that they will honor that agreement.

Q. Do you think that 4,000 troops marching in is a good sign?

The President. Well, it's a concern, I think. But we don't know yet that they intend to violate the agreement. They may be concerned about disruption, disorder. We'll just have to see what happens. But we will monitor it very closely. And everybody in the world knows what the agreement was. It's probably the most well-publicized agreement of its kind in modern history. And everybody has a pretty good feel for, not only the economic but the political system of Hong Kong.

Q. Did you watch the ceremony this morning?

The President. I did not. I was not able to do it.

Q. Well, what makes you think that the Chinese——

Mike Tyson and Evander Holyfield Fight

Q. [*Inaudible*]—Federal role should be in regulating boxing, and your personal reaction to what happened in that fight? [*Laughter*]

The President. I saw the fight, and until what happened, it was a good fight. And I was horrified by it, and I think the American people are. And I don't know what the Federal role should be; I've not given any thought to that whatever. But as a fan, I was horrified.

Q. Why were you horrified?

Hong Kong

Q. Mr. President, back on Hong Kong, is there any reason that you have to believe that the Chinese would allow what would amount to an enclave of dissent in Hong Kong?

The President. Well, the agreement says that there will be one China and two systems. And it's hard to have a system with free elections and freedom of speech and an open press without dissent. Just look around here; I mean, people just have different views of things. [*Laughter*] I can't imagine how you could have it any other way.

Thank you very much.

NOTE: The President spoke at 9:55 a.m. on the South Lawn at the White House.

Remarks at the New England Presidential Luncheon in Boston

June 30, 1997

Thank you. This is a pretty rowdy group today. [*Laughter*] And if you weren't rowdy before Senator Kennedy talked, you must be now. [*Laughter*]

Let me say to the mayor, to Senator Kerry, Senator Kennedy, to all the Members of the Congress that I have been with today, the State officials, Steve Grossman, Alan Solomont, Governor Mike Dukakis and Kitty, who are here, and all of you—Joan Menard—I've probably forgotten somebody behind me; I'm testing my memory, which is deteriorating rapidly here. [*Laughter*] I'm delighted to be back in Boston, and I'm glad to have the chance to say again, thank you for being the number one State in America in the support for Bill Clinton and Al Gore in 1996. I'm very grateful to you all. Thank you.

Thank you for being here for us in 1995, when everyone said that the days of our administration were numbered, the Demo-