

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.**

---

**Collection/Record Group:** Clinton Presidential Records

**Subgroup/Office of Origin:** Press Secretary

**Series/Staff Member:** Dee Dee Myers

**Subseries:**

---

**OA/ID Number:** 2449

**FolderID:**

---

**Folder Title:**

Press Corps [2]

**Stack:**  
S

**Row:**  
94

**Section:**  
2

**Shelf:**  
10

**Position:**  
2

**Q & A**  
**JULY 26, 1993**

**0. What is your response to Bob Dole's claims that CBO said that in January they projected 9.4 million jobs -- so that your plan would cost 1.4 million jobs. What is your response?**

- After the last four years -- the worst record of private sector job creation since the Hoover Administration, I'd be happy to debate whether the economy will create 8 million or 9 million jobs.
- Most serious people believe this economy will be seriously hurt if this plan does not pass. Listen to Alan Greenspan.
- The fact is that studies show that our plan is a job creator. Serious studies show more jobs will be created with our plan and with our incentives for small business.
- What they are saying is that we can do nothing and create jobs. But we learned over the last four years that you can't do this -- there was practically no job creation under the previous Administration.

**0.5. The deficit problem was supposed to be solved by Gramm-Rudman and then by the 1990 budget agreement. Why should we think this plan will do the job?**

- **Credible Economic Forecasts:** This is different because the President has used credible economic projections and forecasts of health care spending, instead of the rosy scenarios of the past. The Bush Administration used outrageous forecasts -- in some years estimating 4.1% GDP growth while at the same time the Blue Chip forecast was only 2.6% growth in GDP. Our plan uses growth projections that are more conservative than the Blue chip. So you have a new era here: credible numbers.
- **Comprehensive Economic Plan with Targeted Incentives for Job Growth:** This is different because it is not only a deficit reduction plan. The President's plan includes key investments -- tax incentives for our businesses and investments in our people -- that will spur economic growth and lead to more jobs.
- **Positive Effects Are Already Occurring:** The deficit has already been revised downward for this year by \$25 billion, partly as a result of savings on federal debt service due to lowered interest rates.
- **Financial Markets and Credible People feel our deficit reduction is real:** Financial markets have reacted favorable to the President's plan, showing

confidence that our deficit reduction is real. Since November, long term interest rates have dropped more than 100 basis points in response to the prospect of deficit reduction. Alan Greenspan and top CEOs have commended the plan as being serious about deficit reduction.

● **The 1990 Budget Agreement Failed in Part Because of Erroneous Estimates.** In July 1991, the Bush Administration submitted revised estimates that revealed that the Treasury Department had made a massive error in calculating the baseline for revenues. Dick Darman admitted that the Bush Treasury Department had made an error which caused them to have to raise their estimates for the deficit by \$113.9 billion for the years 1991 through 1995 -- a \$113 billion error!

### 1. Does the Clinton Plan hurt small business?

● **No. In fact, the Clinton plan provides unprecedented incentives for small business to create jobs and sustain real growth.** Only 4% of all business owners -- those taking home over \$180,000 a year -- will pay more. And small business owners will receive or be eligible for a tax cut through increased expensing, a targeted capital gains cut and the extension of the 25% deduction for health insurance premiums for the self-employed. The average business owner affected by the higher income tax rates makes \$560,000 a year and many of them are doctors, lawyers and consultants.

● Confidence in our plan has continued to lower interest rates and made it easier for small business to borrow money and we have taken steps to ease the credit crunch. The plan includes the following incentives:

– **Increased expensing** which will more than double the current \$10,000 that small business is able to expense immediately.

– **Targeted capital gains tax cuts** aids small and medium-sized business with reductions that the National Federation of Independent Business has called "admirable for job creation." The Clinton plan also would retroactively extend the 25 percent deduction for health insurance premiums for the self-employed.

– According to studies by the Joint Economic Committee and the National Venture Capital Association at least 200,000 more jobs will be created as a result of these changes over 5 years.

● In contrast, in order to protect the wealthiest Americans from bearing their share of deficit reduction, the Republican alternatives would eliminate **all** the tax incentives for small business. There is nothing -- including incentives for small business growth and job creation -- that the Republicans wouldn't sacrifice to protect the rich from paying one red cent in new taxes.

**2. Yes, but according to the National Federation of Independent Business (NFIB) those 4% of small businesses are the "gazelles" that created 70% of the jobs created by small business, right?**

- This is a desperate tactic by opponents of the plan to try to confuse people. The 4% who are "gazelles" have **no relation** to the 4% paying higher taxes.
- The "gazelles" include **both** small businesses that benefit from our tax incentives and other small corporations that will not face any tax increase under this plan.
- Small businesses create American jobs. Today, small businesses employ 60% of the American workforce. President Clinton believes we need to create a business environment for **all** small businesses expand and create jobs -- not just 4% of them.
- Let's get one thing straight. The Clinton plan is pro-small business. Here's why:
  - The Joint Economic Committee and the National Venture Capital Association released two independent studies last week that indicated that two provisions of the President's plan alone would create 200,000 small business jobs over the next five years.
  - Eight small business groups endorsed the plan this week: including the National Small Business United and the National Association for the Self Employed.
  - And only 4% of small businesses would pay higher income taxes under this plan -- while more than 90% will receive or be eligible for a tax cut.

**3. Will the Clinton package hurt job creation?**

- **No. The Clinton Plan is Designed to Create More Jobs, High Paying Jobs, Better Job Skills and Stronger Job Opportunities:** From deficit reduction to opening markets to job training, defense conversion and better schools -- we want to put people to work at better jobs in a stronger economy.
- **Lower deficits mean lower interest rates.** Longterm interest rates recently reached a 16 year low -- lowering costs for businesses to expand and create jobs.
- **Return to Private Sector Job Growth:** In the first five months of the Administration, 740,000 private sector jobs were created -- nearly 150,000 jobs per month -- over seven times the rate of the Bush Administration.

- **8 Million Jobs:** Several independent analysts (DRI, L.H. Meyer, Wharton Econometrics) found that with the plan the economy will create between 7.0 and 9.0 million jobs over the next four years.

- **Republicans Offer Nothing but the Same Policies that Led to the Worst Record in Private Sector Job Creation Since Herbert Hoover:** The last four years saw high borrowing, low investment, and poor private sector job creation. Despite this, the Republicans have adopted what the Wall Street Journal calls a "No New Anything" policy (7/15/93). The Clinton plan is about changing the ways of the past -- creating private sector jobs, reducing the deficit, and opening markets to create even more American jobs.

#### **4. You claim your plan will create 8 million jobs, yet isn't it true a normal recovery would have produced these jobs anyway?**

- The Administration's estimate of 8 million jobs is based on a macroeconomic forecast of what will transpire if the economic package is passed. The reduction in the federal deficit will increase the pool of capital available for private firms to use to invest -- the decline in long-term interest rates has already begun to spur private investment. As investment increases, the labor force will continue to grow at a healthy pace. We have already added 740,000 new jobs since the President took office. Firms' higher demand for workers will cause the unemployment rate to decline to 5.8% by the end of 1998. Add these factors together and you get 8.3 million net new jobs.

- Independent forecasts by DRI, Wharton and L.E. Meyer, which estimated an average of 8.3 million jobs over the next five years, also assumed passage of the Clinton deficit reduction plan.

- We need to pass this plan to help us regain control of our economic destiny, to put the private sector on a strong enough foundation to create these 8 million jobs.

- If this plan fails it will have a terrible effect. Just this week Alan Greenspan testified before Congress that financial markets would react in a negative fashion if the plan failed to pass. And he said that if the plan were passed "the U.S. economy should eventually emerge healthier and more vibrant than in a decade."

#### **5. Why does a state like Florida show rapid employment growth under the Clinton Plan in this state-by-state study, while a state like Pennsylvania shows slow growth?**

- Every state in this country comes out better under the Clinton Plan than they did under the previous Administration -- when many of them lost jobs. In fact, private sector job growth under Bush was the worst since the Hoover

Administration. The main point is that if this plan is passed and the economy gets going there will be significant job growth in every state.

- These state-by-state numbers divide these national estimates using projections derived from 10 year workforce growth averages. Therefore, if a state has had slow growth, these numbers could be quite conservative if their overall workforce trends reverse.

- We would be very happy if our projections are too conservative. That would mean that northern industrial states would fair even better on growth.

## 6. Isn't the Clinton plan mostly taxes with very few spending cuts?

- **A Fair Plan with Real and Balanced Cuts:** The plan is evenly balanced between taxes and spending cuts. For every \$10 of deficit reduction, \$5 comes from spending cuts, \$4 from taxpayers making over \$100,000 and \$1 from the 94% of Americans who make under \$100,000.

- **The plan has historic levels of spending cuts and cuts over 100 domestic programs by more than \$100 million each. And the plan cuts discretionary spending by 13% over five years in real, inflation-adjusted terms.**

- **On Senator Dole's Claim that the President's Plan Lacks Cuts, the Washington Post Stated -- "Mr. Dole has Traded Truth for Distortion."** The Washington Post further stated that, "You get pretty much what the Administration has advertised: the likely cumulative deficit over the next five years will indeed be a half-trillion less than otherwise and only half by virtue of higher taxes."

- **The President Counts Cuts Like Everyone Else Counts Cuts:** Republicans said that they would not count cuts in interest payments or future spending as real cuts in the Clinton plan. However, in 1985 and 1990 Republicans counted cuts in interest payments and future spending as real cuts -- **and** counted them as cuts in their own budget plan only hours after not counting them as cuts in the Clinton plan.

- **Republicans Seek to Hide the Fact that They Want More Spending Cuts that Hurt the Middle Class, the Elderly and the Working Poor so that Only the Top 1% can be Safeguarded from Contributing to Deficit Reduction.** Both the House and Senate Republican alternatives impose severe additional cuts in Medicare, and wipe out investments for worker training, education, defense conversion and more police just so they can knock out any additional taxes on the top 1% of taxpayers.

**7. Isn't it true that the President has abandoned his investments and now has only a deficit reduction plan?**

**● No. The President's Plan Cuts Enough Spending so That We Can Reduce the Deficit, Lower Spending and Still Have Funds Left to Invest in Our People.**

● We are still on line to get over 60% of our longterm investments and we will be looking for more cuts so that we can realize even more investments in the things people care about most: education, training, incentives for small business, defense conversion and 100,000 cops.

● The Administration is already achieving over half of its investments in FY 94, in a year where the budget is very tight. We will continue to pursue maintaining our investments in businesses and people that are included in the conference bill.

● The President is reaching most of his goals for new investments at the same time he cuts net spending by \$250 billion, and puts America in a new direction with new policies for school-to-work training, defense conversion, worker training, school reform, National Service and college opportunity.

● The President will continue to work for the earned income tax credit for working poor families, defense conversion, nutrition through the WIC program and help for AIDS through the Ryan White Act, and new capital grants for mass transit, environmental technology and infrastructure.

**8. Why does this plan raise taxes on the middle class, instead of cutting taxes as candidate Clinton promised?**

**● The President Promised that He would Reverse the Trickle Down Policies of the Past and He Has Done that:** In the 1980s, the middle class saw their taxes go up and real hourly wages go down, as the Government ran up the deficit and gave tax cuts to the most well-off Americans. Now, the Clinton plan demands tax fairness with at least 70% or all taxes falling on those making over \$200,000.

**● The President Did Not Want to Increase Taxes at All, But When, After the Election Estimates of the Deficit Increased by \$125 Billion Over the Next Five Years, There Was No Choice, But to Ask Everyone to Contribute to Get Our House in Order.**

● The President did not use rosy scenarios or double talk -- as we've seen so often over the last 12 years. He shot straight with the American public and

told them the deficit had deteriorated further and that we would need a modest energy tax to reach our deficit goals.

- **The President was faced with a choice of asking middle class families to pay what will be about \$50 a year more in an energy tax or letting the deficit skyrocket and further burden our children.** With a deficit that prevents investment, drives high interest rates, stifles productivity increases, and stagnates the standard of living for working Americans.

- Many middle-class families are already saving well over \$1,000 a year on lower mortgage payments -- or school loans, installment or car payments -- because of the interest rate reductions that have occurred with the progress of the President's deficit reduction plan.

## **TWO FOLLOW UPS BASED ON COMMON MISPERCEPTIONS:**

### **9A. Didn't the deficit get worse during the election -- not after it?**

- The deficit projections got worse at two different times when the Bush Administration and the Congressional Budget Office released official government estimates. Once in July/August of 1992 and again in January, 1993. Had it not been for the five-year \$125 billion deterioration after the election, there would have been far less need for any energy tax increase.

### **9B. Is there a Business Week quote in which said that Clinton knew that the deficit will increase to \$400 billion in 1997?**

- No. This is one of the most erroneous and false statements that has been made about the President. In July of 1992, OMB was saying that for 1992 -- that year -- the deficit would likely increase to \$400 billion. Then-Candidate Clinton was simply stating what the Bush OMB was predicting for the deficit amount in 1992.

### **10. Does the Clinton plan reduce the deficit so much that it further harms an already weak recovery?**

No. Let me give you four reasons why that is not true:

-- **Confidence:** First of all, one cannot underestimate how much it will mean to confidence in our country and our financial system when we

show that we can finally break the gridlock and put our house in order after 12 years of drift.

-- **Lower Interest Rates:** Second, the Clinton deficit reduction plan will keep interest rates low, which is critical to long-term economic recovery. Longterm interest rates recently reached a sixteen-year low. The lower interest rates that have followed as a result of the progress on our deficit reduction plan have already benefitted interest sensitive industries like housing and autos.

-- **Greater Exports (or Global Trade):** We are opening markets for U.S. products to create jobs, and we are encouraging other nations to lower interest rates and stimulate demand for more U.S. products that create even more jobs at home.

-- **Growth and Jobs:** Fourth, the tax incentives contained in my plan will help to spur additional investment which will help to speed the recovery. Independent analysts like DRI and Wharton Econometrics have found that with our plan the economy will create 8 million jobs.

**11. Won't deficits still be high, even after all this deficit reduction?**

- The fact is, for the last 12 years the deficit has been going up, and under the Clinton plan, the deficit will go down by \$500 billion over the next five years.
- The President proposed the largest deficit reduction plan proposed by a President to address the huge deficit and debt which quadrupled in just 12 years. After our deficit reduction, much of the deficit that will remain is attributable to interest on the debt incurred over the past 12 years. But as I said on February 17, 1993 -- you have to play with the hand you are dealt.
- The deficit could not be completely eliminated in four years because it has grown so large over the last 12 years and completely eliminating it could devastate the economy.

**12. Is the final tax package going to contain a gas tax, and will it be 9 or 10 cents a gallon?**

- We Don't Know Exactly Where The Conferees Will Come Out. I Know That In Order To Come Up With \$500 billion In Deficit Reduction You Are Going To Need Some Sort Of Tax Like The Senate Surface Transportation Fuels Tax.

**13. Doesn't a gas tax impose an unfair burden on the poor?**

- No. We are supporting the lowest possible gas tax -- one that will not ask average working families to pay more than \$50 a year in new taxes -- less than a dollar a week.
- The working poor will actually get a tax cut. For those working families that make less than \$30,000 a year, the energy tax will be more than offset by increases in the Earned Income Tax Credit.
- Lower income people, because they typically drive less, would pay even less. Further, the increase in the earned income tax credit will more than offset any tax burden on lower income working families.
- Even with the tax increase, the cost of driving is much lower than it was in the past using inflation-adjusted dollars.
- The tax is also geographically fair. People in the most taxed region of the country will pay only \$3 more than people in the least taxed region in the country under the Senate version of the tax.

#### **14. Hasn't the Clinton plan been torn apart?**

- No. Both the House and the Senate passed the vast majority of the Clinton plan and the President has taken an active role in ensuring that the final legislation adheres to the principles of his plan. He went up on the Hill this week and articulated those principles. And the conference is moving forward.
- Additionally, the President and his Administration are focused on making sure that the American people understand what this plan is really about, not the distortions that continue to be repeated by those who want to continue to do nothing. (repeat the principles) The White House and the Cabinet are working together to make sure that the American people have an opportunity to hear about the President's plan.

#### **15. When do you realistically think the Conference will have an agreement to bring back to the House and Senate?**

- The Administration is working very closely with leaders of the conference. We have met with them on numerous occasions this week. And their making very good progress.
- Already the conferees have locked in the income tax rates for corporations and higher income individuals.
- Senator Moynihan and Chairman Rostenkowski have indicated that they will have an agreement by the end of this coming week. If that holds, we expect

both chambers will have time to consider the bill on the floor before the August recess. We know there is lots of hard work ahead, but the progress we've already made indicates that we're going to get this done.

**16. Won't the Byrd Rule in the Senate cause many of the House-passed provisions to be deleted from the Conference Report?**

- No. While some problems remain to be worked out, we believe most of the president's investment objectives will not run afoul of the Byrd rule.
- Most, if not all, of the initial concern with the Byrd rule is abating. By-and-large the President's investments such as the EITC, Empowerment Zones and others will not have a problem with the Byrd rule.
- However, there are some items or parts of provisions in the House bill which might not pass the Byrd rule. I know the staff of each House and Senate Committee are looking at these items to see if some of these problems can be mitigated. But, in general, we are optimistic this will not be a problem.

**17. In his recent testimony Federal Reserve Chairman Greenspan said that he expected interest rates to rise, that "we cannot maintain a... short-term rate [as low as the inflation rate] indefinitely..." With the Federal Reserve about to take steps to cool the economy off, can we afford to pass a large deficit reduction package that may cool the economy off further as well?**

- **Chairman Greenspan, in his testimony, made it clear that in his view passing the reconciliation bill was extremely important. He said that:**
- "[Financial] markets would react in a negative fashion" if the plan failed to be passed.
- If the plan were passed, "the U.S. economy should eventually emerge healthier and more vibrant than in decade."
- "Recent declines in long-term interest rates are bringing forward...anticipated long-term gains" from deficit reduction.
- **There Is No Need For Interest Rate Increases In The Current Macroeconomic Setting.** Chairman Greenspan also said that he would be closely watching the inflation indicators in the next few months to see whether a rise in short-term interest rates was warranted.

**18. Why shouldn't we pay for the emergency spending for the Midwest floods rather than adding it to the deficit?**

- **Our country has always treated disasters on an emergency basis. This is far more compassionate and sensible than forcing disaster victims to compete with other areas of spending.**
- **When Hurricane Andrew hit Florida, when Hugo hit South Carolina, when the Loma Prieta earthquake hit California, we provided assistance on an emergency basis.**
- **We believe we need to move swiftly and effectively to ensure that disaster victims are helped back to their feet as quickly as possible. We're concerned about anything that would delay that process.**
- **It is only a one-time allocation and it will have a minimal effect on the longterm budget. It will only affect this year and we have already had a projection of \$25 billion less in deficit reduction.**

**19. Martin Feldstein says that your tax increases won't reduce the deficit because the wealthy will find ways of not paying them. Is that true?**

- **The Congressional Research Service found that the behavior modeled in Feldstein's analysis to be exceedingly unlikely. The CRS report finds it is just as likely that we will collect more revenue than we have assumed under our economic plan.**
- **In fact, the estimates of the President's plan that have been performed by the Treasury Department and by the Joint Committee on Taxation already incorporate the likely responses of taxpayers to these tax changes.**
- **It isn't surprising that a former economic advisor to Ronald Reagan and a proponent of failed, trickle down Reaganomics would have made such a claim.**

**20. Senator Dole says you're taking credit for some \$40 billion in deficit reduction that actually took place in the 1990 Budget Agreement. Is that true?**

- **Absolutely not. The savings to which Senator Dole is referring were completely unspecified in the 1990 agreement. The president proposed specific spending cuts to achieve those savings. They are a part of the budget process this year, and they have to be included in any fair and accurate deficit reduction count.**
- **I might also point out that Senator Dole did the very same thing in his own budget plan without specifying what, if any, new cuts he would make. He counts the same \$40 billion he is referring to in his accusations.**

- No matter what baseline you use, the Clinton Budget will still achieve \$100 billion more in deficit reduction than the plan offered by Bob Dole.

**21. Is the Administration willing to accept the \$54 billion in Medicare spending cuts that the Congressional negotiators have settled on?**

- Well, I don't believe the negotiators have reached a final agreement on medicare savings. In any event, it would be inappropriate to comment on what specific number we would like to see in the final legislation.
- Clearly, the issue has to be resolved in a way that does not prevent us from achieving a majority vote in both the House and the Senate.
- We're going to continue working with the Chairmen and the leadership to achieve that.

**22. Senator Dole and other Republicans claim that the lower deficit projections by OMB mean that you don't need to raise taxes as much. How do you respond?**

- **Incredible:** It's astounding that we have Republicans whose policies for the last 12 years created huge deficits now say we should do **less** not more on deficit reduction.
- Finally, we have a credible deficit reduction plan that markets have reacted favorably to and they want to say we don't need any tough choices.
- This response reflects everything that is wrong with Republicans. They are not serious about deficit reduction. They are not willing to face up to tough choices in order to get our economic house in order.

## **Main Principles**

- **The Largest Deficit Reduction In History, \$500 Billion Locked Away In A Deficit Reduction Trust Fund;**
- **A Return To Tax Fairness, Those Who Have the Most, Pay The Most--At Least 70 Percent Of The Tax Burden Must Fall On People With Incomes Above \$200,000;**
- **Keep Faith With The Hard-Working Middle Class--Won't Ask Them To Pay More Than \$50 A Year--About \$1 A Week;**
- **Incentives To Spur Growth, Create Jobs.**

THE WHITE HOUSE  
WASHINGTON

July 20, 1993

MR. PRESIDENT:

Attached are a set of Qs and As for your review in connection with your "Larry King Live" appearance this evening. We have not yet received material on foreign policy or on NAFTA, but we will send these up as soon as we get them.

TDS  
Todd Stern

LARRY KING LIVE:      POSSIBLE QUESTIONS AND ANSWERS

SECTIONS ATTACHED

- I.                    BUDGET/RECONCILIATION
- II.                   ADDITIONAL ECONOMIC ISSUES
- III.                  HEALTH CARE
- IV.                   J. ELDERS
- V.                    GAYS IN THE MILITARY
- VI.                   ROSTENKOWSKI
- VII.                  SESSIONS/FBI
- VIII.                FLOODS
- IX.                   CRIME
- X.                    IMMIGRATION
- XI.                   COMMUNITY DEVELOPMENT BANKS
- XII.                  TRAVEL OFFICE

## Q & A ON RECONCILIATION/BUDGET

### 1. Does your economic plan hurt small business?

- No. My plan includes unprecedented incentives for small business to create jobs and sustain real growth that small business has been fighting for for years. My plan calls for:

- credit crunch relief
- Increased expensing
- Targeted capital gains tax cuts
- A 25 percent deduction for health insurance premiums for the self-employed.

Over 90% of small businesses will receive or be eligible for these tax benefits, while only a small fraction -- about 4% of business owners -- those taking home over \$180,000 a year will pay a modest amount more. In fact, the average business owner affected by the higher income tax rates makes \$560,000 a year and many of them are doctors, lawyers and consultants. So while all small businesses will benefit from lower interest rates and a stronger economy, the tax incentives in my plan will benefit the overwhelming numbers of small businesses in this country.

- In contrast, the Republican alternatives seek to eliminate the tax cuts that over 90% of small business owners would be eligible for. The Republicans are willing to sacrifice incentives for small business growth and job creation in order to protect the wealthiest Americans from bearing their fair share of deficit reduction.

### 2. Q: But isn't it true that the NFIB -- the largest small business group -- has been critical of your plan?

- Let me make three points:

First, when I had the chance to speak directly to hundreds of real small business owners at the NFIB convention, those small business men and women were very responsive. I think they realize that lower interest rates and the incentives to invest and create jobs that we are offering will benefit them overwhelmingly.

Second, the NFIB has generally supported the incentives I have proposed. They called the provision for increased expensing the most important investment incentive for small

business, and my plan more than doubles it. And they have called the small business capital gains proposal I proposed "admirable for job creation."

Third, according to studies by the Joint Economic Committee and the National Venture Capital Association, at least 200,000 more jobs will be created as a result of these changes.

**3. Will the your package hurt job creation?**

- **My Plan is Designed to Create More Jobs, High Paying Jobs, Better Job Skills and Stronger Job Opportunities:** From deficit reduction to opening markets to job training, defense conversion and better schools -- I want to put people to work at better jobs in a stronger economy.

- **Return to Private Sector Job Growth:** In the first five months of my Administration, 740,000 private sector jobs were created -- nearly 150,000 jobs per month -- over seven times the rate of the Bush Administration.

- **8 Million Jobs:** Several independent analysts (DRI, L.H. Meyer, Wharton Econometrics,) found that with my plan the economy will create between 7.0 and 9.0 million jobs over the next four years.

- **Republicans Offer Nothing but the Same Policies that Led to the Worst Record in Private Sector Job Creation Since Herbert Hoover:** The last four years saw high borrowing, low investment, and poor private sector job creation. Despite this, the Republicans have adopted what the Wall Street Journal calls a "No New Anything" policy (7/15/93). My plan is about changing the ways of the past -- creating private sector jobs, reducing the deficit, and opening markets to create even more American jobs.

**4. Isn't this just more of the same old tax and spend?**

- **My plan breaks from the failed policies of the past and moves beyond the old failed tax and spend and the old failed Trickle Down.**

**CHANGE:**

- **My Plan Borrows Less, Spends Less, and Still Invests More in our People and Our Future.** It cuts the deficit by \$500 billion; cuts discretionary spending by more than 10% in real terms and includes over 100 cuts of \$100 million each while still investing more in our people.

- **My plan includes \$350 billion in gross spending cuts and uses \$250 billion for deficit reduction and \$100 billion for new investments in education, training, technology, crime**

prevention and defense conversion. These investments will make today's workers and businesses more productive by rewarding work and investment. That is not tax and spend -- it is borrowing less and spending less, while investing more.

- **The Most Well Off, the Wealthiest 1%, are Asked to Pay Their Fair Share:** Unlike the 1980s, when the middle class was asked to pay more, while the most well-off Americans saw their tax rates decline, my plan asks the wealthiest 1% to pay moderately higher tax rates, so that deficit reduction will not rest on the backs of the middle class, the elderly or the working poor.

- **Tax Cuts Targeted Toward Job Creation:** My plan focuses on job creating tax credits for small business and capital investment. These investments in the private sector are targeted toward increasing economic growth now and in the future.

5. **Isn't your plan mostly taxes with very few spending cuts?**

- **A Fair Plan with Real and Balanced Cuts:** My plan is evenly balanced between taxes and spending cuts. For every \$10 of deficit reduction, \$5 comes from spending cuts, \$4 from taxpayers making over \$100,000 and \$1 from the 94% of Americans who make under \$100,000.

- **The plan has historic levels of spending cuts and cuts over 100 domestic programs by more than \$100 million each.** My plan cuts discretionary spending by 13% over five years.

- **On Senator Dole's Claim that the President's Plan Lacks Cuts, the Washington Post Stated -- "Mr. Dole has Traded Truth for Distortion."** The Washington Post further stated that, "You get pretty much what the Administration has advertised: the likely cumulative deficit over the next five years will indeed be a half-trillion less than otherwise and only half by virtue of higher taxes."

- **I Count Cuts Like Everyone Else Counts Cuts:** Republicans said that they would not count cuts in interest payments or future spending as real cuts in my plan. However, in 1985 and 1990 Republicans counted cuts in interest payments and future spending as real cuts -- and counted them as cuts in their own budget plan only hours after not counting them as cuts in my plan.

- **Republicans Seek to Hide the Fact that They Want More Spending Cuts that Hurt the Middle Class, the Elderly and the Working Poor so that Only the Top 1% can be Safeguarded from Contributing to Deficit Reduction.** Both the House and Senate Republican alternatives impose severe additional cuts in Medicare, and wipe out investments for worker training,

education, defense conversion and more police so they can knock out any additional taxes on the top 1% of taxpayers.

**6. Isn't it true that the President has abandoned his investments and now has only a deficit reduction plan?**

- **My Plan Cuts Enough Spending so That We Can Reduce the Deficit, Lower Spending and Still Have Funds Left to Invest in Our People:**

- I am reaching most of my goals for new investments at the same time I am cutting net spending by \$250 billion, and putting America in a new direction with new policies for school-to-work training, defense conversion, worker training, school reform, National Service and college opportunity.

- I will continue to work for the earned income tax credit for working poor families, defense conversion, nutrition through the WIC program and help for AIDS through the Ryan White Act, and new capital grants for mass transit, environmental technology and infrastructure.

**7. Is this plan unfair to the elderly?**

- **My Plan Asks for Shared Contributions From All Americans.** My plan asks doctors, hospitals, other providers, and the top 20% of Social Security recipients to contribute to reducing entitlement costs, but it does so fairly and not by cutting benefits to the overwhelming majority of Medicare recipients. In contrast the House Republican alternative cuts benefits for middle-class Medicare recipients, and the Dole proposal relies on an entitlement cap that could only work if it imposed dramatic new Medicare cuts on nearly all of our Nation's 34 million Medicare recipients -- all to prevent taxing the wealthiest 1% of Americans.

**8. Hasn't your plan been torn apart? What will your approach be in the House-Senate conference?**

- Both the House and the Senate passed the vast majority of my plan and I will take an active role in ensuring that the final legislation adheres to the principles of my plan.

- I will come in with clear principles and direction to provide leadership and support to help the conferees complete their work.

My principles include:

- **Deficit Reduction for Economic Growth:** In order to get back on a path to long-term economic growth, we will fight to ensure that our package is the largest deficit reduction package ever.

**- Immediate, Substantial and Fair Spending Cuts:** We will continue to fight for all of the \$250 billion of spending cuts in our program.

**- Tax Fairness:** Any taxes needed to reach our deficit reduction target must continue to be raised in a way that is fair to average working families. At least 70% of the taxes must come from families making over \$200,000.

**- Pro-investment and Pro-Work:** All changes should seek to strengthen, not weaken, the plan as pro-investment, pro-small business, pro-family and pro-work.

**9. Why does this plan raise taxes on the middle class, instead of cutting taxes as candidate Clinton promised?**

• **I Promised that I would Reverse the Trickle Down Policies of the Past and I Have Done that:** In the 1980s, the middle class saw their taxes go up and real hourly wages go down, as the Government gave tax cuts to the most well-off Americans. Now, my plan demands tax fairness.

• My plan is a progressive plan, with the vast majority of new revenues to be paid by the wealthy. Under the plan, at least 70% percent of new revenues come from families with over \$200,000 of income.

• Right now many middle-class families are already saving well over \$1,000 a year on lower mortgage payments -- or school loans, installment or car payments -- because of the interest rate reductions that have occurred with the progress of the President's deficit reduction plan.

• **I Would Have Preferred not to Increase Taxes at All, But When, After the Election Estimates of the Deficit Increased by \$125 Billion Over the Next Four Years, I Felt There Was No Choice, But to Ask Everyone to Contribute to Get Our House in Order.**

• I did not use rosy scenarios or double talk -- as we've seen so often over the last 12 years. I shot straight with the American public and told them the deficit had deteriorated further and that we would need a modest energy tax to reach our deficit goals.

**THREE FOLLOW UPS BASED ON COMMON MISPERCEPTIONS:**

**9A. Didn't the deficit get worse during the election -- not after it?**

The deficit projections got worse at two different times when the Bush Administration and the Congressional Budget

Office released official government estimates. Once in July/August of 1992 and again in January, 1993. Had it not been for the five-year \$125 billion deterioration after the election, there would have been far less need for any energy tax increase.

**9B. Is there a Business Week quote in which you say you know that the deficit will increase to \$400 billion in 1997?**

No, this is one of the most erroneous and false statements that has been made. In July of 1992, OMB was saying that for 1992 -- that year -- the deficit would likely increase to \$400 billion. I was simply stating what the Bush OMB was predicting for the deficit amount in 1992.

**10. Does your plan reduce the deficit so much that it further harms an already weak recovery?**

No. Let me give you four reasons why that is not true:

- **Confidence:** First of all, one cannot underestimate how much it will mean to confidence in our country and our financial system when we show that we can finally break the gridlock and put our house in order after 12 years of drift.
- **Lower Interest Rates:** Second, my deficit reduction plan is essential to maintaining lower interest rates, which are critical to long-term economic recovery. The lower interest rates that have followed as a result of the progress on our deficit reduction plan have already benefitted interest sensitive industries like housing and autos.
- **Greater Exports (or Global Trade):** We are opening markets for U.S. products to create jobs, and we are encouraging other nations to lower interest rates and stimulate demand for more U.S. products that create even more jobs at home.
- **Growth and Jobs:** Fourth, the tax incentives contained in my plan will help to spur additional investment which will help to speed the recovery. Independent analysts like DRI and Wharton Econometrics have found that with our plan the economy will create 8 million jobs.

**11. Won't deficits still be high, even after all this deficit reduction?**

- The fact is, for the last 12 years the deficit has been going up, and under the Clinton plan, the deficit will go down by \$500 billion over the next five years.

- I have proposed the largest deficit reduction plan in history to address the huge deficit and debt which quadrupled in just 12 years. After our deficit reduction, much of the deficit that will remain is attributable to interest on the debt incurred over the past 12 years. But as I said on February 17, 1993 -- you have to play with the hand you are dealt.

- The deficit could not be completely eliminated in four years because it has grown so large over the last 12 years and completely eliminating it could devastate the economy.

- In addition, the primary reason for higher deficits in the future is the skyrocketing cost of health care. We need to pass health care reform, as well, in order to control those costs.

12. **Doesn't this plan break many of your campaign promises?**

Quite the contrary, my plan fulfills a number of the most critical pledges made during the campaign -- to make tough choices, to break the gridlock in Washington, to create a more progressive tax system, to reestablish the United States as a global economic leader, to improve the Nation's trade status, and to increase investments in working families and in economic growth.

- **Deficit Reduction:** My plan includes \$500 billion in serious deficit reduction -- the biggest deficit reduction package in the Nation's history.
- **Tough Choices:** Whether it's controlling entitlement spending, keeping the lid on discretionary spending, asking the wealthy to pay their fair share, or calling for a energy tax, we have taken on the tough choices. WE are asking every American to pitch in for the good of our country today and of our children in the future.
- **No More Gridlock:** Despite the self-proclaimed efforts of Republicans to perpetuate gridlock, I am working with the Congress to reduce deficits, increase economic growth, and create jobs. When Republicans are willing to help make those efforts bipartisan, I welcome their support; when they are not, I am working with Democrats to get the job done.
- **Fair Tax System:** I am asking the wealthy to pay their fair share at least 70 percent of new revenues will come from taxpayers with more than \$200,000 of income;
- **Investment:** We are increasing investments in areas critical to the well-being of working families and to fostering economic growth:

- Expansion of the earned income tax credit

- Immunization for the nation's children
- Empowerment zones
- Tax incentives to encourage investments
- Mickey Leland hunger prevention legislation, providing needed food stamp benefits to families with children
- Family preservation legislation to help keep our families together
- Direct lending for the nation's students to entirely or partially replace more costly guaranteed student loans

## Q & A ON ECONOMIC POLICY

### G-7 SUMMIT AND JAPAN FRAMEWORK NEGOTIATIONS

Q: What did you accomplish in Tokyo? Wasn't it a lot of talk?

A: No. By all accounts, this was one of the most productive G-7 Summits ever and one in which the United States demonstrated its global leadership.

We took a major step toward completing the world trade talks -- the Uruguay Round -  
- which have been going on since 1986.

We agreed to eliminate tariffs in 8 categories of goods and reduce tariffs on a range of other products. This will give us the momentum to complete a good agreement by the end of the year, one which will contribute over the next ten years \$6 trillion to the world economy and \$1.2 trillion to the U.S. economy.

We received the support of our G-7 partners for a \$3 billion package to keep Russia on the path towards a market economy.

We announced a Framework for a New Economic Partnership with Japan which identifies the key issues we need to address and a strict timetable for negotiations. For the first time, we have a trade policy that focuses on results. Japan agreed that we must have objective criteria by which to measure progress in achieving tangible results.

It commits Japan to address its economic imbalances: to achieve a highly significant reduction in its current account surplus and a significant increase in imports.

It will create bigger markets for key U.S. industries, including the automotive industry, and create more jobs and opportunities for America's workers and businesses.

Much of our success was due to the fact that we have begun to put our own economic house in order. That counted for a lot with Japan and our other G-7 partners.

### BASE CLOSURES

Q: With all the trouble spots in the world and all the terrorist activity going on, why are you proposing to close American military bases? And what about all the unemployment that's going to cause?

A: First of all, the recommendations to close military bases have come from an independent commission with input from the Pentagon. But my bottom-line requirement in looking at the Commission's recommendations is that the United States

must continue to have a military capability that is second-to-none -- one that will fully protect our national security interests.

Defense Secretary Aspin and General Colin Powell -- who have advised me to support the Commission's recommendations -- have both assured me that if we are going to have the quality force we need to continue our leadership role in the world and to protect our country, it is essential that we streamline our military facilities and close the bases that no longer meet our national security needs.

But we can't just close bases around the country and forget about the workers in the communities in which those bases are located. So I've proposed a plan to help ease those workers and communities create a new economic future for themselves:

First, we're immediately beefing up the amount of money available to help those communities plan their new futures. We expect to be providing an average of \$1 million per community, and for the hardest-hit communities, we'll be providing as much as \$3.5 million over five years.

Second, we're going to change the law so that when communities come forward with new plans for effective job-creating economic development we'll be able to transfer the bases at a discount or even for free. Under previous administrations, the government has been demanding full price, and the result has been no jobs. We're going to put a stop to that.

Third, we've assembled a package of targeted worker and community assistance programs to help displaced workers.

Fourth, we're speeding up federal studies of any environmental problems on the bases and targeting new money to clean them up so they can be turned over to the communities. Clean parcels will be made available even faster.

Finally, we'll be appointing fulltime, on-site, transition coordinators who will help the communities cut through bureaucratic red tape and make sure their concerns are heard back here in Washington.

**The message of this package is clear: we're not about to turn our backs on these communities or their workers.**

## **WORKER TRAINING AND EDUCATION**

**Q: Where are the training programs you promised in the campaign? Have you done anything to help Americans get jobs?**

**A: Yes.** I have already proposed legislation to invest in our people and make the American workforce the best in the world. The GOALS 2000: Educate America Act (H.R. 1804), currently being considered in Congress, lays the cornerstone of my

comprehensive strategy to create a system for helping people develop skills that lead to higher-paying jobs. The GOALS 2000 bill will provide funds to design systematic education reforms and will promote high standards for occupational and academic training.

Q: What about training programs to help meet those standards?

A: I have already submitted one initiative to Congress and several more are on the way. National Service, which will be voted on next week, will provide opportunities to earn college scholarships through community service. After the deficit reduction plan is passed, I will be announcing several more training programs: the youth apprenticeship program will help high school youth; there will be comprehensive job search and training assistance for dislocated workers; we are going to provide people with one central place -- One-Stop Shopping -- to make training opportunities easier to find; and welfare reform will provide a hand-up through training -- instead of a handout --to our poorest families.

Background: Youth Apprenticeship (School-to-Work) is ready to be announced in the next week or two. The Comprehensive Dislocated Workers Program will be timed to coincide with NAFTA legislation. One-Stop Shopping and other Workforce Investment Initiatives are likely to be unveiled on Labor Day.

## **INVESTMENTS IN DISTRESSED AREAS**

Q: Mr. President, many communities in this country are reeling from a decade of neglect by both the federal government and the private sector. What is your administration doing to help impoverished communities, particularly the inner cities?

A: My administration has already introduced several initiatives that provide real incentives for those who want to invest, spur economic growth and create jobs in these areas.

Just last week, I announced two initiatives that will address the problem of lack of access to in low- and moderate-income neighborhoods. First, I sent a bill to Congress that calls for a Community Development Banking and Financial Institutions Fund that will invest in a national network of CD Banks and CDFIs which have a primary mission of targeted development lending and loan counseling in distressed, underserved communities. We expect this initiative to result in at least \$2 billion in new loans and to create 40,000 to 80,000 new jobs. Second, I asked the bank regulators to issue new Community Reinvestment Act guidelines which will create a new system for grading mainstream banks on their actual lending in low- and moderate-income communities.

In May, I announced our empowerment zones proposal that will provide tax incentives for businesses to locate and employ residents of 110 American communities

and will give local communities the resources and flexibility they need in using existing federal programs to deal with the problems they identify that create barriers to economic opportunity for zone residents.

I have also proposed an expansion and simplification of the Earned Income Tax Credit which will ensure that no American family with a full time worker will be below the poverty line. Those of America's poor who work will have greater incentive to do so and will receive larger direct payments to help them live with basic living expenses.

## HEALTH CARE

Q. We haven't heard much about your health care reform proposal lately. When are you going to introduce your plan?

A. I am committed to comprehensive health care reform as soon as possible.

Right now, I'm concentrating on getting the budget through the Congress so that we can create jobs and ensure economic growth. And we are consulting with members of Congress as to the best time to introduce the plan after the reconciliation process is completed.

But I have always said that we can never have economic growth and provide true security to American families until we have comprehensive health care reform.

Q. If your plan includes an employer mandate and payroll tax, won't that hurt businesses and lead to the loss of jobs?

A: No, it won't. In fact, most business leaders agree that health care reform is essential in ensuring future economic growth. Right now, part of the reason why businesses aren't hiring is because of skyrocketing health costs. And millions of small businesses are getting killed because the insurance companies are raising their premiums every month. Unless we take steps to control those costs, businesses are never going to be able to hire new workers.

Now, one point about the financing. I've made no final decisions as to the financing of this plan. But if we do ask employers to pay a certain percentage of their payroll for their employees' health care, that would replace -- not add to -- but replace -- what they currently pay. So the businesses that are now paying 12 or 15% of their payroll for health care are going to save a lot of money. And small businesses will finally will be able to get affordable insurance. The bottom line, however, is that we're going to ask all employers to take responsibility for covering their employees.

Q. I understand that Mrs. Clinton recently made comments in Hawaii saying that the Administration was definitely not proposing like a Canadian-style, single-payer system. Why not single-payer?

A. Well, first let me say that we can learn a lot from the Canadian system. They have done well in achieving goals that I share: universal coverage, a system that is administratively simple, and providing their citizens with comprehensive benefits. But I don't think that a huge tax increase and turning the system over to the government is the way to go for America. My proposal will retain the employer-based, privately financed system of health care. And within that framework, each state will have the flexibility to use a single-payer approach if that makes the most sense for them.

## **DR. ELDERS**

**Q. You have had a consistent problem with the vetting process for your nominees with the most recent one to face severe scrutiny being Joycelyn Elders. How do you respond to allegations involving her failure to pay social security taxes for a nurse, being paid for state and federal work simultaneously and her involvement in a financial mismanagement lawsuit as the director of a bank?**

Dr. Elders' has an impeccable record in the field of public health and has devoted her life to improving the health and well-being of the nation's children. Since her opponents cannot fault her professionalism each of the charges you raised have been generally considered as the only way to criticize her. The social security for the nurse has been paid, she has resigned from her state position, and in regards to the lawsuit, even the Washington Times reported last Sunday that it was a "routine squabble between management factions."

**What about the increase of teenage pregnancies in Arkansas during her tenure as Health Director?**

As adolescent pregnancy rates increased across the nation, the national rate of increase (18.38%) was greater than the increase for the state (17%). Dr. Elders has approached the teen pregnancy problem with candor and a call for action. Teen pregnancy is not exclusively an Arkansas problem.

**Dr. Elders is on the record as advocating sex education in kindergarten. What is your response to this?**

In a 1987 Washington Post article, then-Surgeon General C. Everett Koop noted that he was adamant about the need for sex education in schools as early as kindergarten. In addition he said "My feeling is that if sexuality is taught gently and gradually from an early age, it is part of your life and doesn't come as a shock." Dr. Elders views are not new from the perspective of those who have seen problems in the health of our youth escalate beyond comprehension.

## GAYS IN THE MILITARY

Q. Why are you allowing homosexuality in the military when the military leaders say that will undermine the quality of the armed forces?

A. Everyone acknowledges that there are and have been homosexuals serving in the United States military with distinction. Other countries, including Israel and Canada, have allowed homosexuals to serve in the military without any adverse reaction. And no evidence suggests that homosexual service members are any less capable than their heterosexual counterparts, on average, in performing their duties.

Q. How can you put the stamp of approval on an immoral lifestyle?

A: **First, I don't think this new policy puts a stamp of approval on any kind of lifestyle. All it says is that if a person who happens to be homosexual wants to serve his or her country and is willing to abide by all the other rules of conduct, that person should have the opportunity to do so.**

Q: Why did you cave in to the religious right and the conservatives in Congress?

A: **Well, I don't think I did cave in. I had hoped to issue a policy that would emphasize status, and not conduct. And I did. And I had hoped to issue a policy that would end the witch hunts that have costs the taxpayers hundreds of millions of dollars. And I did. Now, this is not a perfect solution, but it clearly is a substantial step forward.**

Q: Wouldn't it have been better to lift the ban and stick by your campaign promise than to have the Commander-in-Chief negotiating with Sam Nunn and your own Joint Chiefs over military policy?

A: It would have been easy for me to sign an executive order lifting the ban and have people pat me on the back, but the policy would have been overturned in Congress. Even worse, a more restrictive policy might have been put in place than the current policy. But my policy is not about looking good, it's about doing good. It may not please everyone, but it gets us moving forward, not backwards.

## ROSTENKOWSKI AND HOUSE POST OFFICE

- Q. What can you tell us about the guilty plea entered yesterday by the former Postmaster of the House of Representatives?**
- A. It's very important for me not to comment on ongoing cases and law enforcement proceedings. In fairness to everybody, questions about ongoing cases should be directed to the Justice Department.
- Q. Do you support the conviction, or do you wish that it had never happened?**
- A. I believe that Janet Reno is doing a terrific job running the Justice Department. She has restored vision and purpose to the organization. The Justice Department makes its own prosecutorial decisions, and I have great confidence in Attorney General Reno and her team.
- Q. It's been widely reported that Congressman Rostenkowski is one of the Congressmen referred to in the indictment. Is that true?**
- A. Again, I'm afraid that I have to refer you to the Justice Department for any questions about the plea.
- Q. Did you know about the guilty plea before it was announced?**
- A. I can't comment on anything related to the ongoing case.
- Q. If Congressman Rostenkowski is indicted, he will lose his chairmanship. Won't this hurt your economic package and health care reform program?**
- A. I have been working closely with Chairman Rostenkowski, Chairman Moynihan, and the other members of the Ways and Means and Finance Committees. They have all been doing an outstanding job, and I plan to continue working closely with them. I'm confident that we'll get our legislative program enacted into law. Our needs are too pressing not to act on these vitally important issues.
- Q. Did the subject of the guilty plea come up at your lunch with Congressman Rostenkowski?**
- A. No.

## **Q&A ON DISMISSAL OF DIRECTOR SESSIONS**

(General note: Whenever possible, bring the answer back to the nomination of Judge Freeh)

### **Why was FBI Director Sessions fired?**

As you know, for several months Attorney General Reno has been considering this issue. She has analyzed the report by the Office of Professional Responsibility, and found some disturbing things in that. And she has observed and investigated the ability of Judge Sessions to lead the FBI at a very critical time for law enforcement. She concluded that he cannot effectively lead the agency at this time, and I agree. We can't afford to have a leadership vacuum in an agency as important as the FBI.

I am very confident now that a new era has begun at the FBI. Judge Louis Freeh, my nominee, is a law enforcement legend, the prosecutor and investigator of some of the most notorious crimes of our day. With experience as an FBI agent and supervisor, a prosecutor, and a federal judge, he is the right person to take the agency into the 21st Century. I look forward to his quick confirmation by the Congress.

**Aren't the allegations against the director relatively minor? White House staff who were involved in the travel office controversy were merely reprimanded, whereas Sessions is getting fired for taking his wife on a trip? (This question was asked at yesterday's briefing.)**

Attorney General Reno recommended that I take this action for several reasons. The report by the Office of Professional Responsibility is one of those reasons; she found some of the charges in that report extremely disturbing. But more broadly, she concluded that Director Sessions has lost the ability to lead the FBI, and I concur with that analysis.

### **Why did this drag on so long?**

I wanted Attorney General Reno to take her time and make a thorough study of this issue. This controversy was bequeathed to us by the previous administration, and we wanted to be very careful not to politicize the FBI. Once that process was concluded, we had no choice but to act.

Now it's time to move on with Judge Freeh, etc.

## **THE FLOOD**

You have seen the devastation in the Midwest. Estimates of the damage range from a minimum of \$6 billion to upwards of \$10 billion. Your request to the Congress for aid to the flood victims is only \$2 billion. How can you aid victims of this devastation with that limited amount?

I have seen first hand the devastation wrought by the great flood of 1993 in the Midwest and I am fully committed to assisting that region to get back on its feet. I have submitted to the Congress a request for emergency aid. As we receive more information on the actual damage, we will be adjusting the request accordingly. It's important to remember, that the emergency supplemental aid is in addition to that money already allocated by the various agencies to emergency aid. Any money that we request from the Congress is on top of that baseline. We expect to have better damage estimates later this week and early next week and we will be adjusting our appropriation request accordingly.

Will you waive the cost-share requirement for state and local governments in the Federal aid programs?

We clearly understand the devastation in the Midwest. We are moving aid out to the affected States as quickly as possible. As we receive requests for additional aid, including cost-share waivers, we will evaluate our ability to provide that, as well as other types of aid under existing statutes.

You and the government have been very responsive to the immediate tragedy in the Midwest. How can you be sure that the government will continue to be there after the flood waters recede?

I have asked the Secretary of Agriculture, Mike Espy, to coordinate the federal government's long-term response to the devastation in the Midwest. I expect Secretary Espy to work closely with the Federal Emergency Agency as we move from the period of immediate disaster recovery to long-term economic restoration. Secretary Espy will be coordinating the resources of several of the government agencies - Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation and others to ensure that the full government's resources are brought to bear on restoring the economic stability of the region.

## **CRIME BILL AND COPS PROPOSAL**

**Q:** During the campaign you pledged to sign a tough anti-crime bill and to put a 100,000 new police on the streets -- but you haven't. There's been very little talk of anti-crime legislation and of putting police on the streets. Are you backing away from your pledge? Have you found that you cannot afford either the crime bill or putting more police on the streets?

**A:** No, I remain committed to putting more police on the streets as part of a modified version of last year's crime bill, which included the Brady Bill. I've also asked Congress to take action on a crime bill soon.

In addition, I've proposed expanding community policing through empowerment zones, which are part of my economic plan -- and spending \$150 million immediately, as part of the supplemental appropriations bill I recently signed into law, to put more police on the streets.

Let me also reaffirm my strong support for putting more police on the streets and expanding community policing. As Police Commissioner of New York City, our new Drug Director, Lee Brown, put more police on the streets in every precinct and crime fell consistently for the first time in more than 30 years. In Los Angeles, Police Chief Willie Williams temporarily increased police force levels by 600 officers and violent crime dropped 12 percent across the city. Chief Williams said at the time:

"If you put new officers in uniform and the street, in cars, on foot beats, on bicycles, wherever they are necessary, you can make a community safe again. It can reduce crime. It can reduce fear of crime.

I agree.

## **BRADY BILL AND GUNS**

**Q:** What about the Brady Bill and an Assault Weapons ban? You have expressed your support for these measures, but -- to date -- no action has been taken on them. Will you push Congress to pass these proposals, too?

**A:** I remain 100% committed to these two proposals. And, as soon as the debate on my economic plan is completed, I am going to work with Congress to pass the Brady Bill as part of a larger crime bill as soon as is possible. The assault weapons ban was not part of last year's crime legislation, but if Congress can see fit to include it in this year's crime bill, I certainly will support that.

We have also been looking at what can be done without legislation to reform federal firearms licensing procedures and to make sure that guns being imported into the U.S. have legitimate sporting purposes. There's room for improvement in these two areas, and I expect to be receiving recommendations soon on what can be done.

## **DRUG POLICY**

**Q. Your new Drug Director was recently sworn-in and made a member of your Cabinet. Does this mean that the Administration will soon be releasing its overdue drug strategy? Can you give us a preview of that strategy?**

**A. Yes, Lee Brown will soon be releasing a Drug Strategy. He's already hard at work putting together an abridged drug strategy that will be released as soon as possible -- as well as on a more comprehensive drug strategy to be released by next year's deadline, Feb. 1, 1994.**

The Administration has been in the process of reviewing its drug control programs, and next year's drug strategy will include the findings of such a review. The goal is to make sure we know where the marginal drug dollar is best spent. Congress' and the public's skepticism of rising drug expenditures has grown. Thus, we have got to make sure that we don't measure our commitment to fighting drugs by how much money is thrown at the problem -- but by showing tangible results at the community and neighborhood level.

## **IMMIGRATION**

Does your Administration plan to do anything about illegal immigration?

In May, I approved a Government-wide plan of action to combat organized crime syndicates which traffic in alien smuggling.

I've asked the Vice President to take charge of a review of America's immigration policy with the Departments of Labor, State and Justice and the Immigration and Naturalization Service. They are looking at initiatives in four areas: prevention of illegal immigration, streamlined procedures for removal of non-refugee illegal aliens already here, sanctions to deter illegal entry and the departmental organization of immigration and border enforcement.

We simply cannot tolerate illegal immigration. Illegal immigration violates the fairness principle for those who are willing to adhere to American laws and wait for legal entry.

## COMMUNITY DEVELOPMENT

**Q:** Won't your CDB program merely set up a two-tier banking system, leaving the greatest risks with Federally-supported CDFI's while permitting mainstream lenders to continue to avoid serving distressed communities?

**A.** This Act does not have the intention or the practical effect of creating a two-tier banking system. Rather, the primary purpose, and the practical effect, of the CDB program will be to move us in the opposite direction, that is, to narrow or close the current financial services "gap" by facilitating the access to credit and capital so desperately needed in economically distressed areas and by economically distressed populations. Moreover, a major goal of the program is to strengthen CDFI's to the extent that they become self-sustaining institutions, that is, they develop the long-term private sources of capital and funding that will effectively move them into the "mainstream."

In addition, the Administration is undertaking a performance-based CRA initiative that is intended to ensure that traditional lenders are fully meeting their community lending obligations. This initiative ought to result in the provision of more financial services from existing mainstream institutions to distressed communities.

**Q.** Why do you believe it is necessary to establish an independent agency to administer the community development banking program?

**A.** The economic revitalization of distressed communities is sufficiently important to deserve a separate, dedicated effort at the Federal level. The new methods and institutions required for community development will be best supported by an independent, innovative agency that itself has the direct input of individuals familiar with the needs of distressed communities. The Community Development Banking and Financial Institutions Fund (Fund) will have a significant proportion of its Board drawn directly from those intimately knowledgeable about the problems to be addressed; and as an independent entity the Fund will be much more able to serve as an institutional voice and focal point for the concerns of distressed communities.

How much additional credit will the legislation make available to distressed communities?

It is difficult to make an estimate because of the wide differences among potential recipients of the assistance. We need to make a number of assumptions. If we assume that a little less than half of the funds are allocated to insured CDFIs, with the remainder going to uninsured CDFIs, and include the impact of the matching requirements, we can estimate that the legislation may eventually increase credit availability by perhaps as much as \$2 to \$2.5 billion. We must recognize that it

can take a substantial amount of time for these institutions to fully leverage the  
new equity.

## Qs and As on Travel Office (7-20-93)

**Q: How come the White House investigated its own actions in the Travel Office scandal? Shouldn't a special counsel be appointed who will be truly independent?**

A: We don't need a special counsel in this case. **First**, the Report that Mack McLarty and Leon Panetta prepared is candid, hard-hitting and doesn't pull any punches. **Second**, Attorney General Janet Reno is independently reviewing the Report and will take any further action that she believes appropriate. **Third**, the General Accounting Office, at Congress's request, is conducting its own independent review of the Travel Office. Three reviews -- two independent of the White House -- is more than enough.

**Q: How come the people who worked in the Travel Office were fired, while those who improperly fired them and called in the FBI got off with a slap on the wrist?**

A: We publicly reprimanded four people who acted inappropriately in connection with the dismissals. This was a fair punishment that fit the mistakes they made. As far as the Travel Office employees are concerned, the two people who had control over the Office's finances were properly dismissed, because those finances were in very bad shape, as an independent accounting firm verified. As to the other five employees, we are in the process now of trying to place them in suitable new jobs.

**Q: Why did you allow Harry Thomason, who doesn't even work in the White House, to have such a big role in the Travel Office affair?**

A: Mr. Thomason raised a good point -- namely that the Travel Office was refusing to let interested air charter companies bid competitively for the business of carrying the White House press corps. We have a competitive bidding system now, and we are saving money for the press. However, it would have been much better if Mr. Thomason had passed the information on and left the follow-up to White House staff.

**Q: Isn't it wrong for the White House to use the FBI for political purposes, like investigating the Travel Office employees it wanted to fire?**

A: The White House did not use the FBI political purposes, although, as our Report indicates, some contacts with the FBI could have conveyed an impression of White House pressure and that was a mistake. It won't happen again.