FOIA Number: 2011-0587-F

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Subgroup/Office of Origin: Press Secretary

Series/Staff Member: Dee Dee Myers

Subseries:

OA/ID Number: 1597

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[Press Guidance] - February 16, 1993 [1]

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release: **February 16, 1993**

The President met this morning (2/16) with members of the congressional leadership. Participants included:

Speaker Thomas Foley
Senate Majority Leader George Mitchell
Representative Stenny Hoyer
Senator David Pryor
Representative Vic Fazio
Senator Bob Graham
Senator Robert Byrd
Representative Bill Richardson
Representative John Lewis
Senator Barbara Mikulski
Representative Butler Derrick
Representative Barbara Kennelly
Senator John Breaux
Senator Tom Daschle
Representative David Bonior
Representative Richard Gephardt
Senator Wendell Ford

-30-30-30-

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release: **February 16, 1993**

The President will be meeting today with Congressional Democrats at 2:30 p.m.:

Rep. Xavier Becerra (CA)
Rep. Rick Boucher (VA)
Rep. Ron Coleman (TX)
Rep. George (Buddy) Darden (GA)
Rep. Peter Deutsch (FL)
Rep. Norman Dicks (WA)
Rep. Chet Edwards (TX)
Rep. Tom Foglietta (PA)
Rep. Sam Gejdenson (CT)
Rep. Bill Hefner (NC)
Rep. Tim Johnson (SD)
Rep. Joe Kennedy (MA)
Rep. Dale Kildee (MI)
Rep. Marjorie Margolies-Mezvinsky (PA)
Rep. Cynthia McKinney (GA)
Rep. Alen Mollohan (WV)
Rep. Solomon Ortiz (TX)
Rep. Mike Parker (MS)
Rep. Robert Scott (VA)
Rep. Lynn Schenk (CA)
Rep. Phillip Sharp (IN)
Rep. John Spratt (SC)
Rep. Louis Stokes (OH)
Rep. Gerry Studds (MA)
Rep. Dick Swett (NH)
Rep. Al Swift (WA)
Rep. John Tanner (TN)
Rep. Billy Tauzin (LA)
Rep. Gene Taylor (MS)
Rep. Frank Tejeda (TX)
Rep. Walter Tucker (TX)
Rep. Nydia Velazquez (NY)
Rep. James Whitten (MS)
Rep. Charles Wilson (TX)
Rep. Robert Wise (WV)

30-30-30

THE WHITE HOUSE

Office of the Press Secretary

NOTICE TO THE PRESS

February 16, 1993

ECONOMIC PLAN BACKGROUND BRIEFINGS

A series of briefings will be conducted tomorrow on the economic plan to be introduced by President Clinton in his address to Congress Wednesday night. <u>All briefings will be conducted on background, and all information conveyed in them will be embargoed until the President delivers his address. Participation in any briefing implies acceptance of these ground rules</u>.

- An extensive briefing on the plan by OMB Director Leon Panetta, Council of Economic Advisors Chair Laura D'Andrea Tyson, and National Economic Council Chair Robert Rubin will be conducted at 11:30 am in Room 450 of the Old Executive Office Building.

- A technical briefing will be conducted at the Department of the Treasury at 10:00 am.

- Briefings will be held at other Cabinet departments to discuss aspects of the plan that apply to those departments at the following times:

AGRICULTURE -- 2:00	HHS -- 2:00
COMMERCE -- 1:30	HUD -- 2:00
EDUCATION -- 2:30	INTERIOR -- 12:30
ENERGY -- 3:30	LABOR -- 1:30
E.P.A. -- 1:30	TRANSPORTATION -- 4:00

For more information on any of these briefings, please contact the Public Affairs offices of the respective departments.

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POOL REPORT #3
Tuesday, Feb. 16, 1993
VISIT TO CONSTRUCTION SITE

You heard a lot more than we did, since the president was miked and his remarks piped into the briefing room. We only caught a sentence or two. Here is what we saw and heard:

On the cursing out of an aide (whom we are informed is Andrew Friendly), we could not hear the remarks. But what your pooler saw was the president accompanied by Mayor Kelley, and Congressional Delegate E. H. Norton walking through the muddy construction site on So. Dakota Ave. near the corner of Perry St. One of the residents (a Mrs. Quarterman who was not sighted) had invited the president to use the small front porch of her red brick home. But there was a hitch. According to Rabbi, the plan was to allow only the president to join some of the workers on the porch. So as Mrs. Norton was walking beside the president, a White House aide asked her to stay back. We could neither hear nor see what transpired next, so your pooler can only assume that Mr. Clinton saw with what can be imagined as some horror as the congresswoman and the mayor were told to stand out in the mud while he sat on the porch. Within a few seconds, the situation was rectified and the VIPs were on the porch with the president and some workers in hard hats.

The president was geared up for the rainy day photo op trip. He wore jeans, black cowboy boots, a leather jacket and an orange hard hat with the initials DCDPW (D.C. Dept. of Public Works). The women notables were not so well prepared. They were in heels.

Mr. Clinton arrived shortly after 1 p.m. for the event and walked about a blook and a half of the road that is being rebuilt by the Capitol Paving Co. He stopped at the coffee and food truck for a hot drink. At one point a man standing with his wife on the front stoop of his home yelled ''I'm glad to see you away from the White House.''

The D.C. chief of street construction, Parney Jenkins, said that ordinarily there would have been no workers on a day like today. ''It's really too wet,'' he said. ''Some operations you can do in the rain, but most of the you can't.'' But he added that they wanted to go ahead with the event anyway.

Betty Hager Francis, the director of the D.C. Dept. of Public Works, who had a brief visit with the president, said the project was $3.3 million, 85 percent federal funds. It provides 30 jobs for 15 months, she said.

After approximately 15 minutes on the porch, the president walked over to the crowd of several dozen people yelling ''We want Bill.'' He worked the rope lines, clasping hands of well-wishers.

But first the president went over to the cuts camera where Mick was but the rest of us including the newspaper reporter were blocked from coming. The president answered some questions about his economic program which I will try to provide on the next pool report once I hear a tape.

Malone, Cox Newspapers

THE WHITE HOUSE

Office of the Press Secretary

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Rep. Charles Wilson (TX)
Rep. Robert Wise (WV)

30-30-30

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 16, 1993

PRESS BRIEFING
BY DEE DEE MYERS

The Briefing Room

9:22 A.M. EST

MS. MYERS: Good morning. No real changes from yesterday on the President's schedule. At 9:30 a.m., he'll be meeting with Democratic congressional leaders. At 11:00 a.m., he'll have another congressional meeting in the Roosevelt Room. At 12:20 p.m., he's still scheduled to depart for the event. But we will have a final decision on that at 11:00 a.m. as to whether weather will permit. And then this afternoon he has yet another meeting with congressional leaders. And then at 2:15 p.m., he does a satellite feed to the California Economic Conference. You should have the coordinates of that and the sound will be piped in here. And that's it.

Oh, and there's been one other change, which is that Gene Sperling -- due to the President's schedule, Gene Sperling will brief on the deficit at 3:15 p.m. in Room 450 of the OEOB.

Q Can you rule out that the effective rate, given the surtax for some people, for the wealthy will, in fact, be close to 40 percent?

MS. MYERS: Well, I think we'll have to wait until tomorrow for all the details. The President has said repeatedly that he would both raise the top marginal rates on the wealthiest Americans and that he would implement a 10-percent surtax on incomes of over $1 million.

Q But is he now reconsidering that and imposing that surtax on incomes over $250,000?

MS. MYERS: Well, we'll have to wait for all the final details tomorrow. We just can't comment on it today.

Q Dee Dee, when did $200,000 become $100,000, and why?

MS. MYERS: Well, the $100,000 figure is just a cumulative figure. I think that was meant to emphasize the progressivity of the overall package. The package will be, above all things, fair. The $200,000 figure mentioned throughout the campaign was an estimate of the rate at which the top -- new top rate will kick in. The top rate will go from 31 percent up to somewhere around 36 percent. Again, we'll have all the details on that tomorrow night. But it's not a direct -- there's no direct comparison there between those two figures.

Q The $100,000 doesn't necessarily mean a higher bracket, or does it?

MS. MYERS: It does not.

Q What does it mean?

MORE

MS. MYERS: It means that people who make over $100,000 will pay 70 percent of the aggregate taxes proposed in the President's new package.

Q You're talking about the impact of, let's say, an energy tax or Social Security changes.

MS. MYERS: The cumulative impact. Exactly.

Q Aggregate taxes means what? The amount of money or the number of taxes?

MS. MYERS: The amount of money.

Q Are you saying that the threshold has not been lowered to $175,000?

MS. MYERS: I'm not saying that. I'm simply saying that the $100,000 figure is just a figure to show -- demonstrate the progressivity of the total package and that it is not the rate at which -- it is not the income level at which the top marginal rate will increase.

Q Has the threshold been lowered to $175,000 for couples and $140,000 for individuals?

MS. MYERS: There's been some adjustment and we'll have the details of it tomorrow.

Q Is $100,000 for a couple or an individual -- $200,000 was for a couple, I believe. What is $100,000?

MS. MYERS: The $200,000 was for a couple, and I believe it's $100,000 for a joint filing, I believe. But we'll have to wait until tomorrow to know the specific details. But, again, the $100,000 figure was to emphasize that people -- probably individuals and families who make over $100,000 a year will pay 70 percent of the new taxes that will be outlined in the President's package tomorrow.

Q If the President makes a point like that, Dee Dee, why can it not be said that he's proposing a soak-the-rich policy?

MS. MYERS: He's always said that people who did best in the 1980s would have to pay the most and pay first. There's no question about that. People who were on the high end of the income scale, saw their incomes go up the most in the 1980s, they saw their taxes go down. The President is committed to reversing that. And his package will be fair and restore basic fairness to the tax system.

Q Can you confirm what another senior White House colleague said this morning -- that anyone over $30,000 a year can expect to feel the pressure of higher taxes at some point?

MS. MYERS: I think the President made it very clear last night that he worked as hard as he could and tried every way possible, but could not guarantee the middle class that they would not be asked to pay more. They will. I don't want to get into the specifics of the package. The President will talk about that tomorrow.

Q George said this morning $30,000 and under probably will not feel any new taxes. Can you confirm the obvious -- that that means if you earn $30,000 or more that you will feel the impact of new taxes?

MS. MYERS: I think that's accurate.

MORE

Q Could you explain how people below $30,000 will be exempt or have some kind of -- make up for what they're going to lose on the broad-based energy tax?

MS. MYERS: There are things like the earned income tax credit, which will affect specifically people who are on -- working people on the lower end of the income scale, who make less than $30,000. And the President's always been committed to guaranteeing that people who work 40 hours a week be lifted out of poverty. And the earned income tax credit, among other things, will be expanded to help provide that.

Q Will the tax credit equal what they pay -- what the estimate is they'll pay on the broad-based energy tax?

MS. MYERS: It will be one of the ways to offset the impacts of the package in other areas. But I don't want to get all the specifics.

Q What was the question?

MS. MYERS: The question was will that be used to offset, for example, something like a higher energy tax. I mean, we're a day away from having all the details on this, so we're still -- I still can't give it all to you. But it's becoming clearer.

Q What does a person who makes $100,000 a year get for his or her money?

MS. MYERS: They will get the same thing that all Americans will get -- a restructured economy, job growth, economic competitiveness, and a reduction in the federal deficit, which will do things like drive down interest rates over the long term, which will have a very direct impact on people's lives. If you own a home mortgage and interest rates go down -- the President pointed out last night, if your mortgage is $100,000, a one percent drop in interest rates can save you $100 a month. That's a good chunk of money. And if your home is worth more, you'll save more.

Q Assuming a person who makes $100,000 a year has a job, the only thing they need of that, then, is lowered interest rates.

MS. MYERS: No. I think that everybody benefits from a more competitive restructured economy. The economy is getting better, but there's been no job growth, very little income growth. The President is committed to taking money and investing it into things like education, job training, job creation, infrastructure, programs like Head Start and immunization which will pay dividends in the long term. Everybody will benefit if this economy is competitive, if we have a work force that's trained and ready to go, and if we can reverse the trend of the last decade, which is stagnant incomes and declining standards of living. Everybody will contribute and everybody will share in the benefits.

Q Dee Dee, how much of the new taxes will be dedicated to reducing the deficit? And what kind of mechanism will there be built into this to ensure that that money will be spent on reducing the deficit?

MS. MYERS: I don't know what kind of mechanisms will be built in. Obviously, the President will try to get the entire package through Congress. He'll begin by going to the American people and then work closely with Congress over the course of the next several months to try to get the package through in its entirety. But there will be a significant amount of resources dedicated to deficit reduction. The President has made that clear that he believes that we have to have a disciplined deficit reduction program. The trend has been going in exactly the wrong direction for too long. We've quadrupled the debt over the last 12 years, and he's going to start to move things back in the other direction.

Q He says a significant amount will go to deficit reduction. Is there a percentage formula? And how much -- during the campaign Clinton said that he would not raise taxes to pay for his programs. How are you going to delineate between taxes to reduce the deficit and new money to pay for new programs?

MS. MYERS: Well, we'll have the specifics, again, tomorrow. But there will be, again, a significant portion dedicated to deficit reduction, and we'll have to wait until we have all the details to show how that's broken down.

Q If, in fact, these new taxes do not go to reducing the deficit entirely, is he not breaking faith with the American people who seem willing to pay new taxes if it's to reduce the deficit?

MS. MYERS: I think that they want two things: They want job creation and they want deficit reduction. I think they want -- by a margin of about two to one, they're more interested in job creation, which the President is committed to doing up front with the stimulus package, and by restructuring the economy and stimulating longer-term growth.

But I think he said last night that circumstances have changed. He said for the last couple of months circumstances have changed, and he's been forced to reevaluate all of his decisions in light of that.

Now, Helen asked a minute ago what the reaction has been. ABC did a poll, a Nightline poll, instant poll which isn't entirely reliable, but by a margin of 2-to-1 people wanted to support their president and were willing to pay more for debt reduction and job creation if, again, they believe that the money would be used for those purposes. The President's going to work very hard to get the package through Congress and to guarantee that the money is used for those purposes. The plan will be very specific to try to guarantee that.

Q To get back to the income threshold again -- you said that there would be some adjustment in the rate at which 36 percent kicks in. This is a downward adjustment, right, not an upward adjustment, right?

MS. MYERS: Yes, you can safely assume it will be downward.

Q Are you willing to steer us away from the report, I think it was in one of the papers this morning, that it was going to be $175,000?

MS. MYERS: I haven't seen it. I believe -- is that in the Journal?

Q That was in The Post. I saw The Post.

MS. MYERS: I haven't seen it. I can't comment on the specifics, other than to just give you that general direction.

Q Is it modest?

MS. MYERS: It's fairly modest. It's not $100,000.

Q Let's clear up the $100,000 again, though -- the $100,000 that he referred to last night in his speech -- is that joint, or individual?

MS. MYERS: I believe it's individual. And families or individuals who make over $100,000 will pay 70 percent of the total in new revenues. Again, it's not a threshold income for raising the tax level. So don't think of it the same way as the $200,000 figure he kicked around a lot during the campaign. It's just simply people -- families or individuals who earn over $100,000 a year will pay the bulk of new revenues outlined in the plan. Again, it's simply meant to emphasize the progressive nature of the overall package.

Q I think a senior administration official last night was quoted as saying -- explaining it differently, saying it's seven of every 10 taxes will be paid by people who earn over $100,000. You're saying that is wrong, that it's an aggregate.

MS. MYERS: My understanding is that it's total dollar figure, that seven out of every $10 in new revenues collected will be paid by people making over $100,000.

Q Why do you not mention corporations in that equation?

MS. MYERS: I'm not sure which portion is coming from corporations. If corporate incomes are over $100,000, that may be included in there. I have to get back to you on that.

Q Are there any more surprises? (Laughter.)

MS. MYERS: Yes. That's sort of a general question.

Q I mean, in this package. I think this was a surprise last night on the $100,000 so I wonder if you had any more.

MS. MYERS: What, that the package was being very progressive and hit top earners harder?

Q No, not that.

MS. MYERS: I don't think that should come as a surprise. Again, the top marginal rate is not being changed at $100,000; I just want to make that as clear as possible.

Q Yes, I don't think that was very well understood last night, but anyway, is there anything else?

MS. MYERS: There may be a few things people aren't expecting. I think a great portion of it has been aired in some form or another.

Q Like what?

MS. MYERS: We'll wait until tomorrow. I don't want to give away all the suspense.

Q Has there been difficulty in the last couple of days coming up with the spending cuts? Have they had to pull back from some of the spending cuts that they had been planning on, as was reported?

MS. MYERS: No. I think, though, that as the President was making final decisions, there were some things that were left for last. I think that most of the decisions have been made now. I think the President's very comfortable with the overall package.

Q But to count spending cuts -- is he counting the change in Social Security taxation, and is he counting reduced interest payments on the debt as "spending cuts"?

MS. MYERS: I don't know about reduced interest payments on the debt. I do believe that changes in Social Security will be counted as -- I think Mr. Panetta said that the other day that those would be counted as a spending cut. You could do it either way. I think in its purest form it's less money going out.

Q Dee Dee, in the interviews after his official Republican response last night, Senator Dole was complaining again that the White House is not adequately consulting with Republicans, you've left them out of the process. And he says that if you're going to take off without them, you may have to land or try to land without them. Why aren't you talking to the Republicans?

MS. MYERS: The President's meeting with the bipartisan leaders tomorrow at 9:15 a.m. or 9:30 a.m., and I believe that meeting is here. He's met with them a couple of times since he's been elected.

Q The plan's been put together already. Meeting with them tomorrow isn't really consultation, is it?

MS. MYERS: This isn't the first time that he's met with them. And I think as he's said a number of times, he looks forward to working with them to try to pass this package. He is a Democrat. He has different investment priorities and spending priorities than the previous administration. He's been working closely with Democratic members. As you know, he's tried to meet with and has met with most of the -- or by the end of today will have met with almost all of the Democratic members who, I think, he's looking to for great support for the overall package. But he'll continue to work with Republicans as well.

Q Dee Dee, is it fair to say that he's going to try to pass this plan with almost exclusively Democratic votes?

MS. MYERS: I think he's looking forward to working with Republicans. I think, understandably he expects more support from Democrats.

Q In terms of actually getting votes for this package, isn't it true that he's going to rely almost exclusively on holding most of the people within his own party?

MS. MYERS: Well, he can hold it together, he can almost do that. But I don't think he's going to rely entirely on any one particular party. I think he's going to reach out to Republicans. He's meeting with the Republican policy group the first week in March, and again, he'll meet every other week with the bipartisan leaders, which includes Republicans. I think he expect to work with them throughout on this economic package as well as other things.

Q Is the White House any further on the Gephardt question time?

MS. MYERS: No, we still don't have an answer on that. We'll get it to you as soon as we know.

Q Are you finding more difficulties, procedural difficulties?

MS. MYERS: I don't think so. I think the President just was focused on the address last night and didn't have a chance to really think about it or make a decision.

MORE

Q Would that be just with Democrats or with the Republicans?

MS. MYERS: I believe it will be everybody.

Q Really?

MS. MYERS: Yes. In fact, I'm sure that's the proposal.

Q Are you still looking at Thursday, though?

MS. MYERS: It would be Thursday morning before we left for St. Louis.

Q And it would be in the House Chamber if you did it?

MS. MYERS: It would be from the -- the invitation is to speak from the well of the House Chamber. I don't think there's any other proposal.

Q Dee Dee, what has happened to the theme of sacrifice that was so predominant earlier on in the inaugural speech and other speeches and messages that he's given? Is that no longer the call?

MS. MYERS: I think that the American people have heard the call. The President called it an economic call to arms last night, that everybody will be asked to contribute. I think, as we talked about a little yesterday, contribution implies rightly that there's something on the other end, that people will get something back, that everybody will contribute, but everybody will benefit. We'll have, again, a stronger economy, a more competitive work force, jobs, better schools, a health care system that actually works -- all the things that the President has talked about for the past year-and-a-half. And I think the American people understand what he's saying.

Q Well, is there a studied intention then to avoid the word sacrifice, that that's been overused for some reason, or what?

MS. MYERS: I think the President wants to emphasize that not only will people be asked to put something in, but that there is a benefit, there's a collective benefit that we as Americans will all enjoy if this package is passed and implemented. And I think that's the goal.

Q What is the timing for passing this package? You said several months. That sounds rather unrealistic.

MS. MYERS: Well, I think it depends. The stimulus package will come out first. I think you can expect a vote on that sometime within the next several weeks. That will take effect in Fiscal '93. The rest of it -- traditionally, there's a vote on the budget May 1st. And then you have -- then it goes -- the different spending and revenue pieces go out to the various committees and come back for reconciliation perhaps sometime in the summer. I think that's sort of the best guess scenario.

Q Can I follow up on the -- is it an emergency supplemental that you want to get to a vote in the next few --

MS. MYERS: Yes, it would be a supplemental.

Q Does that include only spending matters for the '83 fiscal year?

MS. MYERS: Yes, I'm not sure how -- the spending will be probably '83-'84. So there will be a supplemental this year, and then I guess the '84 --

Q You mean '93?

MS. MYERS: I mean '93. I'm a decade behind. I'm still lost in the '80s. (Laughter.)

Q The green '80s.

MS. MYERS: That's right. (Laughter.) I missed out on it, so I'm hoping that we'll keep it going here.

I'm sorry, now I forgot your question.

Q Let me amend it then. Is there a tax component to the emergency short-term one that you want to get passed?

MS. MYERS: Well, only in the form of tax credits. The stimulus package is spending.

Q What you hope to get passed in the next couple of weeks, there are no tax components?

MS. MYERS: Correct. There won't be any new revenues included in that, although extending tax credits, things like that.

Q Extending tax credits means that you need a tax bill in the next several weeks, right?

MS. MYERS: There is a tax component to the stimulus package. But I want to just distinguish between raising revenue and extending tax credits. There won't be new taxes placed on business in the stimulus package. What there will be is tax credits -- investment tax credit, things like that.

Q Do you expect to get that through in the next several weeks?

MS. MYERS: We hope to.

Q So you have to have a tax bill and a short-term supplemental?

MS. MYERS: You think that's not right?

Q I think the tax bill is separate. It's retroactive but it's --

MS. MYERS: It's retroactive, yes. I don't know the specific mechanisms. I know that there's a goal to move the stimulus package through quickly.

Q I think we were told that the tax measures are separate from the stimulus package, at least in terms of the legislative track.

MS. MYERS: Let me take that and get back to you guys.

Q There was a report in the Journal this morning that the administration would be considering additional tax measures as part of the health care plan. Deputy Secretary Altman said Saturday that he thought the administration would seriously consider what he called a progressive value-added tax as part of health care. What can you say about that?

MS. MYERS: Well, at this point, the health care process is just beginning. There are a number of working groups working on a variety of different aspects of it. And we just simply won't have any decisions about that for quite a while. Again, the President expects to submit some sort of health care reform package to Congress within the first 100 days, which, I think, there's 82 or 81 days left.

Q Isn't it clear, though, there's going to have to be some kind of tax increase to pay for that -- another layer tax?

MS. MYERS: I think they're looking at a number of options right now, and we're just not going to comment on the specifics of that. It's way too early.

Q One of the options, though, obviously, by that memo is to raise some sort of tax increase?

MS. MYERS: I mean, the memo is accurate as reported.

Q How will you explain to Americans why this isn't the same old tax-and-spend politics? What specifically more can you tell us that you're going to offer them as kind of a payback, a benefit than just saying there are going to be more jobs? Most Americans have a job and they've had a job through the '80s and they've done what they've had to do to keep a job.

MS. MYERS: But if you look at The New York Times today, 40 percent of people think that someone, an adult in their household could lose that job within the next 12 months. There is no sense of job security out there. The American people don't think that we've solved the jobs problem. Even people with jobs feel that those jobs are somewhat precarious.

I think that what we're going to do -- and again, the unemployment rate has been over seven percent for 14 consecutive months. The President believes that's too high. But I think what the President has tried to make clear is that we have to change. We have to fundamentally change. We have to change the way we invest. We failed to invest in the last decade. We have to change the way we look at the deficit. We can't play blue smoke and mirrors with the deficit numbers anymore and pretend things aren't as bad as they are. He's going to give the American people straight talk on the deficit, and he's going to implement a bold plan to reduce it -- to move those numbers back in the other direction so that we can have a competitive economy in the long term.

I think the American people will benefit from that. This is an investment strategy that looks at investing in our people again, that creates jobs, trains people, protects our children, improves schools, provides a health care plan eventually that will work for everybody. Those are the differences between tax and spend. This isn't just creating programs to give money away, it's fundamentally changing the direction of the economy and the principles that we use to determine how we spend that money.

Q -- percentage on how much he wants to shave off the debt in the first year, or is there a number that you're using as a target or a goal?

MS. MYERS: Well, we'll have the specifics. Normally the numbers that are kicked around are the out-year, the '97 deficit figures. But we'll have those on Wednesday night.

Q For Joe Six-pack out there waiting to see the impact of this program, what criterion will you use to say it's been a success?

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MS. MYERS: Well, hopefully, I think there will be a number of ways to measure reaction. There will be anectodotal. I'm sure a number of people, news organizations will do polls.

Q No, I don't mean the presentation, I mean the other end of this process.

MS. MYERS: Well, the other end of the process will obviously be judged by what form the package gets through Congress and what pieces get implemented. I don't think that we're going to -- I don't think we can say at this point that if "x" percentage of the President's proposals pass, we'll consider that a success. If we can fundamentally change the way -- the investment priorities of the country, if we can create jobs and get the deficit moving in the right direction, I think it will be successful.

Q If you achieve a turn in the road, that will be a success, not the specific drop in unemployment or a specific increase in investment?

MS. MYERS: Hopefully there will be both of those, but I think a general turn in the direction is what we're -- the President is hoping to achieve, and the long-term move toward change.

Q Dee Dee, has or will your office issue a list of which Cabinet members are traveling where? And is the Vice President going anywhere?

MS. MYERS: The Vice President is going I can't remember where. But, yes, we can provide that.

Q Today?

MS. MYERS: I believe it's almost ready, so probably today.

Q All the briefings on the deficit -- is there something new on the deficit that's going to be --

MS. MYERS: No, it's an opportunity for anybody that's interested. Gene will go through -- there's a lot of questions whenever the President says, or anybody, any of us, say the deficit is $50 billion bigger than anybody thought it was. And people say, well, you should have known; didn't you know in the fall. And Gene can go through the numbers and the projections to say nobody knew -- not the OMB, not the CBO, not the economists. Nobody expected that anywhere from $30 billion to $70 billion increase in the deficit for the next four or five years, and then it accelerates beyond that. So there was a change in the project.

Q Have you seen the President today? What was his reaction to last night's address? Did he get across the points he wanted? And what kind of reaction did he get either from switchboard or from telephone calls from friends or supporters?

MS. MYERS: He felt very good about it. As you know, he worked all evening on it last night, tried to be very careful about what he was going to say. He wanted to be very straight with the American people. I think he was. I think he wanted to present this as a call to action, a call to arms, and to ask the American people to join him in the crusade. I think he feels very good about that.

The switchboard I think closes at 9:00 p.m., and so there wasn't a lot of anecdotal or numbers information from the telephone here at the White House. But he felt very good about it. The only other was the ABC poll, which I think people felt good about -- by a margin of two to one, people were willing to follow their

President and to try to make the changes that he's called for at least today. They want to hear more, which they will on Wednesday.

Q I just want to check a couple of things that you've said. I'm sorry if I'm a little foggier than usual this morning. You said that this stimulus package is to take effect in fiscal -- what?

MS. MYERS: I said -- I probably said '83; I meant '93.

Q In fiscal '93?

MS. MYERS: Right, so it's --

Q Now.

MS. MYERS: Now, this year. It's a supplemental into the current budget.

Q Before this coming October 1.

MS. MYERS: Correct. We'll have to require a supplemental into the current budget.

Q And the only other thing that I want to make sure that I understood you saying -- the effect of the President's package as far as taxes on people goes, you're saying that everybody that makes $30,000 a year or more is going to pay more taxes, but that 70 percent of the money that's raised from that is going to come from people that make $100,000 a year or more?

MS. MYERS: Exactly.

Q Why was the President satisfied with 70 percent instead of 100 percent?

MS. MYERS: He believes everybody should be asked to contribute. In order for the package to be fair, in order for the American people to accept it they want it to be fair, everybody needs to contribute but people who did better will be asked to contribute more.

Q He believes everybody who makes over $30,000 should --

MS. MYERS: Everybody who makes over $30,000 a year will be asked to contribute. Correct.

Q What is the schedule on briefings tomorrow?

Q What are the coverage guidelines for Gene Sperling's --

MS. MYERS: Yes, I'll go through that. Today at 3:15 p.m. in OEOB 450 --

Q Will we get that here?

MS. MYERS: I don't believe so. The question was when are the briefings and what are the guidelines. The guidelines are that they are background, not for camera, not for sound.

The other briefings are, there's a 10:00 a.m. briefing at Treasury tomorrow. It's a technical briefing meant primarily for I think people that cover the Treasury Departments and needs all the in's and out's of that. If you have questions you can talk to Jack DeVore over at Treasury. And then at 11:30 a.m. in OEOB 450 again, Leon Panetta, Laura Tyson and Gene Sperling will brief mostly to the

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White House Press Corps on specific details of the package. That will be embargoed until the speech is delivered at 9:00 p.m. tomorrow.

Q Is that for camera?

MS. MYERS: That is not for camera. Ground rules -- background, embargoed until after 9:00 p.m.

Q Can it go on the wire with an embargoed time?

MS. MYERS: No, it's -- you guys can obviously write it, but you can't move it until the speech.

Q Will they have paper there and include the whole package?

MS. MYERS: I don't believe -- I don't know what paper -- Gene was still sort of making some decisions about what he could give out. I don't believe all of the paper is ready yet, but he'll go through specifics.

Q Of the whole thing, there won't be any mystery in an embargo basis?

MS. MYERS: There won't be any magic asterisks. I think he'll give it to you as straight as possible. And most of the decisions -- I think all of the decisions virtually will have been made. So he won't leave out big parts.

Q When will Congress start leaking it? (Laughter.)

MS. MYERS: I mean what's wrong with now?

Q -- 11:35 a.m. --

MS. MYERS: You guys should be over there asking them.

Q What time is Sterling's briefing today? You said 3:15 or 3:30 p.m.

MS. MYERS: Three-fifteen today, 11:30 a.m. tomorrow.

Q And that's if for tomorrow then?

MS. MYERS: Right.

Q When will you have the paper version of the package completed?

MS. MYERS: The speech text will be available as soon as -- I mean will be ready as soon as it's available. I have no guidance on that. (Laughter.)

Q Here we go again.

MS. MYERS: Perhaps. And there'll be other background documents that will hopefully be ready before that. I just don't know what their latest thinking is. I know they're still in progress.

Q How long is the speech?

Q Do you know what the size of those are?

MS. MYERS: No. The speech is about -- less than 30 minutes -- 30 minutes or less. And then there will be an OEOB package, a document that won't be ready until Thursday that will outline the -- go through sort of specific line-item by line-item with the specific cuts.

Q Wait a minute. You say line-item by line-item until Thursday?

MS. MYERS: Not until Thursday.

Q So what will we get tomorrow?

MS. MYERS: You'll get other information on it. (Laughter.) The brief -- I mean, Gene and Panetta and those guys will be prepared to talk about the specifics. They can walk you through the broad outlines of the package, I think tell you most of what you will need to know. And then Thursday, as soon as the OMB document is ready -- it just won't be ready before then -- it will be available with an even greater level of specificity. But I think people are ready to talk about this and there will be information that's very specific. Without saying how many dollars will be spent on specifically what project, I think there's going to be a lot of specific information.

Q Will there be another briefing on Thursday?

MS. MYERS: We don't have one scheduled, but if people feel it's useful then --

Q What time are we traveling Thursday?

MS. MYERS: We travel -- we leave here around 1:00 p.m.. So it may not be possible.

Q Is the President at all concerned that George Bush insisted throughout the campaign he would raise taxes on the middle class, and he did or he is?

MS. MYERS: I think the President never made any "read my lips" pledges. He learned that from his predecessor. Once there were changes in the budget realities he had to reevaluate the decisions that he made.

Q I recognize that, and I know he didn't make any "read my lips" pledges. But he also said "no, I'm not going to raise taxes on the middle class. I'm going to do it on the rich." And --

MS. MYERS: I think he answered that last night. He said, "I've worked as hard as I've ever worked on anything in my life, and I could not do it."

Q Wait, when he stumps around New Hampshire and says, I'm going to cut the tax -- give a middle class tax cut, is that not a "read my lips" pledge that he has, in fact broken?

MS. MYERS: He was very, very specific and very, very clear about saying, I'm not going to make any 'read my lips' pledges. He did it throughout the campaign and on television in front of 100 million people.

Q Did he not, in fact, give one early in the primaries by saying --

Q And George Bush was --

MS. MYERS: He never did.

Q -- was just as clear in saying that the middle class is where the money is. This was going to happen.

MS. MYERS: George Bush tried to tell the American people that he was going to cut their taxes and cut the deficit. They didn't believe him. They voted for Bill Clinton, who said that he was going to reorder investment priorities in this country, that he was going to invest in our people again, that he was going to do something about the deficit. And the package he'll introduce tomorrow night will do that. Above all, it will be fair.

I think the American people want somebody who's going to talk straight to them, they want somebody that's going to treat them fairly. The middle class believes that they've paid more than their fair share over the course of the past decade, and the President's going to reverse that. As he said last night, you won't be out there alone anymore. We're going to ask the rich to pay their fair share, corporations to pay their fair share. We're going to take on the special interests and the well-heeled lobbyists. And we're going to get this package through.

Q Dee Dee, in this CBS-New York Times poll you mentioned, there was a question showing that a majority of Americans saying that the change in the economic situation is not a good enough reason for the President to back away from his promises.

MS. MYERS: I don't read it that way. What the people are saying is that nobody wants to have their taxes raised, but if the package is fair, they'll support it and they're waiting to see the details. We believe the package is very fair. That's why 70 percent of the burden falls on people who did the best in the 1980s, whose incomes are over $100,000.

Q Dee Dee, as you may be seeing, the inside the Beltway crowd seemed to have been fairly critical of this plan. The Post today, for example, seems to describe $100,000 as middle income. How does that --

MS. MYERS: It's interesting. I don't think -- maybe in Washington it's -- people who work at The Post that's the middle of the income scale, but --

Q Ooooh.

Q How does that drive your plans to take this campaign on the road and kind of ignore the inside the Beltway crowd?

MS. MYERS: I think the President's always been committed to continuing his dialogue with the American people. I think he wants to go out there and have a conversation with them about what they do think about the package and continue to emphasize that everybody's going to be asked to contribute to this, but that everybody will benefit from it. He's going to ask them directly to work with him to get it passed through Congress.

Thanks.

Q Is Hyde Park on or off?

MS. MYERS: It's somewhere in the Hudson Valley. It's no --

Q But there is a stop, it just may not be there?

MS. MYERS: Right.

END 9:54 A.M. EST

POOL REPORT #2
Tuesday, Feb. 16, 1993
MEETING WITH DEMOCRATIC LAWMAKERS

With time growing short for the last round of congressional get togethers, the members were packed into the Roosevelt Room for a session that began about 20 minutes late at 11:20 a.m. (The 9:30 a.m. meeting also started late, at 9:50). Chad is working on a list of participants.

After the pool came in, Andrea asked the president if he could get Ross Perot not to criticize the plan. ''I don't know,'' he responded, as one of the lawmakers asked, ''They (the media) treat you like this all the time?'' Clinton, laughing: ''All the time.''

But he then continued that there was one thing he wanted to say--that his budget was going to have honest numbers. ''It's truth in budgeting,'' he said.

Asked about the drop in the stock market, he had an instant comeback: ''The bond market's a better indicator, and they've been very positive.''

The president sat in a wooden arm chair next to Al Gore facing the congress members.

Malone, Cox Newspapers

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 16, 1993

REMARKS BY THE PRESIDENT
IN PHOTO OPPORTUNITY WITH DEMOCRATIC CONGRESSIONAL MEMBERS

The Roosevelt Room

11:25 A.M. EST

Q Mr. President, do you think you can get Ross Perot to at least not criticize this economic plan?

THE PRESIDENT: I don't know --

Q Have you been in touch with him, or anybody on your staff been in touch with him to try to get him on board?

Q Do they treat you like this all the time?

THE PRESIDENT: Tomorrow night -- all the time. (Laughter.) All the time.

Q What a job. (Laughter.)

Q Mr. President, what --

THE PRESIDENT: -- budget practices -- it's truth in budgeting -- truth in budgeting. We're using objective numbers, the most conservative revenue estimates. It'll be the most candid budget Congress has received in a long time. And I think there will be a lot of people who understand it and will respond very positively to it.

Q Well, the markets are down sharply this morning. Do you think that's an immediate reaction to your --

THE PRESIDENT: No. Look, the bond market's a better indicator, because they -- and that response has been very positive. And I think when the business community, those people who come in here from the business community who actually know pretty well what's in this program, have responded very positively to it. So I wouldn't say that.

THE PRESS: Thank you.

END 11:27 A.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 16, 1993

TO THE CONGRESS OF THE UNITED STATES:

I hereby report to the Congress on the developments since the last report of August 3, 1992, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to sections 401(c) of the National Emergencies Act ("NEA"), 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive Orders"). The report covers events from August 2, 1992, through February 1, 1993.

1. On October 21, 1992, President Bush issued Executive Order No. 12817, implementing in the United States measures adopted in United Nations Security Council Resolution ("UNSCR") No. 778 of October 2, 1992. UNSCR No. 778 requires U.N. member states temporarily to transfer to a U.N. escrow account up to $200 million apiece in Iraqi oil proceeds paid by the purchaser after the imposition of U.N. sanctions on Iraq. These funds finance Iraq's obligations for U.N. activities with respect to Iraq, including expenses to verify Iraqi weapons destruction and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activities of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. The funds placed in the escrow account are to be returned, with interest, to the member states that transferred them to the U.N., as funds are received from future sales of Iraqi oil authorized by the United Nations Security Council. No member state is required to fund more than half of the total contributions to the escrow account.

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Executive Order No. 12817 authorized the Secretary of the Treasury (the "Secretary") to identify the proceeds of the sale of Iraqi petroleum or petroleum products paid for by or on behalf of the purchaser on or after August 6, 1990, and directed United States financial institutions holding such funds to transfer them to the Federal Reserve Bank of New York ("FRBNY") in the manner required by the Secretary. Executive Order No. 12817 further directs the FRBNY to receive, hold, and transfer funds in which the Government of Iraq has an interest at the direction of the Secretary to fulfill U.S. rights and obligations pursuant to UNSCR No. 778.

2. The economic sanctions imposed on Iraq by the Executive orders are administered by the Treasury Department's Office of Foreign Assets Control ("FAC") pursuant to the Iraqi Sanctions Regulations, 31 CFR Part 575 ("ISR"). The ISR were amended on September 1, 1992, to revoke section 575.603, which had required U.S. financial institutions to file monthly reports regarding certain bank accounts in which the Government of Iraq has an interest. While this information was needed during the early implementation of the regulations and for a period thereafter, it is no longer required on a monthly basis and can be obtained by FAC on a case-by-case basis as required. The amendment is in harmony with President Bush's Regulatory Initiative.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the IEEPA and ISR with respect to transactions involving Iraq. Penalties were collected, principally from financial institutions which engaged in unauthorized, albeit apparently inadvertent, transactions with respect to Iraq.

4. Investigation also continues into the roles played by various individuals and firms outside Iraq in Saddam Hussein's procurement network. These investigations may lead to additions to the FAC listing of individuals and organizations determined to be Specially Designated Nationals ("SDNs") of the Government of Iraq.

5. Pursuant to Executive Order No. 12817 implementing UNSCR No. 778, on October 26, 1992, FAC directed the FRBNY to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On the same date, FAC directed the eight United States financial institutions holding the affected oil proceeds, on an allocated, pro rata basis, to transfer a total of $200 million of these blocked Iraqi assets to the FRBNY account. On December 15, 1992, following the payment of $20 million by the Government of Kuwait and $30 million by the Government of Saudi Arabia to a special United Nations-controlled account, entitled UNSCR No. 778 Escrow Account, the FRBNY was directed to transfer a corresponding amount of $50 million from the blocked account it holds to the United Nations-controlled account. Future transfers from the blocked FRBNY account will be made on a matching basis up to the $200 million for which the United States is potentially obligated pursuant to UNSCR No. 778.

6. Since the last report, one case filed against the Government of Iraq has gone to judgment. *Consarc Corporation* v. *Iraqi Ministry of Industry and Minerals et al.*, No. 90-2269 (D.D.C., filed December 29, 1992), arose out of a contract for the sale of furnaces by plaintiff to the Iraqi Ministry of

Industry and Minerals ("MIM"), an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit with an Iraqi bank in favor of Consarc, which was advised by Pittsburgh National Bank ("PNB"), with the Bank of New York ("BoNY") entering into a confirmed reimbursement agreement with the advising bank. Funds were set aside at BoNY, in an account of the Iraqi bank, for reimbursement of BoNY if PNB made a payment to Consarc on the letter of credit and sought reimbursement from BoNY. Consarc received a down payment from the Iraqi MIM and manufactured the furnaces. No goods were shipped prior to imposition of sanctions on August 2, 1990, and the United States claimed that the funds on deposit in the Iraqi bank account at BoNY were blocked, as well as the furnaces manufactured for the Iraqi Government or the proceeds of the sale of the furnaces to third parties. The district court ruled that the furnaces or their sales proceeds were properly blocked pursuant to the declaration of the national emergency and blocking of Iraqi Government property interests, but that, due to fraud on MIM's part in concluding the sales contract, the funds on deposit in an Iraqi bank account at BoNY were not the property of the Government of Iraq, and ordered FAC to unblock these funds. FAC has noted its appeal of this ruling.

7. FAC has issued a total of 337 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Since the last report, 49 specific licenses have been issued. Licenses were issued for transactions such as the filing of legal actions involving Iraqi interests, for legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for humanitarian relief purposes.

To ensure compliance with the terms of the licenses which have been issued, stringent reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and deputized auditors from other regulatory agencies. FAC compliance personnel continue to work closely with both State and Federal bank regulatory and law enforcement agencies in conducting special audits of Iraqi accounts subject to the ISR.

8. The expenses incurred by the Federal Government in the 6-month period from August 2, 1992, through February 1, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are estimated at about $2 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, the Office of the Assistant Secretary for Enforcement, the Office of the Assistant Secretary for International Affairs, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near East and South Asian Affairs, the Bureau of International Organizations, and the Office of the Legal Adviser), the Department of Transportation (particularly the U.S. Coast Guard), and the Department of Commerce (particularly in the Bureau of Export Administration and the Office of the General Counsel).

9. The United States imposed economic sanctions on Iraq in response to Iraq's invasion and illegal occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions, including those calling for the elimination of Iraqi weapons of

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mass destruction, the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction (WMD) capabilities, and the return of Kuwaiti assets stolen during its illegal occupation of Kuwait. The U.N. sanctions remain in place; the United States will continue to enforce those sanctions.

The Saddam Hussein regime continued to violate basic human rights by repressing the Iraqi civilian population and depriving it of humanitarian assistance. The United Nations Security Council passed resolutions that permit Iraq to sell $1.6 billion of oil under U.N. auspices to fund the provision of food, medicine, and other humanitarian supplies to the people of Iraq. Under the U.N. resolutions, the equitable distribution within Iraq of this assistance would be supervised and monitored by the United Nations. The Iraqi regime continued to refuse to accept these resolutions and has thereby chosen to perpetuate the suffering of its civilian population.

The regime of Saddam Hussein continues to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. Because of Iraq's failure to comply fully with United Nations Security Council resolutions, the United States will therefore continue to apply economic sanctions to deter Iraq from threatening peace and stability in the region, and I will continue to report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

WILLIAM J. CLINTON

THE WHITE HOUSE,
February 16, 1993.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 16, 1993

REMARKS BY THE PRESIDENT
IN LIVE SATELLITE FEED TO
THE CALIFORNIA ECONOMIC MEETING

The Residence

2:38 P.M. EST

THE PRESIDENT: Thank you very much, Willie Brown. And thank you, ladies and gentlemen, for letting me join you by hi-tech communications for just a few minutes.

First of all, let me say how very impressed I was by the comment of the previous speaker. He may not have been in California very long, but I think his prescription for how to solve our nation's problems, concentrating on investment and achieving consensus is what we all have to focus on.

I wish I could be with you in person today. You know, I have spent a great deal of time in California in the last 16 months talking to people about the problems and the promise of your state. I don't believe for a moment that America's economy can recover until California recovers. And I applaud what you are doing in this economic summit.

I understand the economic summit that I sponsored down in Little Rock for our nation may have been part of the inspiration for this meeting and if so, I'm very grateful. I applaud Willie Brown and Senator Roberti and Governor Wilson for cosponsoring this and all the rest of you who are part of it.

Let me get to the point very quickly, because I think that these summits work so much better when there is interaction. So I don't want to intrude on what I think is going very well. First, I want to reaffirm my commitment to the economic revitalization of California. Californians played a major role in my election as President and play a very major role in my presidency now -- people who are important to your future.

Our trade Ambassador, Mickey Kantor has already spoken this morning. You know he's from California. The Secretary of State, Warren Christopher, is from California, and we're increasingly involving the State Department and the revitalization of the American economy. Our Budget Director, the Director of the Office of Management and Budget, Leon Panetta, was a Congressman from Northern California, and is here with me -- I'm in his building as we speak today. And, of course, the chair of the Council of Economic Advisors, Laura Tyson, is from Northern California. All of these people are in a position to bring their experience and knowledge to bear on what we in the national government can do.

In addition to that, I've already had an extensive visit with Senator Feinstein. I've talked with Senator Boxer. I've talked with many members of your congressional delegation about the issues that they have brought to my attention. And, as I said, the time I spent there taught me a lot about the problems in California that are caused by reducing employment in the defense industry, by the collapse of real estate, by the problems in the financial institutions, by the general manufacturing difficulties and by the

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increased cost brought on by immigration, as well as the population increase, generally, in California.

Let me say first that I'm convinced we're going to have to solve this problem by partnership. I am offering the American people a program which will reverse three big trends in our country which have affected California. We built an American Dream, especially after World War II, based on increasing economic prosperity in a high-wage, high-growth economy, increasing equality among our working people, and making more and more strength out of our diversity.

The economic and social difficulties we have faced in the last few years threaten to reverse all those trends. Wages are stagnant. Inequality has increased over the last decade. And our diversity has often been a source of great tension and division in California and elsewhere throughout the country.

I'm convinced that in order to change this, the national government has to take the lead, first of all in investing in our people, their jobs, their technology and their future; secondly, in dealing with the health care crisis; thirdly, in reducing the enormous federal debt to stabilize long-term interest rates and free up more money for investment in the private sector. And, finally, by developing economic policies in partnership with the private sector, which encourage more investment in the private sector and which enable us to work together to create that high-wage, high-growth economy again.

As that applies to California, it means we will be doing the following things: First of all, in my economic program there's a plan to jump start the economy, to create another half-million jobs in the near future. California will receive a significant number of those jobs.

Secondly, I intend to follow through on the technology policy I announced in California in the last campaign. That means we'll be providing more incentives to start new enterprises and to expand existing enterprises, and to build on the job-generating capacity of the technology-leading companies that are in your state.

Thirdly, I want to invest in our children and their future and our educational system. I want to do what I can at the national level to alleviate some of the problems caused by the financial conditions you have there.

Fourthly, I'll ask the Congress to change some of the tax rules involving passive losses in hope of alleviating some of the real estate problems in California, as well as giving industry more incentive to invest in the next couple of years.

Next, Mr. Panetta and I have worked hard on trying to figure out how we can redesign some of these federal programs so that the federal government can keep its commitment to the states that have been overwhelmed by immigration problems: California most of all, but also Texas and Florida and some other states who should have been helped more by the national government because of the burdens they bear due to a national policy on immigration.

Finally, let me just say if I might harken back again to the last person who spoke before I did, California has some challenges that will have to be met by Californians. You will have to take the lead in improving your education system. I'm going to give you a good Department of Education that will help to reform the practices in education and to make education work again.

But some of the premier reformers in America are right there in California now. You have to find a way to make their exceptions the rule in California education.

And, next, you will have to take the lead in making sure your manufacturing and production environment is at least competitive with other states in the United States. Not by driving down wages, but by changing the environment so that you can be competitive. I'll do whatever I can to support you.

The best thing we could do here to help you with that is to solve the health care crisis, to bring health care costs in line with inflation, to make basic, affordable health care available to all. And therefore, to stop whatever incentives there are for people to move across state lines or to move their plants because they've got high embedded health care costs. But a lot of these productivity issues are going to have to be faced, and faced squarely, by the people of California and every other state.

We're prepared to do our part. I'll say again: This country cannot rise again to its full potential until California is on the move again. I'm going to do what I can to help. I ask you for your support in my aggressive plan to reduce the debt and to increase investment in education and training, in new technologies, in new jobs and in dealing with the health care crisis. I'll do what I can to support you. Together, we can turn this country around. We can lift California up, and California can once again be the beacon of hope for America and for the world.

Thank you very much. (Applause.)

END 2:46 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 16, 1993

REMARKS BY THE PRESIDENT
IN PHOTO OPPORTUNITY WITH DEMOCRATIC CONGRESSIONAL MEMBERS

State Dining Room

3:08 P.M. EST

Q Mr. President, your spokesman said there would be no negative effects on the economy from the tax portion of your stimulus plan and your economic plan, and that the stock market's reaction today is just a simple stock market cycle that has nothing to do with your program. Do you agree?

THE PRESIDENT: I do. I mean, the people in the stock market know -- known in general all along what was going to be in the program, and the stock market has gone up markedly since the election. The stock market's been going up since the election.

Q Do you agree there will be no negative effects on the economy from taxes?

THE PRESIDENT: I do. I believe if we reduce the deficit it will stabilize long-term interest rates, free up money for growth and increase jobs --

Q Your spokesman also said that the middle class tax increase would also touch those making $30,000 and more. Is that breaking the fate with middle class, Mr. President?

THE PRESIDENT: Tune in tomorrow night.

END 3:10 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 16, 1993

PRESS BRIEFING
BY GEORGE STEPHANOPOULOS

The Briefing Room

2:00 P.M. EST

MR. STEPHANOPOULOS: Good afternoon. As you know, the President will be speaking to the California Economic Conferences shortly. So why don't we get started.

Q George, can you clarify what the President was upset about during his recent tour? He was overheard losing his temper with an aide.

MR. STEPHANOPOULOS: I'm not sure. I'll have to check. I'm not aware of that.

Q The stock market appears to be down some 70 points today. Is this a reaction to the President's speech last night?

MR. STEPHANOPOULOS: I don't think so. I think the stock market, as you know, has climbed since the President was elected in November. There are often day-to-day fluctuations. We're watching it, obviously. But I would also point you to the bond market which has reacted quite well to the President's economic plans, and that's what's important -- making sure that we get long-term interest rates down so we can have real investment in this economy.

Q Is the President lowering the threshold for the so-called millionaires' tax?

MR. STEPHANOPOULOS: We're going to announce the details tomorrow night. The President will be announcing the details tomorrow night, but as he said last night, 70 percent of the revenues in this package will fall on those who earn over $100,000.

Q Could you take this opportunity, though, to perhaps knock down the story that this is now $250,000 as opposed to a millionaires' surtax?

MR. STEPHANOPOULOS: No.

Q You're not going to knock it down?

MR. STEPHANOPOULOS: No. I mean, the President will have the details tomorrow night.

Q What about the Republicans who say this is much too heavily weighted on the tax side and not enough on the spending side?

MR. STEPHANOPOULOS: We say that there are real spending cuts in this package. As we said, there will be over 150 specific spending cuts throughout the package, over 100 of those specifically on nondefense spending. And these specific budget cuts will save taxpayers more than $100 billion in nondefense spending alone over the next four years.

Q That's a total?

MR. STEPHANOPOULOS: Yes.

Q Of $100 billion?

MR. STEPHANOPOULOS: Of $100 billion in nondefense spending over four years.

Q Can you explain how you define -- I'm a little confused because I saw a briefing in which Dee Dee defined increasing the tax on Social Security benefits as a cut -- as a spending cut, not as a tax increase. Can you give me a working administration --

Q It wasn't Dee Dee, it was George.

Q Oh, maybe you did it. Can you give me a working administration definition of what's a cut?

MR. STEPHANOPOULOS: I don't know exactly how this is accounted for in the congressional budget documents, but I think that you would have known. Had the President proposed a cut in Social Security COLAs, which is far more extensive than increasing the tax rates on Social Security income over $32,000, it clearly would have come on the spending side. This if are less onerous than that and it affects a far smaller percentage of people on Social Security.

Q -- a current tax?

MR. STEPHANOPOULOS: Again, I'm not completely sure. We're going to have the budget documents out on Thursday.

Q Well, if I could just follow up on that for a moment. The more than $100 billion figure that you cited, does that figure include the Social Security tax

MR. STEPHANOPOULOS: I don't believe so, but I'd have to double-check.

Q That figure involves -- does that figure only involve discretionary spending or does it also include the entitlement?

MR. STEPHANOPOULOS: Again, I'm not positive. I believe it's the discretionary, but I'm not 100 percent sure.

Q You've been using a figure of in the ballpark of $500 billion for the total size of the package.

MR. STEPHANOPOULOS: I believe this is just the nondefense discretionary spending.

Q So that's about 20 percent of the total package?

MR. STEPHANOPOULOS: Yes.

Q And defense is roughly another --

MR. STEPHANOPOULOS: We don't have the final percentages of that yet.

Q Well, the figure that the President used during the campaign that's been used since is about $80 billion.

MR. STEPHANOPOULOS: No. I'm not sure of that.

Q But would it be fair to say that the combined domestic --

MR. STEPHANOPOULOS: There would be a rough balance between the spending and the tax provisions.

Q But it looks like you're talking about in the range of about $180 billion in defense and nondefense spending cuts out of a $500 billion package. Is that about right?

MR. STEPHANOPOULOS: Again, we'll have the specifics tomorrow night.

Q Is there a report today on Sessions?

MR. STEPHANOPOULOS: Excuse me?

Q Do you have a report today -- a decision on the FBI director?

MR. STEPHANOPOULOS: Nothing new on Sessions today, no.

Q George, Dee Dee said this morning that the tax impact is going to be felt on people with incomes of $30,000 a year or more -- apparently individuals, but that 70 percent of the revenue is going to come from individuals or families making $100,000 a year or more. If you're talking about households with $100,000 worth of income, doesn't that shift that main burden much further down into the middle class?

MR. STEPHANOPOULOS: I don't know. It still is in -- I think that we still would be under 10 percent of the total population will be bearing 70 percent of the burden.

Q What do you mean by that?

Q -- apply to families or individuals -- your $100,000?

Q Are you talking about families or are you talking about individuals?

MR. STEPHANOPOULOS: It will be anybody over $100,000. When you take all the population over $100,000, they will absorb 70 percent of the revenues.

Q -- whether it's individuals versus families?

MR. STEPHANOPOULOS: I think it's just the population. This is not necessarily an income tax increase on individuals or families over $100,000; it's the overall burden.

Q Are you talking about individuals of $100,000 or families with $100,000?

MR. STEPHANOPOULOS: We're mixing apples and oranges here.

Q No, no --

MR. STEPHANOPOULOS: No, no. It's not a --

Q If you're talking about a percentage of the total population, are you counting children and --

MR. STEPHANOPOULOS: It's just every percent of those -- all individuals earning over $100,000. That population will absorb

70 percent of the revenue impact. That is not to say that everybody over $100,000 will get an X percent increase in their income tax. It just means that when you look at the distribution of all the tax benefits and all the tax increases, 70 percent will fall across this population.

Q And a family of $30,000 would not be affected? In other words, the $30,000 that you mentioned earlier this morning, that was individual income, not family?

MR. STEPHANOPOULOS: Yes. Generally families under $30,000 will not have increased revenues.

Q Families or individuals?

MR. STEPHANOPOULOS: Again, as long as you --

Q It makes a difference --

MR. STEPHANOPOULOS: No, no it doesn't.

Q Because you could have two people earning $30,000. That's a $60,000 family, but each individual has $30,000 income. So is this a family with only --

MR. STEPHANOPOULOS: Family incomes. It was families under $30,000.

Q George, with the $100,000 then, if you have two people each earning $60,000, together their income is $120,000. Are they or aren't they affected at your $100,000 level?

MR. STEPHANOPOULOS: Well, clearly they would be affected. But there's no necessary formula. I mean, there's no set formula on how much they would pay. This is the overall impact. You're taking the gross revenues that are coming in.

Q I understand, but then you are saying family joint filing income of $100,000 or more is in the category paying 70 percent.

MR. STEPHANOPOULOS: No. No. No, not at all.

Q Are we talking gross or taxable incomes?

MR. STEPHANOPOULOS: They will not be subject to a 70 percent rate.

Q No.

Q No, no --

Q -- that is paying overall 70 percent.

MR. STEPHANOPOULOS: Yes, yes.

Q So on an individual basis, you can affect people with incomes individually of $60,000 or $50,000 a year if there are two of them, or $20,000.

MR. STEPHANOPOULOS: Well, depending on how they file. Again, it's not necessary --

Q Let's go back to the original question. You're talking families then, even --

MR. STEPHANOPOULOS: Right, exactly.

Q And are you talking gross or taxable income?

MR. STEPHANOPOULOS: I believe this is gross income.

Q There's a story that you may ask for a second round of tax increases to pay for the health care reforms in the coming months.

Q He'll never get it. He'll never get it.

MR. STEPHANOPOULOS: The President hasn't made any determination on that yet.

Q Is that something that's under review?

MR. STEPHANOPOULOS: The task force will report by May.

Q Originally, it was said that the 31 percent to 36 percent increase would affect those with incomes over $200,000. The Wall Street Journal said today it would be those with incomes of $140,000. Is that right?

MR. STEPHANOPOULOS: Again, that number in the Wall Street Journal was taxable income, and that will hold on the tax increase.

Q George, is it correct that this package will include no excise tax increases on consumer goods like tobacco and alcoholic beverages? Is it accurate that this package will include no excise tax increases on consumer goods like cigarettes and alcohol?

MR. STEPHANOPOULOS: I don't believe that it will, no. But the President will have the announcement tomorrow.

Q George, is it the President's feeling, since apparently individuals earning as low as $50,000 will bear the burden if there are two of them in a household --

MR. STEPHANOPOULOS: Again, I really don't think we can calculate the way you're calculating. You take -- all of the revenues that are coming in will fall across this line. The bulk -- over 50 percent will fall on incomes over $200,000. The figures for the income tax increases are related to taxable income.

Now, the other revenues in the package could fall across the spectrum, but it is the incomes over $100,000. You can't then just take -- divide it in half and say that each of these will then be part of that 70 percent. There will be different impacts. But when you take the population of individuals earning over -- of incomes over $100,000, they will be, in aggregate, bearing the burden of the 70 percent.

There is no set formula that you can then break down to make the kind of calculations you seem to be taking from this.

Q If you gave us your calculations based on what the President said last night, we'd be happy to -- I mean, the problem here is he's the one who used the figure, which any normal person hearing him last night is going to say, how does it affect me? And before you can know that, we have to know gross, taxable, family, individual -- all those things go into that calculation. Will we get those tomorrow?

MR. STEPHANOPOULOS: We will definitely --

Q How about today?

MR. STEPHANOPOULOS: We will certainly give them tomorrow. (Laughter.)

Q As long as you've already gone on the record discussing it this morning, let's try and get it cleared up while we're still --

MR. STEPHANOPOULOS: That's fair. I think that is fair.

Q I still have my question, however, which is, at $100,00 or $120, 000 even, is it the President's opinion that individuals who make $50,000 to $60,000 a year no longer in the middle class?

MR. STEPHANOPOULOS: Not at all. No, not necessarily so.

Q Will those individuals not -- quite possibly fall into that aggregate you talked about that's going to bear the 70 percent brunt?

MR. STEPHANOPOULOS: Again, not necessarily, no.

Q Why would they not?

MR. STEPHANOPOULOS: Well, if an individual is making $50,000 --

Q I understand, yes, one individual who is doing that. In a household where you have two individuals who are making $50,000 each, that comes into the 70 percent category.

MR. STEPHANOPOULOS: You just can't necessarily make that calculation. They would not necessarily be subject, for instance, to the higher income tax rates, depending on how they filed. It would depend on their behavior when you talk about the other revenues. It's just not that kind of a simple calculation.

Q That's what we're trying to figure out, because Dee Dee this morning was saying individuals making $100,000 or more, or households making $100,000 or more.

MR. STEPHANOPOULOS: They could be included in that. When you take the aggregate of all the people making over $100,000, they will bear 70 percent of the burden. There is no set definable way that you can pick out any individual or family in that group and say necessarily how much more they're going to be paying or how much their burden is going to be going up.

Q When you came up with this number of 70 percent, the 70 percent of the burden would be borne by these people, were you thinking of tax returns showing $100,000 or more in taxable income or in gross incomes, or individuals, regardless of what the tax --

MR. STEPHANOPOULOS: I believe it's the tax returns.

Q A 1040 that says $100,000?

MR. STEPHANOPOULOS: Yes. I think that's the way the Treasury Department generally produces the distribution tables.

Q If you're having this much trouble explaining this to us, how are you going to sell it to the American people if they don't know how it's going to affect them?

Q They do.

Q They're smarter than we are. (Laughter.)

MR. STEPHANOPOULOS: I think we will put out all the details tomorrow and Thursday and that it will be clear.

Q But you already started the sales job last night.

MR. STEPHANOPOULOS: Right. And it starts out the President has said very clearly he is going to cut spending, he is going to increase taxes on those -- generally, the bulk is going to fall on those earning over $100,000. The American people understand that.

Q George, once again last night the President used this number of 500,000 jobs he said that would be created. You indicated yesterday that was a result of the stimulus ingredients alone that will be in the supplemental and also in the reconciliation with regard to taxes. Does that count only the positive effects of that and none of the possible negative effects of higher taxes?

MR. STEPHANOPOULOS: We don't see the negative effects in '93 and '94 from the stimulus package.

Q Are you telling me that you're going to raise tax rates and raise energy taxes, and there are no negative effects, that there are no elements, no parts of this economy where economic activity would be depressed by doing that?

MR. STEPHANOPOULOS: We believe that generally this package will have a stimulative impact.

Q I understand that, George, and I don't dispute that. All I'm trying to ask you is whether that number, 500,000 is offset in your calculus by any loss of jobs that might occur as a result of higher taxes. I mean, this is not a very controversial economic notion that when you raise taxes in a given area that you depress economic activity.

MR. STEPHANOPOULOS: But we do not have any estimates on job loss from this proposal, no.

Q So what you do is you have estimates for jobs created by the things you believe will create jobs, but no estimates of job loss on things that might cost jobs?

MR. STEPHANOPOULOS: We don't believe this will cost jobs, we believe it will create jobs.

Q It will cost no jobs?

MR. STEPHANOPOULOS: We believe it will create jobs.

Q Can you understand how difficult that is for somebody to accept, that you count the positive effects only and no potential negative effects?

MR. STEPHANOPOULOS: Well, we say look at the whole package, and we think overall it will create jobs, absolutely.

Q Well, I think overall it will, too, but is it overall -- are you going to net out 500,000 jobs on this, or is it going to be 500,000 minus some yet to be determined or estimated number of job loss?

MR. STEPHANOPOULOS: I don't have any estimates of job loss. I believe that we will create 500,000 new jobs.

Q George, if you gave us more detail on the BTU energy tax, then we -- presumably, that is the tax that will affect people the greatest beyond the income tax increases for the richer people. That's how the middle class gets into paying more taxes, correct? And the Social Security tax --

MR. STEPHANOPOULOS: I mean, the President will have those details. We will have all the details.

Q What other components would there be to the increase in the middle class tax bill then, apart from an energy tax and Social Security -- higher Social Security tax?

MR. STEPHANOPOULOS: I don't know necessarily of any that would call for more increases, no.

Q Can you walk us through the process that you hope the average American will use at the end of this process, when it all kicks out of Congress? How will they know things are better? What standard should they look for? What yardstick should they --

MR. STEPHANOPOULOS: Well, when you look at the package look and see was spending cut, did government take its hit first, did everybody pay in proportion to what they could afford to pay, are there incentives here for creating jobs, are there real credible investments in the things that will make us healthier as a society -- in jobs and education and health care? And look at the whole package.

Q But is there any gauge that you're using? For example, increased investment by a certain percentage? Decreased unemployment by a certain percentage? Is there any standard that people can look at and say "yes, this really did make a difference"?

MR. STEPHANOPOULOS: I think in general terms, look at are we creating more jobs? Are we on the path towards better incomes in the future? Are we reducing waste in government? Is the deficit moving in the right direction?

Q So a turn in the deficit?

MR. STEPHANOPOULOS: A turn. Absolutely.

Q The President talked about 500,000 more jobs. Are you talking about jobs like at this photo op this morning where there were 30 jobs created for a $3 million project? Or what is he talking about?

MR. STEPHANOPOULOS: Well, that would be part of the package. And we expect that the infrastructure improvements can create over four years over 150,000 jobs. We also expect that the bulk of the jobs will be created by the private sector tax incentives like the investment tax credit.

Q George, on another subject, did you guys turn off the feed this morning after the President cursed out his aide? Do you feel that the White House has a right to turn off the feed if you don't want people to hear what you're saying?

MR. STEPHANOPOULOS: I just got one sense of that before I walked in. I'm not aware of what happened and I'll find out. I don't know if he was -- if we were turning off the feed anyway. I just don't know.

Q Philosophically, the White House -- the feed is paid for with public money. Do you feel the right to cut it off? Do you sort of like live by the feed, die by the feed? (Laughter.) Do you feel a right --

MR. STEPHANOPOULOS: No. We provide feeds on a periodic basis, on a regular basis, and we'll continue to do so.

Q If I could just follow up on this job question for a minute -- it's not clear to me whether you and Brit are actually disagreeing about something or not. (Laughter.)

Q They are.

Q It may be a net figure.

Q Are you simply saying that overall when the package is all done, the net job increase is going to be 500,000? Or are you saying -- there are clearly some things in the package that will cost jobs. You're saying 100,000 fewer jobs in the federal government over the --

MR. STEPHANOPOULOS: That's over the long term, right.

Q I know. But are you saying that the whole thing nets out to 500,000 plus --

MR. STEPHANOPOULOS: No, I'm saying the stimulus package on its own should create 500,000 new jobs. We expect to create far more through the long-term investment package. But we don't have a solid estimate on the exact number that can be created by the long-term investment package.

Q So you're saying the short-term stimulus package will create 500,000 jobs once it's all finished, and you don't know what the job figure is for the long-term?

MR. STEPHANOPOULOS: Exactly. We expect it to be far more, but we don't know the exact number.

Q -- 150,000 figure then?

MR. STEPHANOPOULOS: That's just on the infrastructure investments.

Q Is that part of the 500,000?

Q And the short-term --

Q Yes.

MR. STEPHANOPOULOS: No, no, no, no. The 150,000 is part of the long-term infrastructure investments. We expect to create about 58,000 through the stimulus package in '93 and '94.

Q The 150,000 not part of 500,000? The 500,000 is over what period of time?

MR. STEPHANOPOULOS: The 500,000 is the entire stimulus package '93 and '94.

Q And 150,000 is what?

Q This story cannot be written. (Laughter.)

MR. STEPHANOPOULOS: The 150,000 is the infrastructure over four years. And the 58,000 is part of that, right.

Q Do you have a separate number over four years altogether for the long-term package? You don't.

MR. STEPHANOPOULOS: Not for the entire long-term package. Simply for the infrastructure investment.

Q And 150,000 is --

MR. STEPHANOPOULOS: The 58,000 is the subset of the 150,000.

Q -- is not a subset of 500.000?

MR. STEPHANOPOULOS: And a subset of the 500,000.

Q Oh, it is?

MR. STEPHANOPOULOS: Right.

Q The 150,000 and 500,000 are separate?

MR. STEPHANOPOULOS: Right.

Q And what's the 150,000 from? I'm sorry, forgive me.

MR. STEPHANOPOULOS: The 150,000 is the overall investment in infrastructure over four years -- highways, roads, bridges.

Q And that's different from the 500,000?

MR. STEPHANOPOULOS: The 58,000 of the 500,000 -- he's got it. Fifty-eight thousand is the subset of both 500,000 and 150,000.

Q George, yesterday morning we were told that the short-term stimulus package has reduced 200,000 jobs. And then two hours later the President at a photo opportunity said 500,000 jobs.

MR. STEPHANOPOULOS: The 200,000 only included the spending portions and did not include the tax -- the investment tax credit incentives.

Q Is 500,000 a total accurate --

Q Is the 58,000 a subset of 200,000?

Q -- or is there a range?

MR. STEPHANOPOULOS: Yes.

Q George, is there a range that you're working from that could create between this many and 500,000 and you're taking the top figure?

MR. STEPHANOPOULOS: No. We expected the final estimate is about 500,000.

Q George, on incomes, how does the White House define middle class?

MR. STEPHANOPOULOS: I'm not going to get into that.

Q But if you're talking about upper income people, taxing the rich first and so forth, obviously you have an idea in mind of what constitutes rich and what constitutes middle class.

MR. STEPHANOPOULOS: I think clearly the 70 percent earning over $100,000 is basically the wealthier Americans.

Q So $100,000 -- a family earning $100,000 a year is a wealthy --

MR. STEPHANOPOULOS: I'm not going to put a numerical figure on that. We think that generally people who are working hard and who are paying their taxes, playing by the rules, are part of the middle class. That's not to say that's to the exclusion of everybody else, but we're not going to get into the game of putting a hard number, and then you say what's up and what's down and who is above that and who is below that.

Q George, would you say the American people understand what you're saying when you try to sell it to them? (Laughter.) What exactly are they going to understand? That things are going to be better soon?

MR. STEPHANOPOULOS: I think they're going to understand several things. Number one, that the government is being responsible with their money, for a change. Number two, that there are going to be direct benefits from the kinds of changes we propose. And it's going to be direct benefits through increased investment in children, in health care, in education and that they are going to see the difference in their lives, that they are going to look at the whole package and say, yes, this is fair. Because I may be asked to make a contribution, but everybody else is being asked to make a contribution as well. And those above me are not getting off scot-free as they may have in the past.

And, number four, that we are making an honest effort to really change the way the government works. And, finally, that, through all this, we're going to bring the deficit down, which can help create jobs in the future, which can help standards of living not only in the present but in the future, and help protect the American Dream for their kids.

Q Sounds as if you're saying is not that people will be looking at their pocketbooks and judging your package, but they will be looking at your intentions and judging it.

MR. STEPHANOPOULOS: No, more -- they will look at their quality of life and the direction that the country is going in. I think that we expect that there are going to be pieces of the package that people can say, well, that might be taking something from me, I might be having to give a little more here, but look what I'm getting in return. I am getting better roads and bridges, I'm getting better schools, I'm getting better health care. And overall, we're building an economy that will work for everybody in the future.

Q The new taxes would take effect in the coming fiscal year, assuming everything passes.

MR. STEPHANOPOULOS: Assuming everything was passed.

Q So that would mean as of, what, October 1st, 1993 through -- they would take effect, or would they take effect with the calendar year?

MR. STEPHANOPOULOS: I think they would take effect upon passage, and usually you go by the fiscal year. But that's something that's often dealt with in the legislation, and I don't want to set a hard date now.

Q But in your calculus about the impact of these things --

MR. STEPHANOPOULOS: We go by fiscal years. It's a fiscal year '94. Right.

Q So at least for a quarter, perhaps, of the current calendar year, there would be new taxes in effect and also whatever other changes in the tax code would occur as a result of this would start later this year?

MR. STEPHANOPOULOS: Again, if the legislation were passed, they could set the effect date -- yes. The general thinking is that it would be fiscal year 1994, with the exception --

Q One quarter of this year with the new rules in effect presumably --

MR. STEPHANOPOULOS: One quarter of this calendar year.

Q Of course, I'm just talking about the tax year.

MR. STEPHANOPOULOS: Yes.

Q And then it would begin in earnest for the whole year would be actually January 1, '94.

MR. STEPHANOPOULOS: And then some of the benefits would reach back to the December 3rd date.

Q What's been decided about Thursday? Thursday in the House -- will he go?

MR. STEPHANOPOULOS: I believe he's not going to be going to the House for question and answer on Thursday.

Q Did Foley ask him not to?

MR. STEPHANOPOULOS: Not exactly. They had a discussion about it. They've had several discussions about it. It's not something we want to foreclose necessarily in the future. I think it's something that we would probably like to do in the future. But at this time, there are still some details to be worked out. The President is also going to be traveling on Thursday, and we think it's best just to postpone it for now.

Q George, on the travel, where is the President going, and why were the particular sites selected? St. Louis, Ohio and --

MR. STEPHANOPOULOS: The President's going to be traveling quite a bit for the next several months, at least once a week, and this is just a good place to start. He wanted to go back to St. Louis in Missouri, and the Midwest. And then he's going to southern Ohio, Chillicothe -- a more rural area. And then he'll be going to Hyde Park, New York.

Q George, the President said this morning that among those that he talked to at this construction site that they said they'd be willing to pay higher taxes if they could be assured that the money would go to reduce the deficit and create new jobs. Just how is it exactly that this plan is going to guarantee that this money, or either this money goes toward reducing the deficit or, in fact, there will be a net reduction in the deficit regardless of other spending?

MR. STEPHANOPOULOS: Because the plan calls for that. If the plan is followed, you will have strict controls on spending, you will have strict reductions on spending. You will have controls on some health care costs, and you will have investments to create jobs. And the deficit will follow a downward path.

Q How is that different from the 1990 budget agreement promise of a reduced deficit for higher taxes?

MR. STEPHANOPOULOS: Well, the 1990 budget agreement wasn't followed in full, and I would just say that the largest reason that the 1990 budget agreement failed, however, was because the economy didn't climb out of the recession. And that's because we don't have enough investment in private sector incentives and in job creation investments of all kinds.

Q So an overall economic recovery is built into your equation?

MR. STEPHANOPOULOS: We move forward on the assumption that this program will spur economic growth, will create jobs, and will reduce the deficit. And by increasing investment and cutting spending, cutting wasteful spending at the same time, you can come forward with a program that does increase growth while reducing the deficit.

Q Do you have any reaction to the Armey-Gramm plan that was presented today which does nothing on the tax side but heavy hits on the entitlements --

MR. STEPHANOPOULOS: I haven't seen it, but I know that if it's how you described they couldn't do it without having deep and almost impossible cuts in Social Security and Medicare.

Q What percent of the new taxes will go to deficit reduction?

MR. STEPHANOPOULOS: I don't know if you can make that overall formula. What we're saying is the overall package will reduce the deficit, we hope as a percentage of GDP, in half over time and we'll reach a significant deficit reduction number.

Q You can't say a percentage of every new tax dollar or under every -- or percent of every dollar saved will go --

MR. STEPHANOPOULOS: I don't have a hard percentage of that. We might have one tomorrow.

Q Can I just follow up on that for a second? You say that you're hoping that it will reduce GDP, it will come down as percentage of GDP by half over time.

MR. STEPHANOPOULOS: Over the four years.

Q Over the four years?

MR. STEPHANOPOULOS: Yes.

Q So the target is by 1997 the deficit will go from about 5.4 percent of GDP down to about half that?

MR. STEPHANOPOULOS: Right.

Q Can I go back to today's decline in the stock market. You seemed rather unconcerned in your previous answer. Are you saying that you don't believe that the stock market reaction today is passing some kind of a judgment on what they heard from the President last night and that there is no cause for concern here at the White House?

MR. STEPHANOPOULOS: Well, not necessarily. The stock market does fluctuate daily, and I would just point out again that it has generally risen since the President was elected in November.

Q Why do you think it dropped so much today?

MR. STEPHANOPOULOS: I don't know. I'm not an expert. If I were I probably wouldn't be here. But I know that it's generally gone up and down. Since the election it has been on an upward path. Again, I would point you to the bond market and say that the bond market has generally reacted very favorably to the President's economic proposals, and that's because it's serious about deficit reduction.

Q So you don't think this is a reaction at all?

MR. STEPHANOPOULOS: Again, I don't know necessarily. I can just say that the market does have fluctuations, and generally it has gone up since the President has been elected.

Q George, would you talk to us about the space station, which the OMB Director a year ago was vehemently opposed -- also the Majority Leader in the House and some other people. Can you tell us what it's about?

MR. STEPHANOPOULOS: Well, the President will have the details on that tomorrow. But we're committed to making sure we can control any cost overruns in the space station, but we also don't want to lose any jobs in protecting the investment. But the President will have the specific details tomorrow.

Q Is it true that you're going to cut from $800 million to a billion dollars out of the space station in Fiscal '94?

MR. STEPHANOPOULOS: The President will have that tomorrow.

Q Are you concerned about Ross Perot's reaction to this? He's going on Nightline tomorrow night. Are you concerned about the political effect if he comes out against it? And is there any attempt to try to get him on board?

MR. STEPHANOPOULOS: I don't know about getting him on board, but there clearly will be discussions at some level with Mr. Perot. We want to make sure, as I said yesterday, that he understands the plan, that he is fully briefed on all of its details. And we think that when he looks at it, he'll see that it's serious about reducing the deficit and helping our economy grow.

Q Have there been discussions with him now?

Q Who will be -- if I can follow, who will be discussing with him and it will be before the speech?

MR. STEPHANOPOULOS: Oh, I assume there will be discussions before the speech. I'm not exactly sure who.

Q From somebody in the White House or the Cabinet?

MR. STEPHANOPOULOS: It could be -- it will be somebody in the administration.

Q Have there been any discussions with him so far?

MR. STEPHANOPOULOS: I don't think so, but I couldn't swear to it.

Q Why are you going to discuss it with Mr. Perot?

MR. STEPHANOPOULOS: We want to make sure -- he had a lot to say about the economy during the last election. He's now -- as a public spokesman on the economy. We think this is a good plan that he will be able to support.

Q You feel like it's just as important to win him over and his supporters over as it is to win the folks on the Hill?

MR. STEPHANOPOULOS: I don't know about that, but we certainly want the support of every American we can get.

Q George, could you go through how the deficit got so much worse from the campaign to justify --

MR. STEPHANOPOULOS: Gene's having a briefing on that at 3:00 p.m. I can give you what I know again, but Gene is having --

Q But I think that's an off-the-record briefing, I believe.

Q Off the record?

Q Background briefing. In other words, is there an administration person who is willing to sort of explain --

MR. STEPHANOPOULOS: I can explain clearly again -- I mean, I'll go through the numbers. The OMB numbers are $70 billion to $120 billion bigger now than they were projecting in July. The CBO numbers are $29 billion to $30 billion bigger now than they were projecting in July, in August. The OMB numbers are $50 billion higher than they were in November. By any of the official baselines, the deficit is far worse than it was in July or August or November.

Q George, can I go back to the tax situation? Are you saying that the effective tax rate on incomes -- taxable incomes of $140,000 will be 36 percent? And are you saying that the rate on the $250,000 will be 39.5 percent?

MR. STEPHANOPOULOS: The President will announce the details tomorrow.

Q I thought you said earlier that that was so.

MR. STEPHANOPOULOS: I'm saying that was what the report in the Wall Street Journal referred to -- is referring to taxable income.

Q But these numbers were put out by your administration yesterday on the other part of it -- the $147,000 and all of that. Are you saying those numbers aren't -- I'm not talking about the millionaires' tax, now. I'm talking about the -- those numbers -- are you saying those numbers don't hold now?

MR. STEPHANOPOULOS: I'm not saying they don't hold. I'm just saying that the President will be putting out the official paper tomorrow.

Q And your answer to an earlier question -- did you say that the effective date of all of these tax increases would be October 1st --

MR. STEPHANOPOULOS: No. He was saying -- it's the general assumption that this would hold for fiscal year 1994. The general assumption is that if we can pass it, it will hold for fiscal year 1994. I also added that many times as these bills are being written, for certain technical reasons they can move dates around on certain taxes. And I'm not foreclosing that possibility. But the general assumption is that we move forward in fiscal year 1994.

Q That means October 1st for the tax increase?

MR. STEPHANOPOULOS: Well, it could be, yes.

Q Could be or would be? There's a big difference -- if you have energy taxes on the whole country.

MR. STEPHANOPOULOS: Again, I can't say for certain. There are often -- when they pass these tax bills, it depends on when it's passed, it depends on how the Finance and the Ways and Means Committee finally calculate the bill out. And they can set an effective date. I cannot say for certain it will be October 1st. We are generally moving forward with the assumption that the entire bill takes effect for fiscal year 1994.

The President's about to speak in four minutes. (Laughter.) The President's going to speak in four minutes, at which point I will stop.

Q Is there any chance that the increase in the income tax rate that's being discussed here, that you refuse to confirm, will affect families with taxable income down as low as $140,000? Can we rule that out?

MR. STEPHANOPOULOS: With taxable --

Q Families with taxable income down to $140,000 range.

MR. STEPHANOPOULOS: Well, I can't rule that out.

Q As opposed to individuals, we're talking about families.

MR. STEPHANOPOULOS: Right.

Q George, could you give us a list of the lobbyists coming into the EOB this afternoon to be briefed on this plan?

MR. STEPHANOPOULOS: I'll find out about it.

Q This is a surprise to you that there's a variety of different special interest groups being briefed by the administration?

MR. STEPHANOPOULOS: I wouldn't be surprised if there are representatives of business and other places being briefed, but I don't know of any. I don't have the list.

Q Would you get those for us so we could --

MR. STEPHANOPOULOS: Sure.

Q -- compare those to the unpatriotic to the --

MR. STEPHANOPOULOS: Right. (Laughter.)

Q By reaching out into the populous, people that I certainly would consider to be middle class, even though you don't want to call them or set a threshold for middle class -- aren't you guys setting yourself -- can't it be said that you're doing exactly what President Bush said you were going to do during the campaign?

MR. STEPHANOPOULOS: No. The President has said that he's going to make sure that people contribute, but it's going to be fair. And the President also said quite clearly last night that the deficit was worse than he had estimated and it was worse than any official estimate and that we have to take real action. But when you look at the overall package, it's going to be fair. And people are going to see that if they are being asked to contribute, those who are doing better than them are going to be asked to contribute far more.

Q George, we understand that the White House is cutting a jogging track into the driveway around the South Grounds. How much does that cost and who decided to do that?

MR. STEPHANOPOULOS: I'll have to find out. I don't know.

Q Can you get back to us on this incident?

THE PRESS: Thank you.

END 2:34 P.M. EST

#22-02/16

THE WHITE HOUSE

Office of the Press Secretary

BACKGROUND BRIEFING
BY
SENIOR ADMINISTRATION OFFICIAL

February 16, 1993

Old Executive Office Building

3:30 P.M. EST

SENIOR ADMINISTRATION OFFICIAL: As you know, tomorrow morning we will have a full briefing. I was asked -- several people asked that we try to go over a couple of numbers that people have been confused on. And people stated that it might be hard to try to digest all that tomorrow, while at the same time looking through the whole plan. So this is a fairly limited briefing, but we wanted to go through the deficit numbers.

This has been an area of some confusion and there's no reason for there to be any area of confusion because it's pretty straight, factual material.

Q What time tomorrow?

SENIOR ADMINISTRATION OFFICIAL: I'm not sure. What time is it? It's 10:00 a.m. or 11:00 a.m.

Q Can you tell us who you are? (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: I am a senior White House official. (Laughter.) I'm Gene Sperling; I'm Deputy Assistant for Economic Policy.

The argument -- there has been some confusion. When we had stated that the deficit had gotten far worse since the campaign ended several reporters, commentators stated that was not so, that the deficit had gotten worse during the campaign, and that we knew everything possible during the campaign. What I just want to do here is lay out what the deficit numbers were when we made our plan, what the deficit numbers were during the campaign, and what the deficit was after the campaign.

What you will see is that by any criteria that you use the deficit deteriorated substantially after the campaign, which made our task of bringing the deficit down substantially and increasing investment a far more difficult task and one that necessitated us asking for more contributions from Americans.

If you look at the OMB numbers -- on February 1992, those were the OMB numbers for Fiscal Year '97 deficit that was out when our plan came out. It was at $187.7 billion. If you look on your second page, you can see that under '97 it says $187.7 billion under 1997. This is from the OMB mid-session review, which came out on July 24, 1992.

So this was the revision that the OMB put out during the campaign. And what you can see, that there was, in fact, about a $49 billion deterioration in the deficit from the time that we put out our plan to when they put out their mid-session review. Putting

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People First was put out on June 22, 1992. So at that point, the most recent available numbers were the February 1992 OMB numbers and the March 1992 CBO numbers.

It is the case that during the campaign there was a serious deterioration in the OMB deficit estimates. In January 1993, though, well after the election, the new OMB numbers came out and Mr. Darman had them at $305 billion. In fact, it was far worse. He had done something that was extremely inappropriate to do for a baseline. He had frozen all discretionary spending.

A baseline assumes no change in policy. You can propose freezing all discretionary spending, but that's a policy change.

If you look on the third page, the CBO -- this is where the CBO does their analysis of the Bush projections. And if you look at the third line, it says, conceptual differences. And it says, discretionary spending. If you look at 1997, it's minus 30, minus two for interest. In other words, they felt that that gimmick underestimated the deficit by $32 billion.

So the real January 1993 baseline that OMB announced under their calculations was $337 billion. As you can see, that is over $100 billion worse on the deficit than we knew in the campaign based on the OMB numbers. In addition, we have since learned that there is at least another $5 billion deterioration in the defense baseline. So the full deterioration, if you use the OMB numbers, is $105 billion.

Now, the CBO numbers also show a deterioration, though it is not nearly as large.

Q What's your $105 billion?

SENIOR ADMINISTRATION OFFICIAL: The $105 billion is that you take July 24th -- it's $236 billion. It went up to $337 billion. So $100 billion, and then there's been another at least $5 billion discovered in defense savings in the Bush plan that have turned out to be a loser.

That means the deficit is $105 billion worse -- I say under the OMB numbers.

The CBO numbers were more conservative. I put the Fiscal Year '96 and the Fiscal Year '97 here. The reason I did was because when our plan was out it was in the middle of '92 and the four years we were looking at that point were '93, '94, '95, and '96. So our fourth-year number was Fiscal Year '96.

What you can see there was that the deficit was $189 billion when we did the plan. It did deteriorate substantially to $254 billion. After the election it deteriorated another $33 billion. With the defense baseline adjustment, that's $38 billion.

The point being that whether you use the CBO baseline or the OMB baseline, it is beyond dispute and uncontroversial that after the election the deficit deteriorated in our fourth-year out by between $38 billion and $105 billion.

Now, the third number is what I wanted you to see because that was how we thought. We, during the transition, put together a team of budget experts to try to make sense out of what had happened during the campaign. It was not clear how much these August numbers, both in the CBO and the OMB, would hold. Some of them were based on temporary estimates of the S&L and RTC would be funded and they reflected a declining view of growth.

So we put together the best experts we could to try to make sense out of it. We decided when we were doing the transition documents for the President -- or the President-Elect at this time -- that we would use the uncapped discretionary baseline with the defense baseline showing the Bush cuts incorporated into them. So $299 billion -- when we presented our first transition materials to the President-Elect five days after the conference we had a baseline of $299 billion in Fiscal Year 1997.

At that point, we still felt very much that we could get the deficit down as much as we wanted without having to take any revenue steps that would affect anybody in the middle class. But on January 5th, we found out the new OMB numbers. We actually heard rumors of them a couple of days before that. We did not have control of the OMB at that time. That kicked our number up, we thought initially more like $58 billion, but it turned out to be $47 billion.

The $346 billion is the number you will see in the budget tomorrow. That is our baseline for Fiscal Year '97. So the reason why the President talks about the baseline having deteriorated $50 billion since December is because under the documents that we were working on, that was the deterioration that we experienced in doing our planning.

Are there any questions on that part?

Q Why is your baseline so much higher than the CBO baseline?

SENIOR ADMINISTRATION OFFICIAL: They reflect some different technical assumptions in the revenue, in the Treasury revenue estimates. And they reflect what we have found to be some deterioration in the defense baseline.

Mr. Panetta will be at the briefing tomorrow morning and would be able to give you more detail on exactly that. But it is essentially -- the difference is essentially based on slightly different revenue estimates on the revenue side and less -- I think slightly less capping on the discretionary domestic side. In other words, we don't assume that there's any cuts made that we haven't ourselves made.

Q Was the $346 billion number the number used in the infamous Blair House meeting with the President?

SENIOR ADMINISTRATION OFFICIAL: No, $299 billion. I just want to say, at the Blair House meeting, that number was -- that was not so much simply a kind of out-of-the-ballpark surprise. What it was more a confirmation of pretty much what the worst budget estimates were at the time. I mean, he was familiar -- the President was familiar that there had been some deterioration, but as I said, from the OMB numbers that were at $236 billion and the CBO $290 billion, it wasn't sure -- you couldn't be sure at that point whether it was $236 billion or $290 billion. So his own budget experts were coming back and saying that we were closer to the CBO number and, in fact, $9 billion above.

Q When was that?

SENIOR ADMINISTRATION OFFICIAL: It was after the Blair House meeting, which was in December, after the economic team had met informally a couple of times, that we learned of the new OMB projections.

Q This accounts for $47 billion. But if I understand your figures correct -- not these figures, but overall -- you're going to be raising taxes on people below $100,000 about $75 billion.

So it doesn't really account for but about 60 percent of your tax increase on the middle class.

SENIOR ADMINISTRATION OFFICIAL: Well, I think that you will find that it does. And I can't go into that many more details. When you look at the revenue estimates, they sometimes include closing -- when you close a tax loophole or a tax expenditure -- that is seen on the revenue side. So what I'm saying is other things get counted on the revenue side besides tax increases. If you take away a deduction or a subsidy for somebody, that is counted -- the tax expenditure is counted on the revenue side. Some of those may have some effects on people at the upper income, middle class brackets.

Q The President said last night that 30 percent of the burden would be carried by people under $100,000 a year. Do you have about a $500 billion package or something, according to what I think you mean. So that means about $250 billion is taxes; 30 percent of $250 billion is $75 billion.

SENIOR ADMINISTRATION OFFICIAL: I really have to -- it's not a long wait until tomorrow, and I really was supposed to stay on this. We have 70 percent, as he said, 70 percent of all of the revenue raised comes on those over $100,000. When you see the distribution tables tomorrow, you will be very, very impressed by the progressivity of our package.

Q Are you talking about family incomes, and is that $100,000 adjusted gross or taxable income? What are you basing --

SENIOR ADMINISTRATION OFFICIAL: It is the standard number the Treasury uses for the distribution.

Q Right -- which is what?

SENIOR ADMINISTRATION OFFICIAL: They count families, though in their estimate a family can sometimes be some person, is my understanding.

Q And it's adjusted gross income or is it taxable income?

SENIOR ADMINISTRATION OFFICIAL: I think you'll have to get the exact numbers from them at the Treasury briefing. They're having a special Treasury briefing just to go through the technical parts.

Q That's not until tomorrow, and the President said this last night. So what's in the baseline?

SENIOR ADMINISTRATION OFFICIAL: I understand, but I was asked to do this for a very specific reason. I am not the spokesperson for the administration; George is. And you had a briefing with him. And this is what I'm here for.

Q Could you go over what went into -- what components account for the $106 billion increase from your number until now?

SENIOR ADMINISTRATION OFFICIAL: When you're moving into recovery, this is an exceptionally weak recovery, so I think you had a combination of more pessimistic growth estimates. I think you had -- worse numbers came because of a failure to deal more immediately with the S&L issues.

The immediate -- the initial CBO baseline that we had when we did our plan was going down; in fact, it was going from about $290 billion to $189 billion by '97. Part of the reason was higher growth. Another reason was the assumption that you would be buying up RTC assets, and then as you sold them off, you'd have more revenue come in. If you delay buying them up, then that flattens out the deficit number because you have to do more of it later on.

Just to point something out -- and I'm not going to give you the exact number on our deficit reduction package -- but if you look at what we thought the baseline was when we did our plan, which was about $189 billion, then you can see that really our deficit reduction package is in many ways far more ambitious than was ever talked about during the campaign, because this would -- if the numbers were the same and we had the same deficit package, it would have brought the deficit well under $100 billion by the fourth year out.

So what we really are talking about is an extremely ambitious plan that goes far beyond what really we called for in the campaign when you take into account where the baseline was. And what we have done is essentially try to get the same amount, even though we don't have the help of a declining baseline.

Q What then will be -- if your plan is passed, how much will you reduce the deficit by in Fiscal '97?

SENIOR ADMINISTRATION OFFICIAL: Find out tomorrow.

Q You said it would be down to under $100 billion given the old numbers.

SENIOR ADMINISTRATION OFFICIAL: What I'm saying is it was $189 billion. If you reduce the deficit $100 billion from $189 billion, that itself would take it down to $89 billion. If it's $120 billion or $130 billion or $140 billion or $150 billion, it would bring it down farther.

So what I'm saying is that if we had this baseline, if we were still dealing with the same baseline, our deficit reduction package would be bringing down the deficit quite an exceptional -- to an exceptionally low number.

Q Obviously, this changes a great deal these projections. What did you say was the plus and minus of this? What are the odds that you're within -- I mean, is there a plus or minus 25 percent that you're likely to be right?

SENIOR ADMINISTRATION OFFICIAL: Let me go to the second part, because I think this is very important. We are -- through the budget that will be presented tomorrow night, we truly aim to usher in what we feel will be a new era of integrity in dealing with the budget. And we are going to tremendous lengths to do so.

For example, what we have chosen to do -- and this is such a reversal of anything ever seen in the Reagan-Bush years -- is we are looking at the blue-chip numbers, what our Council of Economic Advisers growth numbers were, and the CBO numbers. And we made a decision that we would choose the most conservative of numbers. And if you look down there, the CBO number is quite significantly more pessimistic than either estimated by our Council of Economic Advisers or the blue-chip.

If you look at 1993, the CEA and the blue-chip, which just turned out to be nearly identical, is .3 percent higher growth, it's .3 percent higher growth in '94; and in 1995, '96, it is .1 percent better, but then is an additional .3 percent lower in 1997.

So unlike the Bush-Reagan eras, where every budget was presented with rosey scenarios, where the effort was to look for the most conceivably optimistic growth numbers you could find, we are trying to turn that around, and instead use the most conservative numbers. So we are going to use the CBO numbers instead of the CEA numbers because we want to make so clear to the American people that this is the end of black boxes, it is the end of rosey scenarios, it is the end of budget gimmicks. We have made our challenge to increase investment and to reduce the deficit significantly harder by doing this. There are some estimates that if we had taken the more optimistic deficit numbers -- growth numbers, that the deficit could have been as high as $40 billion lower by Fiscal Year '97.

So in answer to your question, one of the ways you can get more solid budget numbers and have a more solid probability that you're going to meet what you say is to put an end to what we've seen in the last 12 years and recognize that things often turn out to be worse and take the most conservative scenario.

I don't think that this has ever been done before. And it is a radical departure from the type of budget gimmickry that you've seen over the last 12 years.

Q Can I ask one technical question on that? When you day CEA blue-chip, that's Bush's CEA, not --

SENIOR ADMINISTRATION OFFICIAL: No, that's our CEA.

Q That's your CEA?

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- your own numbers?

SENIOR ADMINISTRATION OFFICIAL: No, we have chosen to use the most -- what we decided was, because we were so serious about this, was that we decided we would use the most conservative growth numbers.

Q Would that $40 billion higher budget figure have come from the CEA blue figures or from some other more optimistic estimate?

SENIOR ADMINISTRATION OFFICIAL: The CEA? The CEA number, to the bragging rights of my colleagues -- they just happen to come out the same.

Q You're saying the $40 billion -- if you used the CEA figures, the budget would actually be $40 billion lower in Fiscal '97?

SENIOR ADMINISTRATION OFFICIAL: I'll be able to get you the exact number, but I believe it is as high as $40 billion lower, had we used the more optimistic growth numbers. And we will probably talk about that, but we're very, very serious about putting an end to this.

Q Can you explain then, if you're using the CBO figures again, why is it that your Fiscal '97 number is $27 billion worse than the CBO's projected Fiscal '97 number for the deficit? The difference between the $319 billion and the $346 billion.

SENIOR ADMINISTRATION OFFICIAL: Because the only way we could do our own numbers on the revenue side was to use the Treasury's revenue estimates. There are -- I mean, it is --

Q You're projecting more revenue shortfall than they are, under current -- if nothing has changed?

Q Are you saying that you're raising taxes on the American people by at least $40 billion more just so that you can use the most pessimistic numbers? I mean, isn't that what you're saying?

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SENIOR ADMINISTRATION OFFICIAL: No, no.

Q In order to gain --

SENIOR ADMINISTRATION OFFICIAL: Because -- well, that's just -- I mean, that is really turning around what would be hard to see as anything but a positive new change. The fact is, anybody in this room who has covered the budget at all for the last 10 years knows what happens: The budget deficit numbers always get worse. They change. And they always change in one direction. So using the most conservative numbers is a way of sending a strong signal to the whole financial market and to the American people that you are serious, that you plan to -- that you are making a serious effort. It is that kind of integrity that will bring interest rates down; it will make it easier for small businesses to borrow; it will make it easier for middle class families to borrow for homes and to send their kids to college.

Also -- also -- you said, you're making it $40 billion as if it wouldn't be a good thing to bring the deficit down further. Most people think it would be a good thing to bring the deficit down further.

Q When was the decision made to use the most conservative numbers? And if you wanted to be as conservative as you say you want to be now, why didn't you use those conservative numbers when you were drafting the plan back in March of '92?

SENIOR ADMINISTRATION OFFICIAL: During the campaign, we did something unprecedented: We put out an entire budget document in the middle of the campaign. I worked on the campaign in '88. There were no numbers in '88. There were no specific numbers from the Bush campaign in '92. I think that in light of the type of budgetary numbers that are put out during a campaign, what we put out in Putting People First was far more specific than anything that had been put out in the past.

But we have decided in this context, as we are governing, that we need to go the extra mile to regain the confidence of the American people; that the era of budget gimmickry and rosy scenarios is over. I mean, it has been 12 years of every single thing coming from the OMB being dealt -- from the magic asterisk to the mandatory caps, every single thing that has come from them has been a gimmick in one way or another. You are not going to turn around the way we do business in government without a serious effort.

The other thing you will see in our budget tomorrow is, it will be -- or when the full plan is given -- I don't know whether it's Wednesday night or Thursday -- but you will see that it is line-by-line, it is not 10 percent of discretionary programs. It is line-by-line. We mention every specific cut, how much in each year.

As I said, I think that we were elected to bring about change. Part of that change is the way government does business. And we have done everything in the first 26 days possible, from cutting waste and perks in the White House staff. But I think this is important as anything, because this is regaining the confidence of the American people, that the administration, the people they elected to the White House are shooting straight with them.

Q This is more of a plea to you. If you want to get across that you're being honest in budgeting, there are now a series of numbers out there that are going to last through an entire news cycle: the number $100,000; the number $140,000; the number $250,000 -- that are ill interpreted and you're going to leave the news corps to interpret it in all sorts of ways. If you look at the wires today you'll find that. If you look at the way the market is behaving today, you'll see that. Can you do anything for us to interpret those numbers so it doesn't cloud your message tomorrow -- the message you just presented?

SENIOR ADMINISTRATION OFFICIAL: As we said during the campaign, we are raising the -- we're adding a fourth rate for very upper-income Americans. During the campaign, it is essentially the same proposal. If there was any confusion that we were lowering that to $100,000, that is incorrect. It is essentially the same. It may be slightly lower, it may be $180,000 to $200,000, around $140,000 for singles. But it is essentially the same proposal.

Q On taxable incomes or adjusted gross incomes?

SENIOR ADMINISTRATION OFFICIAL: That is the adjusted gross income, which is what we spoke of during the campaign.

Q And for the surtax, will the -- that will be changed?

SENIOR ADMINISTRATION OFFICIAL: You'll have to find out tomorrow.

Q Maybe I missed something, but I still can't figure out where you get the $346 billion number which you're presenting as your number, because as you've already pointed out, it's not the CBO's number, and the numbers on the top don't add up to it either.

SENIOR ADMINISTRATION OFFICIAL: We used the CBO growth numbers, and that is what affects. It is by increasing your growth estimate that you can make your life easier in bringing down the deficit without having to make tough cuts. But we used the Treasury Department's revenue estimates.

It's a very technical game. And so, yes, it turns out that our Treasury had slightly more conservative estimates.

Q Isn't it true that the biggest difference is that CBO is going by the 1990 budget law -- capping spending in 1994 and 1995 as in the 1990 budget law; and you have chosen to use a different baseline that doesn't apply to those caps, because those cuts weren't identical?

SENIOR ADMINISTRATION OFFICIAL: And you understand that that's a more honest presentation. I will make sure that Leon tomorrow explains exactly -- just what he is saying -- if the CBO assumes caps, they assume certain choices are made. That is, in a sense, cheating a little bit for us, because it is taking the number down without making specific choices. We use more the uncapped discretionary baseline. And then anything that we reduce on it reflects a specific cut in a program or a specific cut in a tax expenditure.

Q On the CBO numbers, are you using them for 1995 and '96, even though they're more optimistic than the CEA numbers for those years? Or are you going with the more conservative for each year?

SENIOR ADMINISTRATION OFFICIAL: No, we're using the CBO numbers.

Q Even though they're more optimistic in '95 and '96?

SENIOR ADMINISTRATION OFFICIAL: You can't -- once you use their assumptions on that, you have to stay with their assumptions. It is more conservative overall, and that affects your cumulative deficit, too. If it's more optimistic in the earlier years, that brings the deficit down.

Q And what other estimates -- I mean, what other assumptions are built into that $346 billion figure?

SENIOR ADMINISTRATION OFFICIAL: I'm sorry. I don't --

Q What other assumptions are you making to get to your $346 billion deficit projection?

SENIOR ADMINISTRATION OFFICIAL: As I say, it is essentially using the CBO growth numbers with slightly less reliance on discretionary caps and more conservative revenue estimates from our Treasury Department.

Q How about other economic assumptions? Are you also using -- like interest rate assumptions and unemployment assumptions -- are you using CBO?

SENIOR ADMINISTRATION OFFICIAL: We're using the CBO numbers.

Q -- you're basing this on? You've got $346 billion as your FY '97 baseline. But what are your numbers for '95 and '96? '94?

SENIOR ADMINISTRATION OFFICIAL: We'll release them tomorrow.

Q Are they higher or lower than $346 billion? Are you projecting a steadily increasing deficit as the baseline, or are you projecting a deficit that goes up and then comes back down? What's the path of this thing?

SENIOR ADMINISTRATION OFFICIAL: The baseline generally trends up. It takes a fairly big hike up in '97.

Q Just to make it legal, your $346 billion assumption does assume a repeal of the Budget Act's magic caps, as you may call them. Anyway, the indefinite, but the caps are built into current statute. So that's why I think the CBO made those estimates, because it assumed that the present law would remain in force and therefore you come out with certain caps on overall on discretionary spending. You are assuming the repeal of the budget deal --

SENIOR ADMINISTRATION OFFICIAL: No, no.

Q -- to make your $346 billion. Is that not correct?

SENIOR ADMINISTRATION OFFICIAL: No, that is completely incorrect. That's completely incorrect.

Q Why is it incorrect?

SENIOR ADMINISTRATION OFFICIAL: First of all, first of all, first of all, we're going to have a briefing with the CBO Director tomorrow and you will have more than enough chance to be there. He will have his technical experts with him. But when you are doing -- and the truth is, I do not know exactly how much the caps affect it, and I will find out for you. And I will make sure that Leon presents it tomorrow.

But just conceptually so you understand, if a cap brought a number from $290 billion -- $300 billion to $290 billion, the assumption that Congress will cut $10 billion more out -- to use a cap gives you $10 billion for free. To use an uncapped baseline when you're doing your deficit is more honest because it doesn't -- because it makes sure that every dollar that it's coming down is because of a cut and not because of some assumption that you will stay by certain guidelines.

Q Is it not an arbitrary assumption, however -- just if I could follow -- the assumption is built into the budget law as it now stands in the United States Congress and applied on the Clinton administration. So in order to --

SENIOR ADMINISTRATION OFFICIAL: That is just incorrect. No --

Q Discretionary spending is capped.

SENIOR ADMINISTRATION OFFICIAL: That has nothing to do with how you put in an honest baseline. And as I said -- I'm going to repeat this -- I do not know the degree that differences in the cap versus uncapped baseline affect this number and I will make sure Leon Panetta presents it to you. But I still want to make clear why what you are saying is incorrect.

If somebody says under the budget rules you have to cut spending by $300 billion as part of the rule -- by 10 percent as part of the rules and you have $100 billion. If you then say, well, that's the cap, so therefore it's $90 billion, well, where did that $10 billion come from? How did you get it cut down? Congress had to --and the President -- had to cut $10 billion. So if you start at $90 billion that's not saying what cuts you made to stay under the cap. So using an uncapped baseline is the honest way to do it to make sure every dollar is coming down. In essence, what it's doing is it's telling you exactly what cuts you do to reach your caps and then the cuts you do to go down below it.

Q Are you using the uncapped CBO baseline all the way through?

SENIOR ADMINISTRATION OFFICIAL: I really -- I've said this five times. I'll say it again: I do not know how much the difference between capped and uncapped affect these numbers because the Budget Act runs out in a couple of years and this goes on. But as I have said several times, I will make sure that Leon Panetta addresses this right up front in our briefing tomorrow.

MS. MYERS: Thank you.

END 4:04 P.M. EST