

Week Ending Friday, February 9, 2001

The President's Radio Address

February 3, 2001

Good morning. This coming week I will send to Congress my tax relief plan. It is broad and responsible. It will help our economy, and it is the right thing to do.

Today, many Americans are feeling squeezed. They work 40, 50, 60 hours a week and still have trouble paying the electric bill and the grocery bill at the same time. At the end of a long week, they collect their paycheck, and what the Federal Government takes is often unfair.

Picture a diner in one of our cities. At the table is a lawyer with two children. She earns \$250,000 a year. Carrying her coffee and toast is a waitress who has two children of her own. She earns \$25,000 a year. If both the lawyer and the waitress get a raise, it is the waitress who winds up paying a higher marginal tax rate. She will give back almost half of every extra dollar she earns to the Government.

Both of these women, the lawyer and the waitress, deserve a tax cut. Under my plan, both of these women and all Americans who pay taxes will get one. For the waitress, our plan will wipe out her income tax bill entirely.

My plan does some important things for America. It reduces taxes for everyone who pays taxes. It lowers the lowest income tax rate from 15 percent to 10 percent. It cuts the highest rate to 33 percent, because I believe no one should pay more than a third of their income to the Federal Government. The average family of four will get about \$1,600 of their own money returned back to them.

There's a lot of talk in Washington about paying down the national debt, and that's good, and that's important. And my budget will do that. But American families have debts to pay, as well. A tax cut now will stimulate our economy and create jobs.

The economic news these days is troubling—rising energy prices, layoffs, falling consumer confidence. This is not a time for Government to be taking more money than it needs away from the people who buy goods and create jobs.

My plan will keep all Social Security money in the Social Security System, where it belongs. We will eliminate the death tax, saving family farms and family-owned businesses. We'll reduce the maximum rate on small business income to 33 percent, so they can help create the jobs we need. Above all, my plan unlocks the door to the middle class for millions of hard-working Americans.

The country has prospered mightily over the past 20 years. But a lot of people feel as if they have been looking through the window at somebody else's party. It is time to fling those doors and windows open and invite everybody in. It is time to reward the work of people trying to enter the middle class and put some more money in their pockets at a time when they need it.

My tax reduction plan does all these things, and I hope you'll support it.

Thank you for listening.

NOTE: The address was recorded at 8:30 a.m. on February 2 in the Oval Office at the White House, for broadcast at 10:06 a.m. on February 3. The transcript was made available by the Office of the Press Secretary on February 2 but was embargoed for release until the broadcast.

Remarks Announcing the Tax Cut Plan and an Exchange With Reporters

February 5, 2001

The President. Good morning. I want to thank the families for being my guests here at the White House. I'm honored to host the Peterson family, the Claytor family, and the Gordon family, to talk about the economic challenges they face. Their circumstances are

different, but I strongly believe they deserve to keep more of their own money, and so does every family in America, deserve to keep their own money.

And we're talking to these families here—I think they like the idea. Despite the prosperity of the past two decades, many American families feel squeezed. They sometimes carry a lot of consumer debt. In 1998 the average family credit card debt was more than \$4,000. At the same time, every American family is facing higher energy costs.

Under the plan I'll be sending to Congress later this week, every American who pays income taxes will get tax relief. And the average relief for a family of four with two children will be \$1,600. This is real and practical help, when at this time many Americans need it. Sixteen hundred dollars will pay the average mortgage for a month. Sixteen hundred dollars will pay for a year's tuition at a community college. Sixteen hundred dollars will pay the average gasoline costs for two cars for a year. And \$1,600 will buy the average California family 24 months' worth of electric power.

My plan addresses the struggles of American families and respects their judgment. It doesn't tell families how to spend their money. It doesn't single out some Americans for relief, while leaving others out. It's tax relief for everybody who pays taxes. That's what the times and basic fairness demand.

Here's how it will work. Under the existing law, Americans are grouped in five income tax brackets: 15 percent, 28 percent, 31 percent, 36 percent, and nearly 40 percent. My plan would reduce that to four lower brackets: 10 percent, 15 percent, 25 percent, and 33 percent. In other words, we'd begin the simplification of the code.

Each of the families with me today would benefit from these lower taxes. Most families will get a \$1,000-per-child tax credit. Everybody who pays income taxes will get some relief, but the biggest percentage cuts will go to the families who need it most.

The Peterson family, for example, will get a 100 percent cut in their income taxes, saving almost \$1,100 a year. Paul and Debbie and their two beautiful girls would appreciate that. All of the income tax rates should be cut. Most families over a lifetime will move

through a couple of different tax brackets. Many families will move through all four as they move up the ladder of economic success and then back down as they retire and leave the work force.

Our tax code should not punish success at any stage of life. The top Federal income tax rate at almost 40 percent, and the State income taxes on top of that, people can sometimes feel like the junior partner in their own lives. That's why we set the top rate at 33 percent. I believe it's an important principle that no American should pay more than a third of his or her income to the Federal Government in Federal taxes.

And Government shouldn't block the way into the middle class for hard-working people who are trying to get there. The single mother earning \$25,000 a year manages to earn \$1,000 by getting a promotion; the Federal Government takes about half of it away from her. That's a higher marginal tax rate than a lawyer earning \$250,000. That's not right, and that's wrong. And my plan addresses this inequity.

This is my approach: tax relief for everybody, in every bracket, averaging \$1,600 per family, while still reducing our national debt and funding important priorities.

I'm asking all Americans to examine this plan, and I'm asking for your support. The Constitution charges the Congress with the responsibility to write our tax laws. And I respect that responsibility. But it is my obligation to lead, and that's what I'm going to do. My plan is good for the long-term health of our economy. It is good for the businesses that create jobs. It is good for America and for the American families that make our country so unique and strong.

Thank you for coming.

Retroactive Tax Cut

Q. Mr. President, do you think the tax cut should be retroactive to the first of the year?

The President. A lot of Members of Congress have talked to me about that. And I do. And we look forward to working with Congress to expedite money into the pockets of the American people. I strongly believe that a tax relief plan is an important part of helping our country's economy recover. And

I think expediting money into peoples' pockets is going to be a key ingredient. I look forward to working with Congress, Members of both parties, to accommodate the budgetary needs and, at the same time, help get money into peoples' pockets quicker.

Tax Plan Structure

Q. Mr. President, Democrats in Congress think that this plan, as it's structured now, is weighted too heavily to the higher income brackets. Are you willing to work with them to perhaps change the ratios a little bit, if that's what it takes to get their support?

The President. I believe the plan, strongly believe the plan that I have submitted is structured the right way. I've heard all the talk about class warfare and this only benefiting the rich. I think when people take a good, hard look at the rate reduction and who benefits and the fact that our plan erases inequities in the tax code or eases inequities in the tax code and that the biggest—the bottom end of the economic ladder receives the biggest percentage cuts, people will come to realize it. I think it's important to cut all tax rates. Yes.

Enhancing Taxpayers' Cash Flow

Q. Mr. President, in addition to making the tax cut retroactive, your economic adviser said yesterday you would also support bringing more of the benefits forward to the first year of the plan. Is that correct?

The President. What I'm referring to is enhancing the cash flow of the taxpayer as quickly as possible, and that's what we're going to work on. I also saw some comments which I thought made a lot of sense, that some in Congress view this as an opportunity to load up the tax relief plan with their own vision of tax relief. I want the Members of Congress and the American people to hear loud and clear: This is the right size plan; it is the right approach; and I'm going to defend it mightily.

Top Tax Bracket

Q. There is no family, sir, representing the last tax bracket, the bracket that would get the highest dollar return. Why is that?

The President. Well, I beg your pardon, I'm representing—[laughter]—I got a little

pay raise coming to Washington from Austin. I'll be in the top bracket. [Laughter]

Former President Clinton

Q. Mr. President, on another note, sir? It appears the Clintons may have taken some gifts that were actually given to the White House. Do you feel that they should return any of these gifts?

The President. It's important for all the facts to be laid out on the table, and I'm confident that the President—the former President and First Lady will make the right decision.

Thank you all.

NOTE: The President spoke at 10:18 a.m. in the Diplomatic Room at the White House.

Remarks at the Swearing-In Ceremony for Donald Louis Evans as Secretary of Commerce

February 5, 2001

Thank you, Mr. Vice President. It's great to be here with Members of the Congress. Thank you all for coming. Senator, thank you, sir. Two members of the Texas delegation are here, and we appreciate it very much for coming.

I want to thank you all for giving the Vice President and me a chance to come and see the swearing in of a really good man, who married, by the way, a person with whom I went to first through seventh grade—[laughter]—with at Sam Houston Elementary School in Midland, Texas, and San Jacinto Junior High. And when we were on safety patrol—[laughter]—little did she ever imagine I'd be President. [Laughter]

I want to thank all the good folks who work in this Department. You don't know Don yet, but you're going to love him like I do. I also want to thank you for your service to the country. I appreciate your hard work on behalf of America and the American citizens.

Don has taken an oath to serve this country, and I know he'll be true to that oath in every way, because in 25 years, I have never known him to break his word or forget a promise. Don's the kind of man you can trust without reservation and turn to without