

# [***Raise Taxes on the Rich?; New York City Beefs Up Subway Security; Interview With Rep. Tony Gonzales (R-TX); Interview With Former U.S. Secretary of Defense Leon Panetta; President Biden Set to Deliver State of the Union Address***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BH2-KDD1-F072-X0X7-00000-00&context=1516831)

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**Body**

NEIL CAVUTO, FOX NEWS ANCHOR: All right, you didn't hear this from me, because I don't know if you have heard it before in this network, but the State of the Union address is tonight.

And all eyes are on the president of the United States under enormous pressure to address an enormous number of items that we have been getting into all day on this fine network. What's at stake for him from maybe the most influential player, Leon Panetta, if you think about it, and his advisory role in so many capacities to Bill Clinton?

It was a certain speech he gave in the middle of the whole Monica Lewinsky scandal that changed his fortunes maybe forever. That was then, exploring what we can learn or what a Democrat can learn from another popular Democrat who looked like he was in deep trouble and was able to turn it around with one big speech. That was then.

We will get into it in a little bit.

First to Peter Doocy at the White House and what we're in store for, -- Peter.

PETER DOOCY, FOX NEWS WHITE HOUSE CORRESPONDENT: And, Neil, what we think is in store is a president who is going to step up to the microphone tonight and basically say that Republicans are a party that are jeopardizing reproductive rights.

(BEGIN VIDEO CLIP)

KARINE JEAN-PIERRE, WHITE HOUSE PRESS SECRETARY: The radical, extreme bills that we're seeing on abortion, on IVF, you're going to hear the president be very loud and clear about that.

(END VIDEO CLIP)

DOOCY: President Biden is expected to boast of jobs created since taking office and expanded access to health insurance, but he will not announce new executive actions to address the border.

Instead, he is going to blame Republicans for blowing up a bipartisan border deal. There is going to be an announcement about a new port in Gaza to help Palestinians get aid in easier. And officials seem to know that topic, the Israel-Hamas war, could lead to an interruption from the left.

(BEGIN VIDEO CLIP)

TOM PEREZ, SENIOR ADVISER TO PRESIDENT BIDEN: Last year, in real time, he schooled the Republicans who were talking about Medicare and Social Security and made sure they committed to taking that off the table. That's the kind of energy you saw last year. That's the kind of energy I see every day when I'm working with the president. And that's what you will see tonight.

(END VIDEO CLIP)

DOOCY: And we know a little bit more about what President Biden was doing at Camp David for a long weekend while he was prepping for this speech.

He was getting advice about the State of the Union from a bunch of people who have played presidents on TV.

(BEGIN VIDEO CLIP)

GEENA DAVIS, ACTRESS: I do feel I should just point out one thing it always bears remembering. There's no crying in ***politics***.

JOE BIDEN, PRESIDENT OF THE UNITED STATES: Well, what I hope is, my ***politics*** doesn't make anybody else cry.

(END VIDEO CLIP)

DOOCY: Yes.

And officials here say they think President Biden has got a good story to tell, but they are already tempering expectations about the ratings, preemptively blaming a fractured communications landscape -- Neil.

CAVUTO: OK, I will work with that one.

Peter, thank you very much.

Peter Doocy at the White House.

Want to go to Leon Panetta, the aforementioned former White House chief of staff, former U.S. defense secretary, CIA director.

Leon, always good to see you.

You're very good. And when you came in to help Bill Clinton as chief of staff, I mean, it was all about sticking to messaging and all of that. What was incredible there is that Bill Clinton took a lot of your advice, no ripping to you, but to focus.

And this president, the rap is that he's not focused, that he's got to get very focused tonight. What do you think?

LEON PANETTA, FORMER U.S. SECRETARY OF DEFENSE: Well, I don't think there's any question that the most important thing, Neil, is that he has to be himself.

He can't try to be somebody he's not. So, being comfortable in your own shoes is very important to the ability to convey confidence and a sense that you're in control. So that's going to be a big test of whether or not he can tell the largest TV audience he's going to be dealing with in quite a while that his experience, his maturity, his ability to deal with issues is an asset, not a liability.

CAVUTO: You know, it used to be if you talk to someone with about 50 years of a season politician, people say, well, that's incredible. Now it's more of an albatross. Everyone raps him for showing his age and all of that.

So all it takes is a stumble or garbled words and you're in trouble. If that were the case with me, I'd have lost my job a long time ago. But my point is, does that get extra scrutiny tonight? And how does he overcome that?

PANETTA: Yes, there's no question.

I kind of think about flying a lot, as I have over the years, and I'm sure you have flown as well. I draw some comfort when I see a pilot with white hair...

(LAUGHTER)

PANETTA: ... because I know that he's got experience in flying an airplane.

And I think Joe Biden has to convey that same sense tonight, because he's got to show that he is in control, that he knows what's needed by this country. But, more importantly, the other piece of this, Neil, is that he's got to present a vision about where he wants to take the country and how that vision contrasts with Trump.

It can't just be about the things he's already done for you. That's not working very well. He's got to really present a vision about where he wants to bring the country in these next four years.

CAVUTO: Well, bottom line, he's had white hair for a long time. He's got record low poll numbers, so we might have to dismiss the whole white hair thing.

But, as I said, you worked for Bill Clinton, who was a master communicator. Say what you will of him, he was just a gifted politician. And I thought back to the time in 1998 when he was preparing his own State of the Union address. That was when the whole Monica Lewinsky scandal had just exploded on the scene.

He really had to deliver a home run. Turns out that he did. He outlined everything clearly, succinctly, to the point. And, in fact, overnight, his popularity soared 10 points. This was the reason. A lot of people point to this speech. Take a look.

(BEGIN VIDEO CLIP)

BILL CLINTON, FORMER PRESIDENT OF THE UNITED STATES: Because of the hard work and high purpose of the American people, these are good times for America. We have more than 14 million new jobs, the lowest unemployment in 24 years, the lowest co-inflation in 30 years. Incomes are rising, and we have the highest homeownership in history.

Crime has dropped for a record five years in a row, and the welfare rolls are at their lowest levels in 27 years. Our leadership in the world is unrivaled. Ladies and gentlemen, the state of our union is strong.

(CHEERING AND APPLAUSE)

(END VIDEO CLIP)

CAVUTO: Now, I don't even know, in this day and age, with so many competitive entertainment sources and ways for people to look at events that aren't necessarily in the well of the United States House of Representatives, where any president can do that the way Bill Clinton could back in that day and age.

But he has got to deliver a big speech. Bill Clinton did at that moment, at that time. Ronald Reagan did after his assassination attempt. But they're few and hard to come by, aren't they?

PANETTA: Oh, there's no question.

Look, the most important quality that Ronald Reagan had and the most important quality that Bill Clinton had was that they could reach out and talk to the average American. They could communicate to the average American about what they wanted for this country.

And in a real sense, we're now dealing with two candidates who are not very popular with the American people. And so the real challenge is going to be, which of those candidates is going to be able to reach out and touch the American people and expand their base?

I mean, in this case, it's who's going to be able to go after Nikki Haley supporters? Who's going to be able to go after independents? Who's going to be able to consolidate women and minorities? That's really what's going to determine ultimately what happens this year.

And that is by no means predictable at this point, but that's going to be the challenge for both Biden and for Trump.

CAVUTO: You know, if you have to work hard to convince the American people that the economy is sound, and a healthy majority of them don't feel the same way, and even those who are seeing better sentiment figures and the like are not crediting the president, that's a tough sell.

PANETTA: Well, that's why I think Joe Biden has to talk about where he wants the economy to go and that we can develop an economy...

CAVUTO: You don't think it's too late for that? If people feel...

PANETTA: No.

CAVUTO: ... for whatever improvement we have seen, Leon, that they don't feel it, that -- and you're outlining where I want it to go, and I have got 10 months to make my case, nine months, wouldn't it be too late for that?

PANETTA: Well, I mean, there's a couple things going for him.

Number one, actually, the economy is doing pretty well underneath. I mean, the basic principles of this economy are doing well. If you ask the average businessman, they're feeling pretty good about where they're going.

CAVUTO: No, I agree with you. The numbers bear that out. The numbers bear that out, but, again, as I said, that people certainly aren't feeling it. And he's running out of time to get them to feel it.

PANETTA: No, no, I hear what you're saying.

CAVUTO: Yes.

PANETTA: But better to have the economy in better shape than having it really go sour on you.

Secondly, I really think there's an opportunity here to talk about kind of an economy in renaissance. We have got technologies that are being developed. We have got artificial intelligence. I think the president can talk about the benefits of that. Frankly, we can make government a hell of a lot more efficient than it is today using that kind of technology and, in addition to that, provide the jobs that are going to be important for the future.

I think he's got to present kind of that approach about where we need to go. And, frankly, that contrasts with Trump. Trump complains about what's happening in America today, complains about the economy, but I don't see him talking a lot about where he wants this economy to go and how it's really going to benefit Americans.

That's a good contrast to work from.

CAVUTO: Yes, I don't know if the contrast is all that appealing, though, when you have a president who's going to likely be blaming companies and fat cat billionaires who he wants to hike their taxes, the shrinkflation stuff with the Cookie Monster and fewer cookies.

I just don't know if that's going to fly with people.

PANETTA: Yes, no, look, I don't think he ought to be blaming people. I think he ought to be talking about how government and the business community can work together to try to improve our economy.

That's the only way we're going to deal with technology. It's the only way we're going to deal with cyber problems.

CAVUTO: Yes.

PANETTA: It's the only way we're going to deal, frankly, with making America strong again is to have that partnership.

Bill Clinton was good at that. Ronald Reagan was good at that. I think Biden has to find that groove where he can say, let's let government and the private sector work together to try to build a better economy.

CAVUTO: All right, we will see what happens, see if the president took any of your advice. He's copiously, no doubt, writing it down as he's watching our show.

(LAUGHTER)

CAVUTO: Leon Panetta, it's always good seeing you, my friend. Thank you very much.

All right, this is one thing the president might want to crow about. I don't know if he crows too much about the markets, but they're going the right way right now, the S&P 500 at a record, the Dow surging along, the Nasdaq doing quite well.

A lot of this, of course, Jerome Powell, the Federal Reserve chairman, up on Capitol Hill today to echo kind of what he was telling House Financial Services Committee yesterday, now to the Senate side today, that things are looking up, that inflation looks to be under control, and that rates will come down this year.

He didn't exactly telegraph sort of an exact month and time, but for some who had feared that maybe that wasn't imminent or maybe be off the deck of the planned events this year, he did hold out the possibility that it's still on for this year. A cut in rates is still on. And, of course, Wall Street loved all of that.

Well, we know in the meantime that a lot is at stake for the president tonight, and a lot of Republicans have ideas about what's at stake tonight. For them, it's not necessarily about the economy. It's about the border.

Aishah Hasnie with more on that -- Aishah.

AISHAH HASNIE, FOX NEWS CORRESPONDENT: Hey, Neil, you're absolutely right.

Whether the president likes it or not, House Democrats -- or House Republicans, rather, will bring the border battle to the State of the Union tonight, and that could include a congresswoman screaming "Liar" once again.

More on that next.

(COMMERCIAL BREAK)

(BEGIN VIDEO CLIP)

REP. CHIP ROY (R-TX): You will not hear him talking about Laken Riley.

You will not hear him talk about their lives. You will not hear him talking about the 2-year-old who was killed in Montgomery County right outside of D.C. or the young lady who was raped in Louisiana by someone who was here illegally.

REP. NICOLE MALLIOTAKIS (R-NY): I'm bringing NYPD Lieutenant Ben Kurian, who was one of the officers attacked by the individuals who are being kept in New York City at one of these migrant hotels to bring attention to how this border policy of our president is affecting cities like mine.

(END VIDEO CLIP)

CAVUTO: So, what are the odds that the president addresses this border issue as aggressively as some of these Republicans hope? The reading that we're getting is, he's going to point the finger right back at them.

Aishah Hasnie has more from Capitol Hill.

Hey, Aishah.

HASNIE: Hey, Neil.

Well, you're hearing in the voices of those lawmakers that there's a lot of bent-up frustration and tension and it might spill over inside the chamber tonight. Congresswoman Marjorie Taylor Greene already indicating to FOX it there might be a repeat of last year when she in the middle of President Biden's remarks screamed "Liar."

Watch this.

(BEGIN VIDEO CLIP)

REP. MARJORIE TAYLOR GREENE (R-GA): Here's here's what's inappropriate, $34 trillion in debt.

You know what else is inappropriate? Laken Riley was murdered. I will argue that decorum has been destroyed here in Washington, D.C., and in Congress. So I think calling out the president if he's lying to the American people is completely appropriate.

(END VIDEO CLIP)

HASNIE: OK, we will all be watching for that.

Meantime, Republicans just sent a pretty bold message to President Biden by convincing 37 Democrats, Neil, to pass the Laken Riley Act. Had this law been in effect, 22-year-old Laken Riley's alleged murderer would have been picked up by ICE after that shoplifting charge in Georgia.

Here's progressive Ro Khanna, though, on why he voted no.

(BEGIN VIDEO CLIP)

REP. RO KHANNA (D-CA): The bill says that if you are arrested that you could be detained indefinitely.

I used to think, John, that in this country we used to have a jury process. You have to go through a process. You have your rights and you decide whether you're convicted or not. To have someone detained without that due process I think is un-American.

(END VIDEO CLIP)

HASNIE: Now, Republicans are trying to pressure Biden to reinstate those Trump era executive orders like remain-in-Mexico.

But the White House says the president will not be announcing any new actions tonight. What you will see, though, is again House Republicans taking a stand by bringing in certain guests, people who have been impacted by illegal immigration, whether it's victims of crimes or even Border Patrol agents. That's how they're going to send a message about their priority -- Neil.

CAVUTO: Got it. Look forward to that, Aishah.

Aishah Hasnie on Capitol Hill.

Congressman Tony Gonzales of Texas kind enough to join us right now.

Congressman, you're prepared for this. The president is ready to blame you, that is, Republicans in the aggregate, for shooting down the first bipartisan attempt to get some order at the border. You say?

REP. TONY GONZALES (R-TX): Thank you for having me, Neil.

I say the Senate could not pass that bill. So to blame someone on a bill that couldn't even make it out of the Senate chambers is nonsense. I will also be very frank. I do not care what Joe Biden has to say. I have given up on Joe Biden.

Joe Biden has lied to me for the last time. When I met with him in Uvalde, I pulled him aside, asked him very respectfully to speak with him on the border, on how we solve this together. He told me he would do that. He lied to my face. Nearly two years later, we have yet to have a conversation.

Whatever the president says, whatever Joe Biden says tonight, his actions do not line up with that -- with those words.

CAVUTO: All right, let's say he does offer some actions, a little late in the eyes of many, and I'm sure including you, including dealing with this amnesty issue and, more to the point, those who seek asylum here.

It might be just tinkering around the edges. We don't know the details. We do know, besides criticizing you guys, Republicans, for not doing enough on this border security bill that just sort of fizzled, he's doing this. What do you say?

GONZALES: Neil, words mean nothing. It's all about actions.

And it's all about showing up. When was the last time Joe Biden showed up to Castroville or Del Rio or Uvalde, for that example? I mean, he does not show up anymore. He -- his words mean nothing. It's all about actions. And the actions of this administration are very clear.

This open border is exactly what they want. They stripped away the Trump policies on day one. They blamed everything on Trump. They blamed everything on everybody else but their own administration. And I have given up on him. I think most of America has given up on him. It's time for a new change. It's time for a -- it's time to have Donald J. Trump back in the White House to secure this border.

CAVUTO: Let me ask you a little bit about the president's approach tonight and Speaker Michael Johnson trying -- insisting and calling apparently you and your Republican colleagues to show some decorum. Don't act up. Don't shout "Liar" or any of this other stuff.

How do you feel about that?

GONZALES: You know, it's a tough time in American ***politics*** right now. I think there used to be a time where we could come together and you could have your differences and you could kind of settle it the right way. It's not that way anymore. It's ugly. It's nasty.

There are no friends in Washington, only enemies. And so -- and I think the American public are tired of the noise. They're tired of words. They want action. They demand action. And I think that's one thing that House Republicans have to realize. Enough with the words. We need to come together.

House Republicans have the majority in the House. It may be a small majority, but we have to start delivering wins, like we did when we passed the Laken Riley Act, and we got to keep pushing this administration to do their job. Never surrender, never give up.

CAVUTO: Congressman, your Texas colleague Chip Roy was not among those who voted actually overwhelmingly for these measures to keep the government open a little bit longer than a day or a week or two at a time.

Looks like it's set to be approved and signed off on by the president. I don't know what you thought of that. He was worried that it sets a continuing, repetitive type of pattern, where you limp along, you avoid a shutdown, you -- but the deficits and the debt pile up and that this was a mistake.

A, were you for what was approved? And do you agree about his longer-term concerns?

GONZALES: You know, Neil, I sit on the Appropriations Committee. And we -- the Appropriations Committee worked extremely hard to get the most conservative bills we possibly could out of that, out of the committee.

And we defunded by the tunes of $977 million DOJ that's been weaponized. We defunded $977 million out of EPA, which has once again been weaponized to attack energy, the energy industry. So, Republicans have to learn to win. They have to learn to take a win when you can get a win, even if it is a small win.

And we also cannot leave our men and women in uniform, whether it's the military, whether it's the Border Patrol agents, whether it's our law enforcement, on the sidelines without giving them the funding they needed. That's why I voted for it.

It's -- we have to continue to fight for conservative wins and take a win when you get a win.

CAVUTO: A lot of your colleagues don't agree without when it comes to the speaker, that he could be dead man walking here. Do you agree with that?

GONZALES: No, Mike Johnson has done a fantastic job. He's a very conservative member. He thinks very highly of the institution. He fights tooth and nail for his principles.

He's never backed down. But let's think about this. We have had shutdowns before. We have had sequestration before. And where has that gotten us? It's gotten us to the $34 trillion in debt. So those things did not work. So don't try the same play and expect a different result.

You want to have the conversation about the outrageous spending? I'm in. I'm all in.

CAVUTO: All right.

GONZALES: Let's sit down and have a real conversation, not fake outrage.

CAVUTO: Congressman Gonzales, always good talking to you. Thank you, sir, very much.

GONZALES: Thank you, Neil.

CAVUTO: All right, in the meantime, this was something that was a little surreal for New Yorkers this morning to be at train stations around the city and see National Guardsmen, yes, National Guardsmen in train stations.

Alexis McAdams, what was that about?

ALEXIS MCADAMS, FOX NEWS CORRESPONDENT: Hey, Neil.

Yes, a lot of people are coming here for their evening commute and seeing the National Guardsmen right behind me, as you can see. These troops are going to be on the ground here at New York City subways, because, hey, people just don't feel safe.

I will have the latest on the plan from New York's governor coming up next.

(COMMERCIAL BREAK)

CAVUTO: Get ready for the president to stick it to corporations and a lot of billionaires who he says are not paying their fair share, so he wants their tax rates raised.

But it got us thinking -- it happens sometimes -- what is fair share?

After this.

(COMMERCIAL BREAK)

CAVUTO: All right, a little surreal day for those who commute by train in New York City seeing National Guardsmen guarding turnstiles and the like.

Might not be the role you typically see a soldier playing, but such is the state of crime in the Big Apple.

Alexis McAdams with more from New York's Penn Station -- Alexis.

MCADAMS: Hey, Neil.

Yes, not your typical morning or evening commute, right, to see the National Guard here on patrol. But when you have subway slashings, when you have people getting pushed on the subway tracks and people getting beat down on the platforms, they need to do something about it. So the New York governor, Kathy Hochul, put this plan into place.

So they're now going to have the National Guard and the New York State Police on patrol. I want to show you here a live look. I'm going to step out of the way. We're going to zoom in here. This is happening at Penn Station. We're at Seventh Avenue and 34th Street. You can take a live look. You can see the National Guard here, some media mixed in, and then also the State Police.

This comes as 750 National Guardsman and 250 New York State Troopers are now being deployed onto the subway systems. That's in addition to the 1,000 NYPD officers that were surged and added into the transit system in February.

Along with the extra manpower, the NYPD officers will conduct random bag checks, which we have seen happening right here at Penn Station. Subway riders we spoke with said safety is a top concern.

(BEGIN VIDEO CLIP)

UNIDENTIFIED MALE: You always got to watch your back, no matter what you do. You got to be aware of what's going on.

(END VIDEO CLIP)

MCADAMS: Now, this new plan by New York Governor Kathy Hochul follows a spike in violent subway crime.

The crimes that you're looking at on your screen all happened recently at subway stations across the Big Apple, and you don't have to look far to see some of this stuff happening. Just from January to February, there were three murders in the subway system, and in January subway crime is up 46 percent compared to last year. That's according to the NYPD data.

(BEGIN VIDEO CLIP)

GOV. KATHY HOCHUL (D-NY): We have had a series of high-profile crimes that have shaken the security of New Yorkers. If people are feeling unsafe and won't come, then I have to do something about it.

(END VIDEO CLIP)

MCADAMS: Now, if you look here, NYPD Chief of Patrol John Chell says transit crime has dropped since adding those officers in February.

And, Neil, he blamed the crimes on repeat offenders. And in this post on X, he wrote: "Hey, I have a solution. Let's try this. When we arrest recidivists, we arraign, indict, prosecute and incarcerate. Let's fix bail reform by eliminating discovery restraints so the DAs can incarcerate recidivists."

Back out here live, another person I talked to today, Neil, was Republican Councilman Joe Borelli. I asked him what he thinks of what's going on here by adding the National Guard and more officers here. He says he thinks it's all big political stunt by New York's governor, saying that she's just doing this because it's an election year and wonders how -- before she said, hey, there's not a lot of crime in the subway.

Now she's adding the National Guard -- Neil.

CAVUTO: You know, so, Alexis, I'm curious. I mean, if you're a National Guardsman, you're down there, I mean, are they then policing people who try to jump the subway turnstiles there? It seems like they were trained for different matters. I'm curious.

MCADAMS: Yes, that is going to be something that they tackle, because the NYPD and the city has said that's a huge issue here. They think it bleeds into other crimes.

So we're going to see exactly what they do. But here, behind me, they're mostly just checking those bags and they have been kind of milling around in here. But as things happen, they're going to be those extra eyes on the ground to stop all the different types of crimes.

CAVUTO: All right. Wild stuff. Wild times.

Thank you, Alexis.

Alexis McAdams in the middle of that near Penn Station.

MCADAMS: Yes.

CAVUTO: All right, in the meantime here, we're taking a look at inflation. It is getting better, but that doesn't mean that the high cost and all the buying associated with it have done for consumers what it's done for Washington.

Everyone is knee-deep in debt and scrambling to find a way out.

(COMMERCIAL BREAK)

CAVUTO: All right, improving, but not totally improved, that's the fact when it comes to inflation. It's well off of the highs that we were reaching back in about, ooh, 15, 16 months ago, when we were averaging about a 9 percent inflation rate. It's down closer to around the 3 percent level.

And to hear Jerome Powell tell it, the trend is our friend. The administration will no doubt be crowing about that tonight, even though it's not the executive branch that can take a bow for the improvement there. What we are stuck with, though, as a result, are a lot of bills to pay and people of all sorts, whether in the Capitol or outside of the United States, running out of capital.

Let's go to Derrick Kinney right now, the personal finance expert, financial coach. He can help us out with this.

Derrick, a lot of people are in a bind. What do you tell them?

DERRICK KINNEY, GOOD MONEY FRAMEWORK: Well, right now, let me be a voice of reason, Neil, and say, look, Neil Cavuto and Derrick Kinney are not going to come to your house and pay off your credit card bills.

If you choose to play, you have got to have a plan to pay, and blaming companies for high prices or inflation is not going to buy you the financial freedom you deserve. You have got to cut back and have a plan right now if you want to have a financial life that you have always wanted.

CAVUTO: Do people buy that sort of stuff? I can understand the urge to do that and say to the president, it's not on me. It's on these unscrupulous companies and what they're doing and the fat cats and all that. I get it. Politicians -- that's what politicians do.

Individuals might do the same kind of thing to say, I need the government to bail me out. I need help here. So we are a nation that does this a lot. How do we break that habit?

KINNEY: Here's my concern tonight, Neil.

If the president goes on national TV and blames other companies for the problems we have in the economy, and doesn't take any inkling of responsibility for it, it's a bad financial narrative that only causes people to say, it's not my fault. I might have given people the credit card, I might have bought the item, but you can't blame me for not paying it back.

What we need now is a financial renaissance of, look, if you want to have the retirement you want, if you want to chase your grandkids on the floor, feel the sand between your toes on the beach in retirement, what you do now, cutting back, taking control of your credit, will catapult you to financial success, but few Americans will do it unless there's a plan that they can really buy into.

CAVUTO: So how do you get them to buy into it?

One of the things that you learn is that, all right, we could sustain all of this spending because there was a time when interest rates were very low, and then we could absorb all of that and through COVID we were very resilient and all that, but now we have run out of wiggle room, right?

KINNEY: Well, we do.

And, Neil, let me say something that may be very, very controversial, and that is budgets are for most people the enemy and not their friend. If I tell the average American, simply live within your budget, but they owe $25,000 on a credit card and they're making $75,000 a year as a family, they cannot live within their budget.

What they have got to do then is evaluate, in their current job, Neil, can they make more money? Can they add to the bottom line? Can they reduce costs? Can they help their company grow? And if so, there's a tangible way and a reason to ask for a raise to make more money, or this may be the perfect chance to get a side gig, launch a side hustle.

So, if your budget isn't your friend right now and not cooperating, it may not be cutting back on your favorite latte that's going to save the day, you may have to make more money to pave the financial way.

CAVUTO: That -- I think a lot of people intrinsically know the money in, money out thing, that if more money is going out than is coming in, you got a problem. They just can't do it.

Obviously, Congress can't do it. So what do you tell them?

KINNEY: Well, right now, I tell them, look, one simple financial step at a time.

And, Neil, here's what I would say. Right now, we have started March. What is one financial move right now that you can make this month, so, within 30 days from now, you feel proud of your progress? It might be I paid down $500 on my credit card or I went to my boss and I said, I have found a way to save us money, make more money and grow the business. I want a raise after 90 days when you see what I have done.

If you have those two acts of financial courage, it builds momentum, Neil. And that's what I feel like people need right now is to take back the financial blame they have been casting on other people and say, I'm going to own my financial situation right now. If it is to be, it is up to me, and I'm going to make a way.

CAVUTO: All right, I'm going to march into my boss' office right now.

I just found out, Derrick, other anchors here are paid. Did you know that?

(LAUGHTER)

CAVUTO: It was totally a FOX News Alert.

(LAUGHTER)

KINNEY: I'm here for you, Neil.

CAVUTO: Yes, there you are. You're the best, young man. I appreciate it.

It's all very wise advice. We can get a handle on this, but we have to make up our minds. Do we want to get a handle on this? Tell Washington the same.

All right, when we come back, we do know that the president of the United States has a big speech tonight. Like I said, you might have heard that once or twice. He is really going to zero in on fat cats, though. He's going to zero in on the rich and big companies who he argues -- stop me if you have heard this before -- are not paying their fair share.

That has been a moving target. It's moving again tonight.

(COMMERCIAL BREAK)

CAVUTO: All right, time for the rich and those making a lot of money to fork over a lot more money, the president going after big corporations and big billionaires and others to raise taxes, make sure they pay their fair share.

And it got us thinking -- like I said, it happens now and then -- what is fair share? It used to be 70, 90 percent was a fair share for the richest to pay. And then it got down as low as in the 20s around Reagan. We had to bring it up back into the mid-30s, high-30s. It's a moving target.

And every Democrat, every progressive, I talk to them about it, they can never give me a straight answer. Whatever it is, it isn't that level now.

Luke Lloyd of Strategic Wealth Partners on what he makes of that.

LUKE LLOYD, STRATEGIC WEALTH PARTNERS: Hey, Neil.

CAVUTO: The fair share argument is in vogue again tonight. What do you think?

LLOYD: So, I think it's important to understand history to really understand the current tax code.

In 1862, personal income taxes came out for the first time at 3 percent. Now, 160 years later, our lowest is 12 percent and the highest, it's at 37 percent, right? 1909, corporate taxes first came out at a rate of 1 percent, and now it sits 21 percent, and Biden wants to raise it to 28 percent.

And the higher tax rates are not a function of what is equal, what is fair or rich or poor, even though Democrats and Biden tried to portray it that way by weaponizing the tax code. Higher tax rates are a function of a government that continues to get bigger and bigger, that is relentless in their spending addiction.

So Biden wants the government to get bigger. That spending addiction is now creating one trillion dollars of debt every 100 days. That spending addiction fuels inflation that we all know and hate. Ultimately, higher taxes really just rob the middle class, whether it directly comes from the middle class or whether it indirectly comes from the top 1 percent and corporations.

CAVUTO: One of the things that just scares me is, when you keep changing the definition or moving the number, you never get a sense of the number.

Now, when I talked to Bernie Sanders a number of years ago on this subject, what's a fair share, he pointed to the fact we used to have a 70 percent top rate during Jimmy Carter, going back into the '50s, where we had a 90 percent top rate, essentially saying it could be a lot higher. It could be a lot higher. So be grateful that it isn't that high.

But I don't know what is fair now when the top load right now for the top 1 percent, they're paying almost half the taxes. A lot of people point out, well, they can afford it because they make most of the money. But even that doesn't jibe, because their share of the money pie is not nearly as high as their share of the tax pie.

Where are we going with this?

LLOYD: Yes.

Again, it has nothing to do with being fair. It really has to do with putting more money in the government's pockets some way or another. It also comes down to getting votes. Weaponizing tax rates for the sake of getting votes is pretty obvious, right? Just saying it's one person's fault, they need to pay their fair share, tries to spark something in people to get a vote.

If you raise taxes on profits, corporations that currently exist will try and become more profitable to offset that rise in taxes. Same thing with the rich. They're going to try to make more money by passing that cost -- the rich usually own businesses -- passing that cost on to consumers by inflation, right?

CAVUTO: Right.

LLOYD: I'm not kidding when I say that this might be the worst possible time in history of the United States to raise taxes for the sake of the middle class when it comes to inflation, but also this technological revolution.

We talk about A.I. a lot right, Neil. If you raise taxes on corporations, the rich, it's going to spark even quicker of this A.I. implementation, which is going to replace jobs, the same story my hometown saw over the past few decades with coal mines, jobs replaced and new jobs not being created, right?

So this is why every kind of situation when it comes to taxes has some sort of butterfly effect. When you raise taxes somewhere else, it's going to impact another area.

CAVUTO: Yes, we might see the first signs of that.

We will wait it out, because it's something that has never been answered, at least on my shows. And God knows we have tried.

Luke Lloyd, thank you very much.

LLOYD: It never will be.

CAVUTO: It never will be, is right. Thank you very much.

All right, we told you about the pressure the president is under, certainly from Republicans, who are demanding answers, but it's not just Republicans. Why Democrats are prepared to take him on tonight -- after this.

(COMMERCIAL BREAK)

CAVUTO: All right, I don't know if you got to see this Hill headline where -- reporting that Democrats are ready to hit the panic button when it comes to the Trump-Biden race, as the polls continue to show a whole lot of trouble for the president.

Bob Cusack is one of the big cheeses. He is the big cheese. He's editor in chief. He calls the shots.

Bob, always good to have you.

BOB CUSACK, EDITOR IN CHIEF, THE HILL: Hey, Neil.

CAVUTO: And Democrats, you're right. I mean, the more I talk to them, the more they're trying to justify his aging, justify his mistakes and all of that.

That is a sign of worry. But I understand, behind closed doors, it's a lot more volatile. What can you tell us?

CUSACK: Yes, Neil, I mean, there have been a number of Democrats, whether it's Jim Carville or Bill Maher, who have said, listen, Democrats are in real trouble here.

And now, certainly, privately, Democrats, a lot of them are expressing concerns, because, if you look at the polls, Biden is losing in a lot of these battleground states, including Michigan, a state that's, I think, a must-win for Biden. And he's struggling in other states. He's barely winning Virginia. He's getting blown out in Iowa.

So Donald Trump had a great start of the week, a super Super Tuesday. And now Biden needs to have a strong end of the week to counter because right now he's the underdog in this race. There's no doubt about it.

CAVUTO: You know, we had Leon Panetta out of the top of the show, Bob, and he kind of summed it up to say, he's got a problem that Bill Clinton could have addressed.

It's messaging and being focused on messaging. And then along comes David Axelrod with his appearance on CNN, where he blamed the president and the people around him for forcing the wrong message. This is from David Axelrod.

(BEGIN VIDEO CLIP)

DAVID AXELROD, CNN SENIOR POLITICAL COMMENTATOR: There's a lot of talk from the president and others about the soul of the nation and the future of democracy.

But if you're sitting around your kitchen table and talking about the future of democracy, you probably don't -- you're not paying a lot of attention or don't need to the cost of the food on your table. And most Americans have more immediate concerns.

Biden has to address those tomorrow night and explain how he's fighting for them.

(END VIDEO CLIP)

CAVUTO: I always wonder when I hear that kind of stuff, especially with David Axelrod, if that's Barack Obama talking, Barack Obama trying to channel or get to his former vice president, this is what you got to do.

CUSACK: Yes, they think alike. I think it's a very good point by Axelrod.

And it's a very difficult task that Biden has, because Trump is ahead on the economy, handling the economy, compared to Biden. So Biden, I think, has to acknowledge, hey, these have been tough times, but we're getting back on the right track. Inflation has gone down, but people are still hurting.

And that's where the Bill Clinton messaging really would help Biden. And, obviously, Biden is not the messenger he was years ago.

CAVUTO: Yes.

CUSACK: And I do think there's a lot of concern in Obama world about Biden.

CAVUTO: You know, let me ask you about the importance of his speech. We were mentioning the famous 1998 one, a State of the Union address by Bill Clinton. That's when the Monica Lewinsky scandal had just exploded.

But he hit it out of the park that night. Obviously, it would still linger and the impeachment itself would still be a year away. But he rose 10 points in the polls from that one speech. Do you think State of the Union addresses, big addresses, and a big widely watched venue like this, not as widely watched as in the past because of all the competing entertainment options...

CUSACK: Right.

CAVUTO: ... can change things to the degree they did for Bill Clinton that night?

CUSACK: I don't think state unions are that big.

However, I do think this is the biggest speech of his presidency. And he could get a bounce on this, maybe not 10 points. But if he has a really good night, maybe goads Republicans on immigration, and he did goad him last year in his speech, maybe he could get a bump of three or four points.

He really needs one, Neil.

CAVUTO: Yes.

CUSACK: He needs some type of momentum. He does not have it at the moment.

CAVUTO: By the way, if you can just work with us, Bob, we think the State of the Union is a big deal, because we have got these fancy graphics.

(LAUGHTER)

CAVUTO: Martha and Bret, they're going to be there tonight. So just work with us, because we're doing all this...

(LAUGHTER)

CUSACK: Yes, yes. It's huge. It's huge.

CAVUTO: Yes. Yes. Just they're there for a reason. I mean, they're staying up late for this. So work with us!

(LAUGHTER)

CAVUTO: But you raise a good point.

I'd be curious too about how the media covers this and how the perception of the president -- he's got a lot at stake. He's been practicing, we're told, a lot of days devoted to just getting ready for this big night. But a lot of focus is going to be, whether the president likes it or not, on his age, right?

CUSACK: Yes, I think how the media handles this race is going to be a fascinating theme and one to watch, because a number of networks, they -- obviously, Trump goes on tangents and then sometimes networks are pulling away.

This is going to be very difficult, a very nasty race. And the third parties are going to play a role, maybe not in deciding it, but playing a role in who wins in some of these battlegrounds.

CAVUTO: Real quickly, markets hitting records today, at least the S&P 500 did. That's been the president's friend lately. They used to never talk about markets. Lately, they're talking a little more about it, a sign of things that they say are going to be going people's way and they will feel all this improvement election time.

What do you think?

CUSACK: I think Biden shouldn't lean too much into that, because, as you know, Neil, you never know with markets.

But, at the same time, they have got to talk about some good news. And that is good news for the president.

CAVUTO: All right, thank you, my friend, very much.

And, Bob, I hope you will be watching our special coverage of this incredibly momentous evening event, the State of the Union address.

(LAUGHTER)

CAVUTO: Bret Baier, Martha MacCallum will be doing the honors.

But, again, what's at stake for the president may be not quite what it was in years past, but it is a moving event, and it is a big crowd, and a lot at stake for him and the nation.

"THE FIVE" is now.

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