

RON KLAIN

Melanne

See the
last page of
the attached
remarks by
the VP.

We are "on
message."

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Office of the Press Secretary

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REMARKS BY THE PRESIDENT
AND VICE PRESIDENT
IN BUDGET ANNOUNCEMENT

Room 450
Old Executive Office
Building

11:58 A.M. EST

THE PRESIDENT: Good morning. In my State of the Union address I issued a call to action to prepare our people for the 21st century. I said that to do that we first had to finish the unfinished business of America, beginning with balancing the budget.

Today I am submitting to Congress my plan to balance the budget by 2002. It will spur economic growth, promote education and our other priorities, and eliminate the federal deficit for the very first time in three decades.

I am proud of this budget, and I want to thank the people here on the economic team who worked with me on it. Thank you.

For too many years it seemed as if our deficit would grow forever, that there was nothing we could do about it. As a result, our economy and our people suffered. Four years ago I took office with a plan to reduce the deficit, in half in four years, as we invested in our people. In fact, the deficit has been cut by nearly two-thirds, from \$290 billion in 1992 to \$107 billion in 1996. That makes it as a proportion of our economy the smallest of any major nation in the world.

Our economy, therefore, has gotten stronger. It's the strongest it's been in a generation. The American people have produced over 11 million jobs. That's the most ever in a single presidential term -- along with record numbers of new businesses and rising incomes.

Finishing this job of balancing the budget will not be easy, but it is vital for the continued health of our economy. Balancing the budget will free up billions of dollars in private investment. It will keep interest rates low, allowing our businesses -- our people to start new businesses, buy a home or a new car. It

will prove that when we set our minds to it, we can make our government live within its means.

My plan balances the budget while maintaining the balance of our values. First, it eliminates the deficit by 2002 through detailed, difficult cuts in hundreds of government programs. Second, it increases investment in education and training to \$51 billion in 1998, a 20-percent increase. It provides tax cuts to help families pay for college, increases Pell Grant scholarships for deserving students, advances the America Reads initiative to help every 8-year-old read independently, commits to helping connect every classroom to the Internet by the year 2000.

And as I said in the State of the Union, education is a key national security issue, and politics should stop at the schoolhouse door. Third, it provides targeted tax relief for the

middle class, to pay for education, health care, to buy and sell a home. It provides a \$500-per-child tax credit to help families raise their children.

Fourth, it takes critical steps to extend health care to more Americans. It secures the Medicare trust fund for 10 years, making necessary reforms to help the program meet these budget targets and also to maintain its fundamental purpose. It will cover as many as 5 million presently uninsured children and helping working people who are temporarily between jobs keep their health insurance. For the first time it would fully cover annual mammograms for older women and provide some respite care support for the many families who are caring for a family member with Alzheimer's.

Fifth, it advances our interests as the world's indispensable nation, reversing the downward spiral in international affairs spending, strengthening our ability to promote peace, and fighting global problems like drug trafficking, terrorism and nuclear proliferation.

And this budget meets our responsibilities to the community of nations by the concrete plan to promote reform, pay our bills and put the United Nations back on sound financial footing.

I support a balanced budget. I am proposing a balanced budget. I do not support a constitutional amendment to balance the budget for reasons I have already outlined. I think it is neither necessary or wise, and it could have numerous unwanted consequences. It could throw our budget into the courts. It could force judges to make decisions they would normally never make and that they know they should not be making. And all that it takes to balance the budget is discipline and action.

I'd also like to say this. We believe our balanced budget plan will keep the budget more or less in balance. And I say that because it's impossible to predict everything that will happen.

But based on the projections we now have, we believe we can maintain a balanced budget for more than two decades. So this is not going to be a one-time thing. And Director Raines will talk more about this when he goes through the details. But one of the things I think Americans have been afraid of is that even if we balance the budget, it will be a one-year blip, and then we'll go right back to the same problems we've had in the past, particularly as the baby boomers age and move into the retirement years. We do not believe that is going to happen with this budget.

And Secretary Rubin and Mr. Raines can explain why and I know you'll want to question them on that, but that is one of the most important findings of the work that we have been doing. We believe we can keep this budget in balance for a good, long time.

Finally, let me say this. It is obvious -- and most of you have reported on this -- that there are still differences between the parties about how we should do this, but I am convinced those differences can be bridged. I have reviewed them in general, at least. I have been very impressed by the cooperative attitude which has been expressed by the leaders of the Republican Party in Congress. Some of the differences we have are truly principle differences, and we'll have to work hard to have an honorable compromise. But I believe that we can do it as long as the Republicans and the Democrats agree that we have to achieve this goal.

We've got the best chance in a generation to do it. The lion's share of the savings that we needed to make from the nightmarish projections we had four years ago have been put in place already, and it remains for us to take the last steps. I am confident we will, and I intend to do everything I can -- everything I can over the next few months to see that we achieve this goal.

Now, I'd like to ask the Vice President to say a few words, and then we'll follow with Secretary Rubin, Mr. Raines and however else they want to elucidate the budget.

Mr. Vice President.

THE VICE PRESIDENT: Thank you very much, Mr. President, and thank you for asking me to amplify a few of the points that you made.

I would like to congratulate Frank Raines and his whole team at OMB on producing this budget, and congratulate also the other members of the President's economic team, including among those here Secretary of the Treasury Bob Rubin, the Chairman of the National Economic Council Gene Sperling, the Chairman of the Council of Economic Advisors Joe Stiglitz, and the President's Chief of Staff Erskine Bowles.

On Tuesday night, President Clinton told Americans that

the state of our union is strong. Because of the budget the President is presenting today -- the balanced budget that the President is presenting today -- our union will be stronger still.

We all know that the government of yesterday cannot meet the challenges of tomorrow. We know that in order to reach balance we have to reinvent government. That is why under the President's direction we have cut the federal work force to its smallest size since the administration of President John Kennedy. In fact, this budget will make it clear that we are a full two years ahead of schedule in the downsizing of the government. We are eliminating needless regulations and improving the ones needed by the American people. That's also why talented federal employees are finding innovative ways to serve government's customers better. We can balance the budget by 2002 because we're creating a government that is fit for the new century.

This plan also realizes that even a reinvented government cannot do everything, but it must do some things. I'm proud to say that with this plan our budget is in balance, and so are our values.

Let me concentrate on a few matters that are particularly crucial. To retain our competitive edge in the Information Age and to create high-paying jobs in the global economy, to discover new cures for diseases and unleash the forces of innovation that enhance our lives, we must make the critical investments in science and technology. The President's budget makes these investments, including an unprecedented commitment to education technology. Anytime you can balance the budget and increase education spending by 20 percent, you've done something extremely important for the American people.

It's our moral obligation to leave our children an environment and a world that is cleaner and healthier than the one we inherited. A budget must protect the quality of life. The President's budget honors this value and makes the investments needed to protect our environment.

The rising economic tide must lift the boats in poor urban and rural neighborhoods. We need to help create a climate where families can flourish and hope can blossom. A budget must stretch to the poorest neighborhoods and reach out to empower those who want to reach up. The President's budget makes this commitment -- including his proposal to double the number of empowerment zones and enterprise communities.

Finally, the strongest and healthiest nation in the world should have nothing less than the strongest and healthiest families in the world. The Family and Medical Leave Act has helped millions. Millions more now have portable health insurance. There's parity in coverage for mental health; we've moved a long way in that

direction.

A budget must build on the important strides we have made in these areas. The President's budget fulfills this obligation -- including an historic effort to cover millions of children who still lack health insurance. And in thanking the members of the economic team, I want to take the opportunity to also thank the First Lady, Hillary Rodham Clinton, for her advocacy, particularly on this important measure included in the budget.

Mr. President, we are proud of this budget, and we are ready to go to work to help you get it passed. Thank you.

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12:12 P.M. EST