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THE WHITE HOUSE

Office of the Press Secretary

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PRESS CONFERENCE BY THE PRESIDENT

The East Room

2:35 P.M. EDT

THE PRESIDENT: Good afternoon.

Q Mr. President, you don't know it, but there is such a bright light on you -- we can't see you for the light. (Laughter.)

THE PRESIDENT: I've been waiting a long time for the halo to appear. (Laughter.)

Let me say, ladies and gentlemen, I have a brief opening statement, but before I make that and take questions, I'd like to say that, as you might imagine, I have been briefed on this morning's developments in the search off Martha's Vineyard. Again, let me commend the Coast Guard and all the officials at the local, state and national level for the fine work they have done under extremely difficult circumstances.

Again, I think we should keep our thoughts with the families as events unfold, and my thoughts and prayers are with them.

Today I want to make a brief statement about the choice we face here in Washington and in our country about how best to move forward into the new century and what to do with the surplus. When we look toward the future, it is helpful to remember at least the recent past. Six and a half years ago, the budget deficit was $290 billion and rising. Wages were stagnant, inequality was growing, social conditions were worsening.

In the 12 years before I took office, unemployment averaged more than 7 percent. It's almost difficult to remember what it was like. No one really thought we could turn it around, let alone bring unemployment to a 29-year low, or turn decades of deficits, during which time the debt of our country was quadrupled in only 12 years, into a surplus of $99 billion.

Our nation has made a seismic shift int he last six years, fre a critical choice -- whether to move forward with the fiscal discipline that got us to where we are today, or return to the kind of risk-taking that got us into recessions and deficits before.

We must decide whether to invest the surplus, to strengthen America over the long-term, or to squander it for the short-term. I think the right course is clear. And a bigger surplus only means that the mistake could be bigger, and the missed opportunity greater if we take the wrong course.

I have proposed a balanced budget that puts first things first. I believe we must maintain our sound economic strategy, and invest the surplus in long-term goals -- saving Social Security, saving and strengthening Medicare, modernizing it by providing a long overdue drug benefit, and continuing to meet our basic responsibilities in education, defense, the environment, biomedical research.

Tomorrow I will release a report that shows a great and growing need for prescription drug coverage. What the study shows is that 75 percent of our older Americans lack decent, dependable private-sector coverage of prescription drugs. That's three out of every four seniors. Clearly, America needs a prescription drug plan that is simple, universal and voluntary. Anyone who says we don't I believe is out of date and out of touch.

As I've described, my plan meets these national priorities, while paying off the debt by 2015; while investing in America's new markets, the places that have not yet felt our prosperity; and while providing substantial tax relief -- $250 billion of it targeted to help families save for retirement, pay for child care, long-term care, for modern schools.

So let's be clear about something. We're not debating whether to have tax cuts or not -- we should have tax cuts, but tax cuts that provide for us first to save Social Security and Medicare, not undermine them; tax cuts we can afford, not ones that would demand drastic cuts in defense, education, agriculture, the environment; tax cuts in the national interest, not special interest.

Now, these are the risks that are posed by the Republican tax plan that the House is about to vote on. Let me tell you what their plan would do. It would pile up $3 trillion in debt over the next two decades, right when the baby boomers start to retire -- that's what it costs -- right when Social Security and Medicare feel the crunch.

Because of the cost of the tax plan over the next two decades, I should say what it doesn't do. It doesn't do anything to extend the solvency of Social Security, to extend the solvency of Medicare, to provide the prescription drug benefits and it would require significant -- significant -- cuts from where we are today in education, defense, biomedical research, the environment and other critical areas.

If we don't save Social Security it's not because we can't. If we don't strengthen Medicare and add the prescription drug benefit, it's not because we can't. If we don't meet these clear national needs, it's because we choose not to do so. It will be because, instead, we choose to reward ourselves today by risking our prosperity tomorrow.

I hope Congress will make the right choice. When members cast their ballots on the Republican tax plan, they're really voting also on whether to save Social Security and Medicare. They're voting on whether to pay off the national debt for the first time in over 150 years -- something that would guarantee us lower interest rates, higher investment, more jobs, higher incomes, and for average citizens, lower home mortgage payments, car payments, credit card payments, college loan payments.

They're voting whether to meet our most pressing national priorities in education, defense, nearly every other domain in our people's lives. I think the choice is clear between the plan the Republican leadership has outlined and the national priorities of the American people. I hope we can still work together across party lines to save Social Security and Medicare, to safeguard our priorities and have the right kind of tax cut.

If Congress passes the wrong kind, of course, I will not sign it. I will not allow a risky plan to become law. And as I said, we now have six and a half years of evidence. This is not really a debate that's just about ideas without any evidence. We clearly know what works now, and we ought to stay with it.

As I said, I will work with any member of any party willing to put first things first. We can have a tax cut and do the right thing for the long-term in America. That is my commitment, and I hope that together we can fulfill it for our people.

Thank you very much. Helen.

Q Mr. President, in U.S. treaty relations, is it obligated to defend Taiwan militarily if it abandons the one China policy? And would the U.S. continue military aid if it pursues separatism?

THE PRESIDENT: Well, let me say, first of all, a lot of those questions are governed by the Taiwan Relations Act, which we intend to honor. Our policy is clear: We favor the one China policy; we favor the cross-strait dialogues. The understanding we have had all along with both China and Taiwan is that the differences between them would be resolved peacefully. If that were not to be the case, under the Taiwan Relations Act we would be required to view it with the gravest concern.

But I believe that both China and Taiwan understand this. I believe that they want to stay on a path to prosperity and dialogue. And we have dispatched people today, as the morning press reports, to do what we can to press that case to all sides. This is something that we don't want to see escalate, and I believe that what Mr. Lee said yesterday was trying to move in that direction. We all understand how difficult this is, but I think that the pillars of the policy are still the right ones. The one China policy is right; the cross-strait dialogue is right; the peaceful approach is right. And neither side, in my judgment, should depart from any of those elements.

Q So we would still have to go to war with China if it decided to break away?

THE PRESIDENT: I will say what I've already said -- the Taiwan Relations Act governs our policy. We made it clear. And I have -- as you remember, a few years ago we had a physical expression of that, that we don't believe there should be any violent attempts to resolve this, and we would view it very seriously.

But I don't believe there will be. I think that both sides understands what needs to be done.

Terry?

Q Mr. President, do you think that President Lee was unnecessarily provocative in trying to redefine the nature of the Taiwan-Chinese relationship? And is the United States trying to send a signal by delaying a Pentagon mission which was going to Taiwan to assess its air defense needs? And, further, finally, you said that you still believe in a one China policy. How do you address Senator Helms' criticism that that policy is "a puzzling fiction"?

THE PRESIDENT: Well, I don't think it's a puzzling fiction. But if Senator Helms means that today they're not, in fact, unified, then that's true. But the Chinese tend to take a long view of these things and have made clear a sensitivity to the different system that exists on Taiwan, and a willingness to find ways to accommodate it, as they did in working with Hong Kong, and, perhaps, even going beyond that.

So I think the important thing is to let -- they need to take the time necessary to work this out between themselves in a peaceful way. That is clearly in both their interests. And I'm still not entirely sure, because I have read things which seem to resonate both ways on this, exactly what the Lee statements were entitled -- trying to convey.

But I think that both sides are now quite aware of the fact that they need to find a way to pursue their destinies within the framework that we have followed these last several years, which I might add, has allowed both places to prosper and to grow, to do better and to have more contacts, more investment, and underneath the rhetoric, quite a bit more reconciliation. So I would hope that we would stay with what is working and not depart from it.

Q Is that the meaning of the delay of the Pentagon mission to assess the --

THE PRESIDENT: I didn't think this was the best time to do something which might excite either one side or the other and imply that a military solution is an acceptable alternative. If you really think about what's at stake here, it would be unthinkable. And I want -- I don't want to depart from any of the three pillars. I think we need to stay with one China; I think we need to stay with the dialogue; and I think that no one should contemplate force here.

Randy.

Q Economists have been calling on you to indicate now whether you intend to reappoint Alan Greenspan in order to avoid having the issue to become mired in election year politics and upsetting financial markets next year. Would you like to see the Chairman stay on, and has he given you any indication of his plans?

THE PRESIDENT: I have, as you know, enjoyed a very good relationship, both personally and professionally, with Mr. Greenspan. I think he has done a terrific job. I have no idea whether he would even be willing to serve another term. I will make the decision in a timely fashion. I do not expect it to become embroiled in election year politics; there's no evidence of that.

You heard -- I think the Vice President said yesterday or the day before that he thought he was doing an excellent job. So we believe that as long as the United States is fiscally responsible, then the Fed will respond to developments in our own economy and in the world economy in a way that is clear, transparent, and I think designed to keep our growth going. So I'm not concerned about it.

Peter, go ahead.

Q -- I think the Vice President indicated he was sending a signal by saying that Chairman Greenspan had been doing an excellent job. Do you endorse that interpretation?

THE PRESIDENT: I don't know, all I know is he said he was doing a great job, and I agree with him.

Go ahead.

Q Mr. President, you mentioned the Kennedy tragedy at the beginning of the news conference. Could you please give us a better understanding of what the White House role has been in the conduct of the recovery operation and the decision-making on the release of information about it?

THE PRESIDENT: Well, I think that -- I am unaware of any role we have played in the decision-making of the release of information, except, let me say that today a lot of things are breaking in a hurry, and I believe there are some decisions that ought to be announced by the Kennedy family, and others that ought to be properly announced by either the Coast Guard or the NTSB.

So we have not tried -- to the best of my knowledge, had any role in the timing or substance of release of information. And we have had no role in the conduct of the operation except that I did talk to Admiral Larrabee, I think it was the day before yesterday, at a time when the operation might normally have ceased, and he said, I think we have a chance to find something else because of the equipment we have here, even though it's difficult and I'm inclined to believe because of the circumstances here and because who's involved that we ought to go on a little more. And I said that I would support it and defend it. And I think it was the right decision.

Q Mr. President, if you'll allow me to ask about two different topics. On the Kennedy search, sir, there have been conflicting reports about whether or not Mr. Kennedy's body has, in fact, been recovered. I understand that based upon the answer you just gave, that might not be a question that you'd want to address, but, perhaps, given the fact that there is this conflicting information you could answer that question.

And, secondly, sir, on this notion of a drug benefit, prescription drug benefit, you chided the Republicans about targeting tax cuts at the wealthy, saying that they're too steered in that direction. How do you reconcile that philosophically with allowing rich Americans, rich older Americans, to get a prescription drug benefit which even you just said this new study will show one in four don't need?

THE PRESIDENT: Well, first of all, it's voluntary. And most wealthy Americans are well taken care of under the present program they have and won't exercise it. So that's the first point I want to make.

The second thing I would like to say is I don't think most people know this, even some of you may have forgotten, but in the 11th hour of the deficit reduction package negotiations in 1993, in order to get up to $500 billion in cuts in the deficit projected over five years -- we did much better, as all of you know -- the cap was taken off. The income cap was taken off of the Medicare tax, which means virtually every single upper-income person in America will pay far more into the Medicare program than they will ever draw out in health care or benefits.

They are making a net significant contribution today because, unlike Social Security taxes where there is still an earnings cap, there is no longer an earnings cap on Medicare. And I think a lot of folks have forgotten that -- so that in that sense, this is the most progressive program we have. The upper-income people, particularly once you get over about $250,000 in income, they're paying far more into this program over the course of their life than they could ever draw out if they were sick every day from the time they're 65 on.

Q Sir, a question --

THE PRESIDENT: I just don't think I should make an announcement about that. I am aware of what the Coast Guard has done and what they have found as of five minutes before I came out here. But I simply -- I just don't think it's appropriate for me -- I'll be glad to comment on whatever they want to say, but I think I should leave it for them to talk.

Q Sir, you talk about how expensive the Republican tax cuts would be. But the Congressional Budget Office has now just come out with a report saying that even with their tax cuts, almost $800 billion in tax cuts, they would save about $277 billion over a 10-year period, whereby your program would save only about $50 billion. That's about $227 billion difference. How do you reconcile that? And, you know, people on the Hill listen to the CBO.

THE PRESIDENT: They listen to the CBO except where it's inconvenient for them, like the patients' bill of rights. The Republicans have freed us all now to question the CBO, since they ignored the CBO in the patients' bill of rights; they have discredited their own CBO.

Let me say, I haven't seen that CBO accounting. All I can tell you is that all of our budget people were rolling their eyes and saying that it was a very creative study.

Let me just say this: You have six and a half years of experience with the numbers we have given you and the estimates we have made. And every single year, our numbers have not only been accurate, but we have done better than we said we would do -- every single year, for six and a half years now.

Our studies show that their tax cut over the next two decades will cost, first, a trillion dollars and then $3 trillion in the second decade, and that -- then an enormous loss to the American people in interest savings. That is, we'll have to keep spending more and more of our tax money paying interest on the debt, and it will require huge cuts in education and defense and other things.

You cannot -- they simply cannot credibly make that statement. And they don't put any new money into the Medicare program. And they don't have a Medicare reform package out there. So unless they just simply propose to bankrupt all the teaching hospitals and a lot of the other hospitals in the country, and let the Medicare program wither away, as one of the previous leaders so eloquently put it -- they can't possibly finance this tax program without doing serious damage. I can't comment on the CBO study, but it doesn't make any sense to anybody I've talked to about it.

Q May I just follow up --

THE PRESIDENT: Yes.

Q The CBO estimates the cost of your Medicare reforms are more than twice what you say they are.

THE PRESIDENT: Well, again you have evidence. Let me just say this: In the 1997 Balanced Budget Agreement -- okay? -- and this is the reason all these teaching hospitals are in trouble today -- we agreed to a Medicare savings figure. And we said, okay, here is our health information -- this is what we do in the Executive Branch, we deal with these hospitals -- here are the changes you need to make in the Medicare program to achieve the savings that the Republicans and the Democrats in Congress and the White House agreed on.

And the CBO said, no, no, no, no, that won't come close; you need these changes plus these changes. And we said, okay, we're following the CBO, we put it in there. What happened? And that's one of the reasons the surplus is somewhat bigger than it otherwise would be -- the cuts in Medicare were far more severe, our numbers were right, their numbers were wrong and that's why you've got all these hospitals all over America, every place I go, talking about how they're threatened with bankruptcy.

So when it comes to estimating Medicare costs, again, we have evidence. And whenever there's been a difference between us and the CBO, we've been right and they've been wrong. That's all I can tell you. No serious person -- so what are they going to do about Medicare? They say our drug program will cost more -- they don't put a red cent into it. What are they going to do about it? Even if you don't have a drug program, if you adopt their tax cut program they won't be able to do anything to extend the solvency of Medicare and they will have to have huge cuts.

For them to produce those savings they are going to -- they can't even fund my defense budget, much less the one they say they want. They're going to have cuts in defense, cuts in education, cuts in the environment. That's all their savings assumed that they're going to stay with the present budget levels, which they, themselves, are trying to get out of even as we speak here today. So this is -- the American people are not -- I mean, this is not rocket science, this is arithmetic.

And we've been dealing with -- we went from creative supply-side mathematics to elemental arithmetic in 1993. And it has served us very well. And all I'm trying to do is stick with basic arithmetic and get this country out of debt, save Social Security and Medicare, provide this prescription drug benefit, keep us moving forward.

Q Mr. President?

THE PRESIDENT: Next. Let me take John's first, then I'll take you, Sarah.

Q Sir, in your conversation with Chairman Arafat this morning, did you ask him to take any specific steps to advance what you believe is new momentum toward peace, and did you discuss with him his complaints yesterday that he found Prime Minister Barak's 15-month timetable unacceptable?

THE PRESIDENT: Well, I told him only this. I said that -- I generally described my meetings with Prime Minister Barak to him. I told him that he was committed to working in partnership with Chairman Arafat and honoring any agreements that had been made to this point, and that any modifications they made going forward to the benefit of either or both sides would have to be done by mutual agreement; that I thought he was completely committed to resolve all the issues outstanding in the peace process in an expeditious manner. And what I urged him to do was to have this one-on-one meeting, hear him out, think it through, and if he wanted to talk to me again after the meeting occurred, that I would be happy to talk to him.

So I went out of my way not to describe Prime Minister Barak's proposals or to advocate or not advocate, but simply to say that I was convinced they were being made in complete good faith, and that the peace process would be revitalized, and whatever they did from here on out is something that they would do together. And I think he felt good about that. And I did say, after you have the meeting, if you want to talk again about this -- I'll be glad to talk to you. And he said he did. So that's where we are.

Sarah. Go ahead, Sarah.

Q Sir, your microphone is not working apparently; it seems like you're talking very low, we can barely hear you. But in the meantime, don't you think it would be a good idea if we announced for the country's sake the list of conferences to be held at the White House each day, and the list of the people whom the President has appointments with?

THE PRESIDENT: I don't know. I never thought about it. Don't you have a list of the conferences we have every day here?

Q No, indeed. We do -- and what if we find out you haven't any?

THE PRESIDENT: Well, I think I ought to talk to our folks about it, but I will consider that.

Go ahead.

Q Will you be taking any concrete contributions with you to the Balkan summit on investment next week? And you've said that you would give only humanitarian aid to Yugoslavia as long as Milosevic is in power. Will you have any trouble defining that? Will that cause any problems in distinguishing between humanitarian and other aid?

THE PRESIDENT: Well, let me say that I hope very much that there will be some positive, concrete commitments that come out of the meeting that we're going to have. I do not believe -- I do not believe we can achieve the future we want in the Balkans and avoid future ethnic conflicts unless there is a unifying vision which both brings the Balkan states closer together in their economic and political self-interests, and then brings the region as a whole closer to Europe.

And so I think that we have to have some incentives to move in that direction. And there are direct -- there are also indirect things the United States can do to help to contribute to that goal. And because of all the other things that have been going on -- you know it's been a very busy two or three weeks -- we haven't actually had an opportunity to sit down and go through what our options are, so I can't give you a more specific answer.

But I will say this -- if what we have done in Bosnia, and what we have done in Kosovo, is to have lasting benefits, we have got to find a way to create closer unity among the Balkan states themselves, and then with the region and Europe. And that is what I am working on.

And what was the second question you asked?

Q On the humanitarian aid, how will you define it?

THE PRESIDENT: Oh, yes. There may be -- frankly, there may be some differences of opinion. As you know, I tend to take a rather narrow view of it because I don't think that we should, in effect, reward Mr. Milosevic's political control by doing things which are not humanitarian in nature. But based on the virtual daily reports I get about where we all are on this and where we are operating in Kosovo, I now no longer expect them to be big debates. I don't expect there will be a big difference of opinion.

Yes, go ahead, John.

Q Mr. President, the House of Representatives appears to be on the verge of terminating funding for the F-22 fighter. Will the White House fight hard for full funding for that program, even if it means sacrificing other Pentagon airplane programs or even pay for servicemen?

THE PRESIDENT: Well, I don't think we should sacrifice the pay for our service personnel because we now are getting back in the ball game in recruitment. You know, we've really been -- the good economy and the increased deployments and the low pay all combined we're making it hard for us to both recruit and retain people. And the people are still the most important part of our military -- their quality and their training and their morale and their commitment and the condition of their families. So I don't think that.

Now, the Congress every year puts other things into the defense budget which are not priorities for the Pentagon, and are priorities for the Congress. We can fund the F-22, we can fund the plane without compromising the basic priorities of our national defense within the funds set aside, and that is what I will fight to do. I think it would be a mistake to abandon the project. I think it has real potential to add to our national defense. I have always supported it and I hope that it can be preserved.

Q Thank you, Mr. President. You had some fun, recently, with George W. Bush and his slogan of "compassionate conservatism." But you went beyond the notion that he's not offering many details as policy, and seemed to ridicule his slogan and even question his sincerity. Were you just trying to help Mr. Gore's candidacy or were you taking the opportunity maybe to just needle the leading Republican candidate?

THE PRESIDENT: No, I was just having a little fun. (Laughter.) You know, that's a long time -- if we don't have any laughs it's going to be a very tedious struggle between now and November of 2000.

Let me say this. I think that every person struggles to find a phrase or something that will sort of stand for what he or she is trying to do. So I was really just having a little fun.

I think the most important thing is that all the candidates make their positions clear on the great debates going on now, and make their positions clear on what they would do if they got the job. To me, that's the most important thing. You know, I am not involved in this campaign as a candidate, and I have a full-time job, so I'm not involved in any sort of full-time consulting role. (Laughter.) So I look at this -- I look at this more from the point of view of the average American voter -- what will change the lives of America.

For example, every candidate should tell us, are you for the patients' bill of rights are you for closing the gun show loophole; are you for raising the minimum wage; are you for the House Republican tax plan, or do you favor our plan on Social Security and saving Social Security and Medicare and making America debt-free and having a smaller tax cut that enables us to continue to fund education and defense and these other things? What are you going to do if you get elected?

To me, the best thing the Vice President has done is to talk about dramatically intensifying the war on cancer, making pre-school universal, increasing access to college by helping people save without tax consequences; what he would do to make America a safer country, what he would do in communities to have faith-based organizations cooperate with governments more. I think these are interesting ideas about how you build on the progress the country has made the last six and a half years.

So I would say to everyone -- you know, use whatever slogans you want, but tell us where you stand. I think that's the most important thing.

Susan?

Q Mr. President --

THE PRESIDENT: Yes, I'll come over here. I know I'm left leaning, but I will give you -- (laughter) --

Q Mr. President, the economy is going great. In a new USA Today-CNN poll this week, your approval rating was at a very healthy 58 percent. But that same poll showed that by 50 percent to 38 percent, Americans said they wanted to see a change from Clinton administration policies -- not a continuation of them. What do you think accounts for that sentiment for change, and do you think it means that you present something of a mixed blessing to Mrs. Clinton and Vice President Gore in their campaigns next year?

THE PRESIDENT: I think what that means people think things are going well, but they want a change in policy. I think that's right. If you asked me that question, and you worded it in that way, I'd be in the 50 percent, because I think that -- my own view is that, particularly in a dynamic time, where things are changing, you should want continued change. But is change -- the question is, should we change in a way that builds on what has been done and goes beyond it -- which is what I would argue -- or should you change and go back to the policies we were following when we had $290-billion deficits and we averaged over 7 percent unemployment for 12 years. I mean, I think that's really the question the American people have to ask themselves.

I think change is good. The great thing about this country is that it works best when it's sort of in a perpetual stage of renewal. So I would, myself, as a citizen, I would vote against somebody who said, vote for me and I'll keep it just like it is; everything that Bill Clinton did is exactly what I'll do. I would vote against that candidate, because I do not believe that is the right thing to do.

But what I think we should do is we should build on the progress of the last six years and go beyond it, and not adopt a completely different approach which has been proven not to work. So all I want the American people to do is to remember what it was like before, think what it's like now, recognize that ideas and policies have consequences. And the American people usually get it right; that's why we're all still around here after more than 200 years.

Q -- (inaudible.)

THE PRESIDENT: No.

Q -- for Mrs. Clinton and Mr. Gore?

THE PRESIDENT: No, because I -- no, he has done -- look at what the Vice President's done. He's staked out new issues here. He said, here's how I'm going to change what we're doing in cancer research; here's how I'm going to change what we're doing in education; here's how I'm going to change what we're doing in crime -- but not to reverse what we've done, but to build on it and go beyond it. So I think that's very, very -- that's the sort of thing that's worthy of debate. That's not the same; that is change.

What the American people have to decide is what kind of change do they want. Do they want to build on what has worked for the last six and a half years, or do they want to abandon it and go back to what failed them for 12 years before. That will be the decision they have to make.

Yes, go ahead.

Q In your last press conference, sir, with Prime Minister Ehud Barak, you mentioned you wanted better, normalized relations with Syria. Now, have you received any response, positive response or indication from Syria towards that? And, on Iran, can you share with us the administration's views of -- events and administrations in Iran? Thank you.

THE PRESIDENT: Well, on Syria let me say, the only thing I can tell you is that the statements, at least, that have been coming out of Syria have been quite encouraging in terms of the regard that President Assad seems to have for Prime Minister Barak, and the willingness, the openness that there is to negotiating and moving toward peace. So I'm encouraged by that.

And on Iran, frankly, I'm reluctant to say anything for fear that it will be used in a way that's not helpful to the forces of openness and reform. I think that people everywhere, particularly younger people, hope that they will be able to pursue their religious convictions and their personal dreams in an atmosphere of greater freedom, that still allows them to be deeply loyal to their nation. And I think the Iranian people obviously love their country and are proud of its history and have enormous potential. And I just hope they find a way to work through all this, and I believe they will.

Q You mentioned the patients' bill of rights. It seems like that was an argument by both parties over providing more for people who already are lucky enough to have health insurance. And, in fact, neither party dealt with some very fundamental issues that energized you and the First Lady five and six years ago. The question is, with such a robust economy and the budget surpluses, if not now, when, and if not you, who, would provide the leadership to provide for those folks?

THE PRESIDENT: Yes, but I think the bigger question is how. That is, it is true that just as we've predicted in 1993 and 1994, that the percentage of people who have health insurance on the job is going down, just as we said it would, if nothing was done. So what we have tried to do is to isolate discrete populations that seem to be most in need and try to offer them help.

In the Balanced Budget Act of 1997, we reached bipartisan agreement on a proposal that would fund providing health insurance for up to 5 million more children through state-designed programs. Now, I've been a little disappointed -- and I'm not being critical of any of the states, either, here -- but I've been a little disappointed that the uptake on the program has been a little slow. That is, I would have thought by now we'd have almost 3 million of those 5 million children enrolled already, because we've got the money there, and we're well behind that.

So we are looking at whether there are things that we can do at the national level to work with the states to simplify access to the children's health insurance programs that the states have set up. But -- and I also had a talk with Senator Kennedy, the other day who believes that for little or no more extra money, we could actually adjust the program and take in several million more children. So the children are the biggest group.

Then, I have a proposal, as you know, that's part of my Medicare reform proposal that I didn't mention today, but I want to reiterate it, that would allow the most vulnerable group of people without health insurance, people between the ages of 55 and 65, to buy into the Medicare system in a way that would not compromise the integrity of the system. So I think that is quite important.

In addition to that, there are a lot of states -- there are some states -- Tennessee was the first state to do this under the former governor -- they started it -- which are allowing lower-income working families to buy into their Medicaid programs on a sliding scale.

So if all these things were done, we would dramatically reduce the number of people without health insurance and we'll eventually probably get down to, if we keep pushing in this direction, get down to the point where the largest group of people without health insurance are young, single people who believe that they're going to live forever and be healthy forever and don't want to bear the cost. And we'll have to think about, then, what to do.

But I think the best thing to do is try to get as many kids as we can covered, and then try to get these people who are out of the work force who are older, but they're not old enough to get Medicare, to get them at least where they can all afford on a sliding scale to buy into the Medicare program.

Go ahead, Scott.

Q Thank you, Mr. President. On the Kennedy tragedy, sir, will you authorize the Navy to participate in a burial at sea ceremony? Why do you believe it's justified to spend so many federal resources on this tragedy? And, finally, sir, I wonder if you would give us your thoughts on Mr. Kennedy's last visit here to the White House. I understand you and the First Lady took him on a tour.

THE PRESIDENT: Well, we have received -- I have received no official word, personal word from the family what burial arrangements they want. Until they make a statement about it, I just don't feel that I can say anything.

Secondly, I will say that until just a couple of days ago the recovery efforts -- the rescue, then the recovery efforts that were undertaken were consistent with what would have been done in any other case. Because the Coast Guard felt that they had the capacity to succeed in this if they had a few more days, and because of the role of the Kennedy family in our national lives, and because of the enormous losses that they have sustained in our lifetimes, I thought it was appropriate to give them a few more days. And if anyone believes that was wrong, the Cost Guard is not at fault; I am. It was because I thought it was the right thing to do under the circumstances.

Now, you asked about -- John Kennedy had actually not been back to the White House since his father was killed, until I became President. First, he was on an advisory committee that made a report to me and he came back to the Oval Office, where he saw the desk that he took the famous picture in, coming through the gate, for the first time since he was a little boy.

And then last year -- maybe you would have a better memory than I would, but it seems to me it was last May, when we had the event at the White House celebrating the series that HBO did on the Apollo program. Do you remember they did a series on the space program that was done after the movie came out? And Tom Hanks came, a lot of people came. And he was invited because of his father's role in starting the space program. And he and Carolyn came. And afterward I asked them if they would like to go upstairs, and he said he would. So I took him upstairs and showed him the residence, which he'd not seen since he was a tiny boy.

And I showed him some of my -- the memorabilia that I had from his father's service. I have a picture of his father speaking to the Irish Parliament, and a number of other things which he thought were very interesting. And we took a -- we had a very nice evening. And I sent him the pictures from it. And then, in return, he sent me a signed copy of his favorite picture of his father, which is now upstairs. It's John Kennedy campaigning in Virginia, in Charlottesville in 1960. It's quite a lovely picture -- interesting picture.

But it was a nice night. I think that he really wanted to kind of come to terms with all of it. And I think he and Carolyn, they were delightful young people, and they had a great time here that night. And Hillary and I loved having them here. It was quite a great night.

Q To just follow on that, sir, just one question, if I may. Is there anything that Mr. Kennedy said to you that night that particularly struck you?

THE PRESIDENT: We just had a friendly conversation. You know, I knew him pretty well by then. We'd been -- I met him years ago when he was a law student, doing a summer internship with Mickey Kantor's law firm out in Los Angeles, long before I ever thought I'd be here and before I ever thought we'd have any other contacts. He just happened to be -- Mickey asked me if I'd speak to his law clerks, because I was in LA to give an education speech, and I went by and visited with them and he was there. And we had been together on many occasions since then.

The thing that struck me was I thought he was -- he said he was glad to be back. And I think he -- he was a very deliberate person, as many people have noticed, about when he would be publicly exposed and all of that. He had his mother's care for having a private life. And I think that he had not -- I'm not sure he had really felt he wanted to come back to the White House before he did. But especially in light of everything that's happened, I'm glad he had the chance to come back here one more time and see the residence and know where he was when he was a little boy. I'm glad he did that. I'm grateful that that happened.

Yes, go ahead. Yes, yes, please.

Q On Colombia, the Pastrana administration are asking the United States for $500 million to support the military against the guerrillas. Is your administration ready to respond to that request? And, also, the Colombians are asking for more direct intervention from the United States. Are you considering this possibility? And, also, Mexico, you're going to meet with President Zedillo in October. And the Mexican government is still rejecting the extraditions of major drug lords. What are you going to ask him -- you're going to get assurance from him to extradite these big narcotic traffickers to the United States?

THE PRESIDENT: Well, you know, we had no extraditions between Mexico and the United States for a long time, and we've actually had some now. So we're moving in the right direction. And President Zedillo and I have been pretty successful in continuing to move our relationship in the right direction, so we'll work on that.

On Colombia, I'm not prepared to make any kind of dollar commitment today. But let me say, I have stayed in close touch with President Pastrana, and I admire the fact that he has really thrown himself into trying to end the civil conflicts in Colombia, to stop the insurgency. The people in the United States have a real interest in that because I think that until the civil discord in Colombia is brought to an end, it is going to be much, much harder for us to restrain the activities of the narco-traffickers there, and their reach.

So, in addition to wanting a neighbor and a democracy in Latin America to be free of the kind of violence and heartbreak that the Colombian people have undergone because of this, it is also very much in our national security interest to do what we can, if we can be helpful in ending the civil conflict so that Colombia can be about the business of freeing itself of the influence of the narco-traffickers in ways that would be good for Colombians and good for us as well.

Q Another question about the presidential race. Aside from asking George W. Bush to come forward and give specifics on the issues that you mentioned, could you tell us what you find objectionable about his trying to present a new moderate face for his party, just like you did for the Democrats? And could you tell us whether you're worried whether he will figure out how the Republicans can occupy the center of American politics?

THE PRESIDENT: No.

Q You don't think he can?

THE PRESIDENT: No, no, I don't think I'll answer those questions. (Laughter.) I will say -- no, look, let me say again, I wouldn't even agree with the characterization you gave of my first answer.

When I ran for President, in 1991, the first thing I did was tell the American people what I thought was going on in our country and what I would do. And if you remember, the late Senator Paul Tsongas and I were actually almost ridiculed at the time because we both put out these very detailed plans of what we would do. If you go back and get one of those plans now, you'll see that virtually everything we said we'd do we did do, except for the things we tried to do and were defeated on.

And my view is that there are a lot of things that count in a presidential election toward a successful presidency, but it is -- that go beyond specific issues, and judgment plays a role in it, and crises will always come up and things can be learned and all that. But it really matters where you stand on the big issues that everybody knows about that are going on right now, and it matters where we're going in the future.

So that's the only point I want to make. And I think any -- I would say that applies to every candidate. I don't want to answer the questions you ask me because that's not my job. My job is not to handicap this horse race, not to comment on it, not to comment on the candidates. My job is to work for the American people. But I'm going to answer these questions from the point of view of Joe Citizen. That's -- every political question you asked me from now on, I'm going to pretend that I'm living back in Little Rock already and I'm working on my presidential library and I'm sitting here as a voter saying, where do they stand, what will they do -- all of them. And I do believe the Vice President has done the best job of telling the American people what he would do and -- to go back to Susan's formulation -- how he would change the country in a positive way.

George.

Q Mr. President, as the nation has celebrated the 30th anniversary of the moon landing, a lot of the former astronauts have lamented that no President after Kennedy set a kind of national goal like President Kennedy did of landing on the moon. Do you think that -- in your view, is the country not receptive today to that kind of goal-setting by a President, or is it something a President should do, set a goal of landing on Mars?

THE PRESIDENT: Well, we are planning to land on Mars. But I think -- for one thing, when I became President, the space program was actually in peril. And we -- the space station was certainly at risk. And I have fought for it and I believe in it. And one of the things I talked to -- Neil Armstrong and Buzz Aldrin and Michael Collins were in to see me yesterday, and we talked about where we could go with this. And Dan Goldin was there, the NASA Administrator; and Dr. Neal Lane, my Science Advisor. And we talked about how we could use the coming of the millennium as -- you know, the First Lady sponsored all these other lectures here. And I told him about Stephen Hawking's lecture and what he said. And we talked yesterday about how we could set some goals for the space program, capture the imagination of the American people and broaden the support for it.

And one of the things that I suggested that I think would be quite helpful that we're going to work on now is what we can do to dramatize for the American people -- you mentioned Mars, but I think what is more likely to capture the imagination of the American people are the benefits to us here on Earth of continued advances in space. And some of them, particularly in the health field, are likely to be breath-taking. They're principally in the area of the environment and health.

So I asked our people to start working on that and they said they would be willing to help us. I have to tell you that it was a great day for me yesterday to have them come by the White House. They also gave me a moon rock, by the way -- but only on loan. (Laughter.) And the moon rock is 3.6 billion years old. So when I feel very tired, I'll look at it and feel young again. (Laughter.)

Yes, go ahead. We had an Irish question first, I promised. Go ahead, what's the Irish question?

Q Thank you, sir. Given the --

THE PRESIDENT: You want to ask one, too?

Q We both have a -- given the various meetings underway with Mo Mowlam here, and George Mitchell there, has any progress been made on the Irish situation? And is one side more to blame than the other on it?

THE PRESIDENT: Okay. Why don't we take both Irish questions at once. What's your Irish question?

Q Last week, you seemed to kind of get fired up when you were talking to the teenagers from Colorado. You said that the politicians in Northern Ireland were behaving akin to school children. Do you feel, after all the work that you've done on this project, that perhaps it was misplaced and you should have perhaps pushed in a place more like Africa, where they have thousands of people dying from ethnic strife, instead of 3,500 over 30 years?

Q And if I can have a third Irish question, what role, if any, do you expect to play, Mr. President, in breaking the deadlock?

THE PRESIDENT: Okay, let me answer the Irish questions, then I'll come back to the "should we have done something else."

I've talked to Senator Mitchell, and he is willing to spend some time -- he can't go back full-time for another year or two, but I'd like to put this in some -- at least I'd like to tell you how I look at it.

Obviously, I am very disappointed at the breakdown of the process here. But I do think it's important to note that neither side wants to abandon the Good Friday Agreement. And that's very important. It's also important to note that everybody agrees on what their responsibilities are and what the other side's responsibilities are, and everybody agrees that it all has to be done by a date certain.

So they have agreed to break out the two areas causing problems, the decommissioning and the standing up to the executive, and try to figure out how they can unlock that, and Mo Mowlam, as you pointed out, is working hard on it, and they've asked Senator Mitchell to come back and do some work on it, and my instinct is that it will be resolved.

Now, let me say in terms of your characterization, here's the problem. To the outsiders -- I told the parties that to the outsiders -- no one, none of us outside, even somebody like me that's been so involved in this, no one will understand if this thing breaks down over who goes first; that that did sound like the kind of argument that young people have, you know -- who goes first.

Underneath that, there's something deeper: The Protestants are afraid that they IRA will never disarm if they let the Sinn Fein go into the executive branch, and the IRA do not believe -- since the agreement did not require decommissioning as a condition of getting into the executive branch, they don't want to have to spend the rest of their lives being told that it wasn't the vote of the people, it wasn't the Good Friday Accord, it was what the Unionists and Great Britain did to force them to give up their arms that got them to disarm. They believe that would, in effect, require them to disavow what they've done for 30 years.

And what they're saying is, when we surrender our arms, we're surrendering to our people. Our people voted for this. We are surrendering to the will of the people that we represent. So when you put it in that textured way on both sides, it makes it clear why it becomes a difficult issue. And I can't think of anybody better to try to work through it than George Mitchell, because he's got it all in his head and he's put three years into it. But my instinct is that we will get this worked out.

Now, you asked about did I think we had misplaced our energies. I don't think so. We have -- for one thing, we don't have a stronger partner in the world than Great Britain, and for another, we don't have a bigger ethnic group in America than the Irish, and we're tied by blood and emotion to the Irish struggle.

I also think that it has enormous symbolism, beyond the size of the country and the number who have died. And if it can be resolved, I think it will give great impetus to the forces of peace throughout the world. So I don't believe for a moment we made a mistake.

But let me also say I think we should be more involved in Africa and I've tried to involve us more in Africa. I did everything I could to head off that civil war between Ethiopia and Eritrea. It's not a civil war, they are two separate countries, but they once were together and they're basically now arguing over the divorce settlement. And I don't mean to trivialize it in that characterization. And we are still actively involved in trying to stop that.

Reverend Jackson played a significant role in trying to end the awful carnage in Sierra Leone, and I'm very grateful for that. We're now working, and we're able to work with Nigeria to try to stabilize the region. We are training African militaries and the Africa Crisis Response Corps, so that we can, hopefully, prevent further carnage. So I believe the United States should be more involved in Africa.

And, of course, the announcement that the Vice President made on our behalf the other day of our new AIDS initiative in some ways may be the most important thing we can do to save lives there.

So I agree that we should be more involved. But I don't agree that we misplaced our energies in Ireland. I'm proud of every late-night phone call and every frustrating hour I've spent on it.

THE PRESIDENT: Yes, go ahead.

Q -- can I ask about you --

THE PRESIDENT: Well, I don't want to talk about me.

Q Oh, come on.

THE PRESIDENT: I'm not a candidate for anything.

Go ahead, what? Go ahead. All right, one more.

Q Listen, Mr. President, with due respect, in another development, I know that you are for Africa, and you know that I support -- Africa, my friend, the President of the Dominican Republic -- we are Afro-Latino. But I am not concerned at this moment about Mars. I am concerned about place where I have been for 20 years, the White House, that is going to celebrate 200 year next year. I wonder if you would tell the people of the United States what you are going to plan for that big celebration?

And another thing, Mr. President -- I am disgusted with you -- you have been hiding something extraordinary -- the performance -- or the trade promotional coordinating committee that has been carried out in the last year -- are the participants in the prospective of this economy. Why don't you speak about the success of that initiative? It's a sin that you -- you talk about a lot of things that is -- another thing that is good for America and the world.

THE PRESIDENT: Well, a lot of the things that are good for America don't make good news for them, you see.

Q And I have a follow-up. (Laughter.)

THE PRESIDENT: No, let me just say -- (laughter) -- a follow-up? (Laughter.) Now, that's really good. That is really -- Oh, God, is that good.

Let me just say that we will have a lot of celebrations of the 200th birthday of the White House next year, and it's neat that coincides with the first year of the new century and the millennium. So we'll have -- I'm not prepared to announce them yet, because I want others who deserve more credit than I do to be able to do that. But it will be a signal honor for us to be living here in that year, and we'll be able to do a lot -- and I hope we'll have even more American citizens coming to the White House next year to be a part of it.

Go ahead. Just that follow up -- that showed a lot of guts. (Laughter.) If this is a follow up, I'll give you another question. (Laughter.)

Q Sir, you've stressed that you have plenty to do, and yet for some time, your political career has enjoyed the benefits of support from two people in particular -- the Vice President and the First Lady -- two people who are now in a position to expect some support from you. I'm wondering what you feel you owe those two people in terms of political support, and as you plan your schedule in the weeks and months ahead, how you'll balance that assistance against your job as President, and finally, how you personally are adjusting to what people might think is an interesting shift in role.

Q I have a follow-up to his question. (Laughter.)

THE PRESIDENT: Now, I believe that. (Laughter.)

Well, I will do whatever I'm asked to do, basically. I'll try to be helpful. And if I can be helpful, I will be. But I think the best thing I can do for anyone who generally shares our ideas, is part of our party, trying to move the country forward, is to continue to be a good President and take care of our country.

But I don't mind hard work and I don't mind long hours, and I find myself, apparently unlike some of my predecessors -- but just read what you all say about it -- but I don't feel myself winding down, I feel myself keying up. I want to do more. I want to try to make sure that I give the American people as much as I can every day. So I've got plenty of energy and I'll do whatever I'm asked to do.

I owe them a great deal. I think Al Gore -- everybody in this room knows that he's had far more responsibility and gotten more done than any Vice President in history. Nobody's ever had a role that even approximates that. I don't think the American people know that yet, but I know that. And he deserves a lot of credit for what he's done and he has my friendship and my support. But I also think that it's a mixed blessing, as you say, because people want to see any Vice President out there on his own. If you go back and look at where Richard Nixon was in 1959, you will see the same sort of thing. So I think I see this as a rhythmic process.

I think he'll do fine. But the reason I think that has nothing to do with the questions you ask me. The reasons I think that are, A, he's a good man with a good record, but most importantly, he's out there telling the American people how he would change the country for the better. And I think that's important.

I did an interview and I talked about Hillary and this -- if she decides to do this I will do whatever I can do. And if she's successful I will happily go to the Senate spouses meeting if that's part of the job. I have never known anybody who didn't run for office who was a more effective, more consistently committed, completely passionate public citizen than her. So if she decides to do it, and if the people of New York decide that they want her to do it, that's a decision for them to make and they have to deal with that, and she's trying to deal with that, you know, the whole question of moving there.

It is true that shortly after we came here I said, you get to decide where we live from now on for the rest of our lives. And she said, I want to go to New York -- in, like, '93. This is just something that happened later. So I'll be dividing my time between home -- I'm going to go home and build my library and build my center -- I'll divide my time between there and New York, whatever she does about this Senate race.

But if I can help her in any way, I will, because I think it would be a great thing for the country -- not only because of what I owe her, because she just -- what she knows and how she's lived and what she's done. I mean, it's very unusual to find somebody like that who has that much knowledge and background and passion all packed into one place. I mean, I know that you think I'm a biased observer, but I think I could support it with evidence.

Go ahead, Bill.

Q In that same vein, sir -- (laughter) -- as the spotlight shifts from you to your Vice President and to your wife, are you likely to be content, drifting slowly offstage, or do you think that someday you will want to run for office, some office again? Or are you willing to tell us this afternoon, sir, that you will never again run for elective office?

THE PRESIDENT: I don't have any idea. (Laughter.) Really, I don't know. Let me just say this. I love this job. I love it. Even on the bad days -- you can do something good for the country, you can do something good for the future. I have loved doing this. And I have given it every ounce of my energy and ability and judgment. And I feel very fortunate. But we have a system that I, frankly, agree with, even though I'm in pretty good shape -- we have a system that says a President gets two terms and then the President has to go find something else to do with his life. And there are lots of other worthy things to do.

And I was a very happy person before I became President. I never have had any trouble finding something interesting to do that I believed in. And I will do my best to use the opportunity and the gift the American people gave me to serve in this position to be a useful citizen of my country and the world for the rest of my life, and I have no doubt that there will be some way I can do that. And I'm, frankly, kind of excited about it. I mean, it's a new challenge. I'll have to think in a different way and do a different way.

Will I miss a lot of the things about this job? Yes. I'll even miss all of you, believe it or not. But I'm just grateful that I've had the chance to serve and that the results have been good for our people and for our country and I think for the world.

And, you know, that's part of life. Life has its rhythms. And the people that are most satisfied and most happy in life take the rhythms of life and make the most of them, instead of sitting around moping and wishing the rhythms were something other than they are. That's just not the way the life works. And, listen, I'm way ahead and I'm very grateful.

Thank you very much.

END 3:45 P.M. EDT

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THE WHITE HOUSE

Office of the Press Secretary

Embargoed For Release
Until 10:06 A.M. EDT
Saturday, July 17, 1999

RADIO ADDRESS BY THE PRESIDENT
TO THE NATION

Des Moines, Iowa

THE PRESIDENT: Good morning. I want to talk to you today about a great debate now underway in Washington -- the debate over how best to use America's record-breaking budget surpluses. That we can even have this debate is remarkable. Just remember six and a half years ago, when I first became President, we faced budget deficits that were $290 billion and rising. In the previous 12 years, those deficits had quadrupled the total debt of America.

But beginning in 1993, we put in place a new economic strategy of fiscal discipline, coupled with greater investments in areas like education, training and technology. That strategy has helped to produce a private sector-led economic expansion of historic proportions. It's also produced not only a balanced budget, but budget surpluses of $99 billion this year, and a projected surplus over the next 10 years of about $2.9 trillion, including Social Security taxes.

Now, America must decide how best to use the fruits of our hard work. I believe we should stay with the fiscal discipline that got us here, and invest the surplus to meet our long-term challenges. That's why I've proposed that we set aside the vast bulk of this surplus to protect and secure Social Security and Medicare, and to modernize Medicare by adding a long-overdue prescription drug benefit.

By saving most of the surplus from Medicare and Social Security, we can also pay off all our publicly-held debt by the year 2015. That would make

America debt-free for the first time since 1835. What would that mean? It would mean lower interest rates, more business investments, more jobs, higher wages, lower

car payments, lower house payments, lower credit car payments, lower student loan payments.

Now, my balanced budget would do this, while increasing

investments in areas like education, technology, the environment and defense. It would also offer a quarter of a trillion dollars in targeted tax cuts to help middle-income families meet the crucial needs for child care, for long-term care for aging relatives, for saving for their own retirement, and tax cuts for inducing people to invest in building modern schools or rehabilitating those that exist now, and for investing in the areas of our country which have not yet fully participated in our recovery.

But my plan puts first things first. It says, first strengthen Social Security and Medicare and pay down the debt. Take care of the baby boom retirement; take care of our families and our children; take care of the long-term challenges to America. Then, we can allocate the rest of the surplus for other spending priorities like education and for tax cuts.

Unfortunately, the plan the Republican leadership put forward this week does not do that. Their plan would devote virtually all the non-Social Security surplus, nearly $1 trillion, to a tax cut, while failing to extend the solvency of Social Security and Medicare even by a single day. The plan also doesn't go far enough in paying down the debt, which will mean higher interest rates and a weaker economy down the road. And it would force drastic cuts in areas where we should be investing more.

In education, for instance, I've proposed an education and children's trust fund that will, among other things, guarantee our ability to hire 100,000 new highly-trained teachers to lower class size in the early grades. Yet, early next week, the House Republicans will offer legislation that would go back on the bipartisan commitment both Republicans and Democrats made just last year to the American people to hire those 100,000 new teachers. We've hired 30,000 now, or we've given the states and school districts the money to do that. We shouldn't go back on a commitment that we made last year; that's the wrong way to go. But that isn't the worst of it.

Republican leaders have estimated their tax plan would cost more than three-quarters of a trillion dollars between now and the year 2010. What they haven't said is what it would cost after 2010 when the baby boomers retire and the need for revenues for Social Security and Medicare will be most acute. Earlier this week, I asked the Treasury Department to analyze the Republican plan's long-term impact. And the answer I've received is quite disturbing.

According to the Treasury Department's preliminary estimate,

the costs of the Republican plan will explode between the year 2010 and 2019 from $1 trillion a decade to an unimaginable $3 trillion. At the very time the nation will be confronting the demographic challenge of the baby boom, the Republican plan will blow a $3-trillion hole in the federal budget, threatening our ability to secure Social Security and Medicare for the next generation and risking return to the era of deficits with high interest rates and economic stagnation.

Tax cuts that size quite simply are bad economic policy. It's bad not to save Social Security and Medicare; it's bad not to pay the debt off. It is certainly bad to cut education at a time when it's more important to our children's future than ever.

So I say to Congress: Put first things first. Set aside most of the surplus for Social Security and Medicare. Make sure we invest enough in education. Then, together, we can budget for the kind of tax cuts we need and can afford while we pay off the debt and guarantee a strong America in the 21st century.

This is a very good time for our country. We're on the right path. Let's stay on it, use our surplus wisely, think about our children's future. Then the 21st century will be America's best days.

Thanks for listening.

END

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 14, 1999

REMARKS BY THE PRESIDENT TO THE THIRD ANNUAL DLC CONVERSATION

Baltimore Convention Center
Baltimore, Maryland

3:00 P.M. EDT

THE PRESIDENT: Thank you very much. You guys look out there. (Laughter.) I want to thank Al for inviting me. And thank you, Cruz, for your wonderful remarks and your generous introduction. One thing I like about the California Lt. Governor is he doesn't beat around the bush, you know what's on his mind. (Laughter.)

I shouldn't do this because it's not really presidential, but I'm going to do it anyway. I have really -- you've got to give it -- this compassionate conservatism has a great ring to it, you know. It sounds so good. And I've really worked hard to try to figure out what it means. I mean, I made an honest effort.

And near as I can tell here's what it means -- it means: I like you, I do. (Laughter.) And I would like to be for the patients' bill of rights and I'd like to be for closing the gun show loophole, and I'd like not to squander the surplus and save Social Security and Medicare for the next generation. I'd like to raise the minimum wage. I'd like to do these things. But I just can't, and I feel terrible about it. (Laughter and applause.)

Oh, that will come back. (Laughter.) I would like to thank -- you don't have to give me credit if you repeat that back home. (Laughter.) I want to thank you all for being here today. We have five governors -- Governor Glendening, Governor Barnes, Governor Carnahan, Governor Carper, Governor Vilsack. Lt. Governor Kathleen Kennedy Townsend here, along with Lt. Governor Cruz Bustamante. Mayor Schmoke, the leaders of the Maryland legislature, Senator Mike Miller and Speaker Casper Taylor; any number of other officials.

I brought a large delegation from the White House, including Secretary Glickman and a number of people who have been particularly close to the DLC, including Sidney Blumenthal and your old hands, Bruce Reed and Linda Moore. And I brought a person who joined the DLC with me back in 1985, although he says he joined before I did -- my first Chief of Staff and the former Special Envoy to Latin America, Mack McLarty. So we're old friends, and I thank them all for coming with me today.

This is the third National Conversation about a talk that Al From and I have been having for nearly 15 years now. Today we can have a very different conversation than we had 15 years ago, or even half that long ago, because of the proven success of new Democratic ideas.

When I first ran for President back in 1991, I asked for a change in our party, a change in our national leadership, a change in our country. The American people have been uncommonly good to me and to Hillary, to the Vice President, to Tipper, to our administration, and thanks to their support, we have changed all three things. The ideas of the men and women who are here today are rooted in our core values of opportunity, responsibility, and community. They have revitalized our party and revitalized our country.

We won the presidency in 1992 with new ideas based on those values, because the American people could see and feel the old ways weren't working. We won again in 1996 because, with the help of a lot of people in this room, we turned those values and ideas into action. And they did work to get our country moving again -- or in the words of Cruz Bustamante, they did help real people.

Now, as we move into a new era and a new millennium, these ideas, as all of you well know, have spread around the world. They've helped center-left parties to take power in Great Britain and France and Germany and Italy and Brazil. They have sparked the kinds of debates and discussions that you have been having in virtually every country in the world where people take politics seriously. The Third Way has become the way of the future.

And when you hear our friends in the other party sort of use the same words in the same way, if imitation is the sincerest form of flattery, that, too, is something we should welcome.

I told the little story at the first because, as the Lt. Governor said, rhetoric and reality are sometimes two different things, and it's better when they're not, when they are the same thing. But it shows you the grip that the idea of a dynamic center has on thoughtful people throughout the world. It shows you how desperately people want new ideas, experimentation, an end to bitter partisanship, a genuine spirit of working together. And wherever that exists, it is a good thing.

As we move into the Information Age, we really, as Democrats, have reclaimed the true legacy of Franklin Roosevelt, which is not a particular set of programs, but a real commitment to bold experimentation; to the idea that new times demand new approaches, and often a different kind of government.

America was ready to listen to that back in 1992. You know, it's almost hard to believe now, and we may have to remind our fellow citizens in times to come just what it was like back then. How high the unemployment was; how stagnant the wages were; how steeply growing the inequality was; how fast the social conditions were worsening.

Then, the Democrats were seen too wedded to the programs of the past to make the necessary changes for today and tomorrow. The Republicans were too committed to the idea that gov was the cause of all of our problems, and neglect, therefore, was the right response.

They won election after election at the national level by sort of dividing our people and putting up cartoon caricatures of our Democrats -- long-term future. And what I am trying to get the American people to focus on now, and the Congress, is that in the remaining days of this century and this millennium, we will either explicitly or implicitly make some very large decisions that will affect our country for a long time to come.

I think that we have shown by results that our Third Way is the right way for America, for our economy, and for our society. In the weeks to come, around the budget we will have a huge debate over great national priorities. We will have to make a choice that five or six years ago you never would have believed we'd be making, which is how are we going to use the fruits of our prosperity.

If somebody had told you six years ago, the biggest debate in Washington will be what to do with the surplus -- (laughter) -- you would never have believed it. Now, I think the answer is to stick with the economic strategy that brought us to this great dance and to deal with the great challenges still before us.

So I gave the Congress a budget that will do big things -- that will meet the challenge of the aging of America by saving and reforming Social Security and Medicare; that will do it in a way that will make this country debt free for the first time since 1835 -- (applause.) That will raise educational standards and end social promotion, but provide for summer school, modern schools, and 100,000 more teachers and hooking up every classroom to the Internet by the year 2000. That will make America safer with even more community policing and more efforts to keep guns out of the hands of criminals. That will make America more livable with the Vice President's livability agenda. That will provide genuine tax relief to the people and the purposes who really need it at a price we can afford, without undermining our prosperity, including our new American markets initiative, designed to give Americans the same incentives to invest in the poor areas of America we give today to invest in the Caribbean and Latin America and Africa and Asia. I think that's a very important thing to do. (Applause.)

I might say all of you would have gotten a big kick seeing Al From and Jesse Jackson walking arm in arm across America last week. (Laughter.) It was good for America. It was good for the Democratic Party. It was good for the people that lived in Appalachia and the Mississippi Delta, in East St. Louis -- Mayor Powell, I'm glad to see you here today. We had a wonderful time there. Thank you for coming.

She gave such a great speech when we visited East St. Louis, I told her she ought to show up for this conference. And, lo and behold, she did. So I thank you for coming.

We went to Pine Ridge Indian Reservation in South Dakota. We went to South Phoenix -- and I know we've got some legislators from Arizona here today, and I thank you for being here. (Applause.) The block over there. And we ended in LA. These are big things. These are big, big things. And we will decide, directly or indirectly, whether to embrace them. The decisions cannot be escaped.

You all know the basic elements of my plan. I want to use the bulk of the surplus to save Social Security. I want to set aside 50 percent of it to reform Medicare and to begin with a prescription drug benefit, which would have been in any program if it were to be designed today from the start. I want to provide substantial tax relief, $250 billion of it, targeted to help families save for retirement, to deal with child care and long-term care needs, to help to deal with some of our larger challenges including modernizing our schools, adjusting to the challenge of climate change, and as I said, investing in America's new markets.

If we do it the way I have proposed, this country will be out of debt in 2015. Now, I would like to tell you very briefly why I think that is a good idea. First of all, you all know we live in a global economy. Interest rates and capital availability are set in global markets. If a wealthy country like the United States is out of debt, what does it mean? It means interest rates will be lower; it means there will be more business investment; it will be more jobs; it will be higher incomes. It means that for ordinary citizens, their car payments, their house payments, their credit card payments, their student loan payments will be lower.

It means the next time there's a financial crisis in the world, we won't need to take money, and the needy, vulnerable countries will be able to get the money they need at lower interest rates, which means not only their people will be better off, but they will be better trading partners for us and their democracies will be more likely to whether the storms.

This is a progressive idea today, and we ought to stick with it. Now, I realize 16 months before an election the allure of "I've got a bigger tax cut than you do; come look at my tax cut" -- (laughter) -- I mean, that's got a lot of appeal, you know. And it doesn't take very long to explain. You can put it in a five-second ad -- "our tax cut is bigger than theirs." But I'd just like to remind the American people, number one, look at the results we have achieved in the last six and a half years by looking to the long run and doing the responsible thing.

Number two, every ordinary American citizen, and virtually every wealthy American, will be better off over the long run with lower interest rates, a more stable economy, a more growing economy, than with a short-term tax cut. I'm not against a tax cut. We've got a good one in here. But if we don't fix Medicare and Social Security, and we let the baby boom generation retire, and worry about whether these systems are going to go haywire, and we impose on our children the burden of taking care of us when it is absolutely unnecessary, undermining their ability to raise our grandchildren, we will never forgive ourselves -- just because there is an election in 16 months. It's wrong. (Applause.)

The Vice President and I had a meeting with the Republican and the Democratic leaders of Congress Monday, and we told them that we wanted to work with them. And we have worked with them in the past, as I said, with welfare reform and the Balanced Budget Act. But we've got to stay on this new way. I think that on this issue they're still committed to their old ways.

Yesterday, the Republican leadership unveiled a tax plan that I believe could wreck our economy. It would certainly wreck our fiscal discipline. Let me explain what is wrong with their plan. Their tax plan would devote just about all of the surplus that doesn't come from Social Security taxes, all the non-Social Security surplus to a tax cut. First of all, if they did that it would leave no money for Medicare. Every responsible analyst of Medicare says there are just so many people drawing and so few people paying in -- as the baby boomers retire, that will be twice as many people over 65 in 2030 as there are today -- everybody says you've got to put some more money in. So there would be no money for that.

Secondly, it would require, as our economy grows, real cuts in education, defense, the environment, research, technology, the kinds of things that we have invested more in. We have almost doubled investment in education and technology, as we have shrunk the size of the government and gotten rid of the deficit and eliminated hundreds of programs. So it won't work.

The second big problem with it is that if you look at the next 10 years, not just the first 10 years -- that is, the 10 years when the baby boomers will retire and when we ought to be paying off the debt, their tax cut will really be big -- and it will put us back into debt.

So remember now, I'm not going to -- I hope I will be one of the people just out there drawing my check, you know. I'll be out of here. But think about this -- especially the younger people in this audience. In the second decade of the 21st century, just when the baby boomers start to retire, just when Social Security and Medicare begin to feel the crunch, just when we could be debt free for the first time sine 1835 -- at that very moment, their tax cut would swallow the surplus and make it impossible to meet our basic commitments.

I have asked the Treasury to report as soon as possible to me on what their tax cut costs in the second 10 years of this decade. We should not undo our fiscal discipline. We should not imperil our prosperity. We should not undermine Medicare. We should not make big cuts in education, defense, research and technology, and the environment. I won't allow that sort of plan to become law. It wouldn't be right. (Applause.)

Now, again I say, we can have a tax cut, we ought to have a tax cut, but we ought to do it in the right way for the right reasons, and we ought to put first things first. We should save Social Security and Medicare, meet our responsibilities for the next century before we go off talking about the tax cut.

You know, some of this is basic arithmetic. We had years and years in the 1980s when people said there is no such thing as basic arithmetic. There is supply-side economics, or whatever. And they said supply side economics would dictate a huge recession after our '93 economic plan passed. But the American people don't have to guess any more.

We tried it their way, we tried it our way. There is evidence -- and I'm telling you, I don't care if the election is next week, never mind next year; we have worked for too long to get this country out of the hole. We are moving in the right direction, and we must not compromise the future of America and the next generation just for the next election. It would be wrong, and I want you to help us get that message out there. (Applause.)

The same thing is true on crime. The DLC had a lot to do with our ideas about fighting crime. And you remember what they were: We wanted 100,000 police. We used to go -- our DLC trips, we'd go to these places and we'd go look at these community policing operations that were already bringing crime down in cities in the early '90s. We wanted the Brady Bill, we wanted an assault weapons ban, we wanted targeted, tougher punishment and broad prevention programs for our young people -- and the program is working.

The real choice, as the Vice President pointed out in his speech Monday, is not between stronger punishment and better prevention; the real choice is to do both. But I hope the DLC will not give up its ideas on fighting crime just because we're at a 26-year low. Because if you're one of the victims, the crime's still too high. (Applause.)

We could make this country the safest big country in the world if we would do the right, sensible things to do it. I thought the Vice President put some great ideas forward on Monday. And that's what this election ought to be about. Even the commentators on the other side point out that so far, he's the only person who has actually said what he would do if the people gave him the job, which I think is a reasonably good idea to do.

You probably ought to tell people what you're going to do when you get the job, and then you would be more likely to do it. And I believe the central reason for the success that we have enjoyed is that we worked -- Al and I and others and my folks at home, we worked for years to think about exactly what ought to be done. And so, if you look at what he said, we ought to apply reforms that are working in the private sector at many levels of government to revolutionize the justice system. We ought to take the next step on licensing people who own handguns to make sure that they're trained to use the guns and that they should have them, and that would solve all these loopholes, because if you had a bad background, you couldn't get a license, you couldn't own one.

This is not going to keep anybody from being a hunter or sportsman. This is not to undermine the fabric of life in America; it's going to make it safer. And this is a very serious issue, so I would urge you to keep up your interest not only in the economic issues, not only in the entitlement reforms, but also in the question of how we can make America the safest big country in the world.

When I was running in '92, we were just trying to get the crime rate down. Everybody thought it was going to go up forever. Now we know we can bring it down. I think we ought to commit ourselves to making America the safest big country in the world. When I was running in '92, everybody said we've just got to get the deficit down, got to try to balance the budget. Now, we can imagine making America debt-free. We can do things that are not imaginable at the moment if we will have good ideas and work on them in a disciplined way.

So I think that the other candidates ought to follow the Vice President's lead and tell us where they stand on these crime issues. And on the other issues as well. There will be clear choices here. Will we have common-sense gun laws, or government by the gun lobby?

I'll never forget when I went to New Hampshire in 1996. Just for all you elected politicians who think you can't survive this stuff, they voted for me by one point in '92 and I was grateful, because they normally vote Republican. So my first meeting, we had a couple of hundred largely men in this audience in their plaid shirts, waiting more for deer season than the President's speech. (Laughter.)

And so I told them, I said, you know, in '94, you be the Democrat Congressman up here, and you did it because you voted for the Brady Bill and the Crime Bill and the Assault Weapons Ban. And I want you to know he did that because I asked him to. So if you have, since 1994, experienced any inconvenience whatever in your hunting season, I want you to vote against me, too, because he did it for me. But if you haven't, they lied to you and you ought to get even. (Laughter and applause.)

In New Hampshire, our margin of victory went from one percent to 13 percent. You can do this. Tell the American people the truth about these things. Just go out and tell people the truth about these things. I feel the same way about welfare. I had to veto two bills that the Congress passed, because I thought they were too tough on kids. The took the guarantee of nutrition and health care benefits away from children.

After we put that back in, I believe the welfare reform bill was right because I thought we ought to require able-bodied people to work, and because letting the state have the money for the benefits was not a big deal since the states had radically different levels of benefits anyway. And remember -- in our welfare reform bill, we left the states with the same amount of money they had in February of 1994 when the welfare rolls were at an all-time high, even after the rolls dropped, so that they could be free to put the money back into training, to child care, to transportation, to the things people need.

We've still got work to do to make sure that work pays. With the strong support of the DLC back in '93, we doubled the earned income tax credit. Then we raised the minimum wage. We put more into child care. But I want to do some other things. First of all, we are changing the rules so thousands of poor working families won't be denied food stamps as they are today just because they own a reliable car. We're going to change those rules, and we should be for them. (Applause.)

We're also going to get rid of some of the old reporting rules and launch a national campaign to make sure that working people know there is no indignity in taking public assistance to help feed their children if they're out there working 40 hours a week. (Applause.)

And finally, let me say I hope you will really give a lot of thought to the project that Al and I and others were on last week. How can we go across that bridge to the 21st century together? How can we bring the spark of enterprise and opportunity to every community? There are still a lot of people that haven't participated in this recovery, and a lot of places that we didn't visit last week. There are still a lot of small- and medium-sized towns that lose just a factory, but have real trouble restructuring their economy.

We presented this New Markets Initiative which I said I think is very good because it will give the same incentives to people nationwide that they only have in the empowerment zones today to invest in those markets. But we need to do more. A fertile, fertile ground for DLC endeavors is involving everyone -- every single American who is willing to work -- in American enterprise. We can do that.

And let me just make one last point as we segue into the next part of the program. The DLC now takes a lot of justifiable pride in the fact that the ideas we have long championed are now being debated in Berlin or London or some other world capital. But that's not why we got into this.

We got into this to prove that politics had a positive purpose in the lives of ordinary citizens. And therefore, it is far more important for us what is happening in Sacramento or in countless other legislators in city halls across America. You are still on the front line of the battlefield of ideas. You must lead us forward.

I have taken enormous pride in the work of Lt. Governors like Cruz Bustamante and Kathleen Kennedy Townsend. I have taken enormous pride in watching mayors like Kirk Wilson in Austin and Don Cunningham in Bethlehem. I see my former colleagues in the Governor's Association continuing to do remarkable things and people in other state offices. Don't forget that.

I close with these words. Robert Kennedy, who I believe was trying to do something like what we've been doing when his life and career were cut short in 1968, said, "Idealism, high aspiration and deep conviction are not incompatible with the most practical and efficient of programs. There is no basic inconsistency between ideals and realistic possibility. No separation between the deepest desires of heart and mind and the rational application of human effort to human problem." That is a good statement of what we believe and what you were doing.

I thank you for your hard work, and I ask you to remember -- you can celebrate our achievements all you want, but the American people hire us for tomorrow. Thank you and God bless you. (Applause.)

* * * * *

THE PRESIDENT: Well, first of all, I would like to thank Kirk and Don and Ember and Mike for their presentations. They pretty well made the point I was trying to make that -- and I think they're four people who could do just about any job. And I think that the jobs they are doing are changing people's lives.

I would just like to make a couple of points about what was said by each of them. First of all, if I could go back to the point I made about paying the debt down and the general condition of the economy -- if we can keep this going, pretty soon this peacetime expansion, which is the longest peacetime expansion in history -- we have the longest expansion of any kind in our history, including wartime, pretty soon. Now, I do not for a moment believe we have repealed all the laws of economics. But I do believe that the technological revolution underway in America, and the fact that we have relatively open borders, and therefore, have consistent competition, has kept inflation down as we've had growth.

But if you look at what they said from the perspective that I have to take every day, you know, we sit around here all the time and we argue, how much more can the American economy grow without getting inflation going up. And you remember, every time the Federal Reserve meets now, that's the big argument -- people say, are they or are they not going to raise interest rates. Well, there's no evidence of inflation now, but surely we can't keep doing this on and on and on.

We've now got unemployment under five percent -- for two years in a row. Well, if you think about it, how could we continue to grow without inflation. And if you posit for the moment the potential of technology, there are the following ways: You can look at what Austin is doing -- you have to continue to expand the base of people that make a living in the most powerful part of the economy now.

Eight percent of our economy is in high-tech, 30 percent of our growth. And since it, by definition, is -- the whole thing that makes it work is continuing explosive increases in productivity. So that's one thing you can do. The second thing that you can do is to sell more of what we make around the world, which is why I've tried really hard to build a consensus among our party and to reach out to the others, but continue to expand trade, but to do it in a way that lifts labor and environmental standards around the world, so it's a race to the top, not a race to the bottom.

The third thing you can do is to reach out to discrete population groups, and that's what Michael does. The two biggest discrete population groups in the country that are still not in the work force are the people who still haven't moved from welfare to work, although we've moved another million and a half last year. And they are the hardest to reach. That's why what you said about the work force act's so important. Every governor now has been given the opportunity to work with labor commissions and others to design a training program that we hope will eventually lead to a lifetime educational training program, so that whenever anybody's changing jobs at any age, they'll always be able to get the training they need. But the two big population groups anywhere are people on welfare and disabled people who want to go to work.

One of the things that I think will come out of this Congress, there appears to be almost unanimous bipartisan agreement that we ought to let people on disability who get Medicaid health insurance keep their Medicaid when they go in the work force. Now, that's a good deal for the state, because we're going to pay their Medicaid anyway -- state and federal government -- but if they're working, they'll be paying taxes back. They'll be happier, they'll be part of it.

Seventy-some percent of the people who are disabled in this country want to go in the work force. I met -- in New Hampshire, I met a guy who was an Olympic skier once who had a terrible skiing accident, was confined to a wheelchair. He had $40,000 in medical bills a year, and that was slightly more than he was going to make on his job. We're better off if he takes a job. But on the welfare -- I don't want to minimize the difficulty of this -- he's got a big challenge now, because most of the easy movement from welfare to work has occurred. So if you want to move people now, you've got to really work at it.

And then, to go to what the Mayor of Bethlehem said, the other thing we've got to do is to find a way to enable people who lose their economic base to create one more quickly. People like me who come from the Mississippi Delta area -- I see Mr. Eastland over there -- that's what happened to us. We never -- we lost the economic base that once gave everybody a job, even though a lot of those people were working for substandard living, and we -- that's a part of our country that's not yet reconstructed its economic base. That's why I think the DLC ought to be working on it.

The reason we were celebrating East St. Louis the other day is it was the first -- this Walgreen's store is going to anchor this big development down there -- it's the first development they've had in decades. Not years, decades. We cannot afford, in an economy that's moving literally at the speed of light, to wait decades to figure out how to bring enterprise to places that have been left behind. We have to figure out how to do that better. And what you're doing will work, but it needs to be done everywhere.

The last point I'd like to make is that, going to what Ember said, when I became President, there was one charter school in the whole country -- one -- in Minnesota. Minnesota was also the first state in the country to have statewide school choice before the charter schools; Arkansas was the second -- I stole the idea from Minnesota. So I said, let's have 1,000 charter schools. Then, I asked the Congress to give me enough money to help people set up 3,000 charter schools for next year. We're going to be at 1,500 this fall. I think next year will be actually quite close to 3,000 nationwide, which is enough to have a profound impact.

But we won't really have a successful system until the things that make the charter schools work can be found in the other schools. And the voucher movement will never go away if people feel that they're trapped in failure. I've worked for school choice, I've worked for the charter schools, I believe in accountability. Actually, there is no evidence -- and there is quite a bit of evidence out there now on how well kids do who opt out and go to private schools -- there is no evidence that they're doing better. But if people feel their schools are unsafe or they're inadequate, the voucher movement will be out there, and it will be a difficult political issue for Democrats, for Republicans, for people who love public education.

We have got to prove that -- the one thing that we have never done -- and I've worked for 20 years on this deal now, more than 20 years now -- we have not succeeded as a country in taking what works in public education in one place or two places or 10 places, modifying it for local conditions, yes, but implementing it somewhere else. So you have to assume that parents and others who would go to the trouble to set up the charter schools wouldn't go to all the trouble unless they were committed to learning, unless they were really committed to what works.

But if I could have waved a magic wand as governor when I was governor and solved any problem in my state, it would have been that. I had poor little rural schools, I had some schools in poor urban areas that were doing stunningly well. But I never could either set up the systems or set up the incentives or convince people that everybody else ought to run through what they were doing and do it. Because this is not rocket science. This is not the same as walking on Mars within five years. In some ways, it's more difficult because it deals with the human psyche and all these human difficulties, but people can understand what works.

And I just think that the work you've done in Minnesota and what you're pushing now, this whole concept of charter districts -- I never even thought about it before you said it today -- but that's the sort of thing we need to be doing. We will never bring everybody into the big tent of our prosperity until we have not only the best higher education system in the world, but the best elementary and secondary education system in the world.

And you've got to give this lady and her colleagues in Minnesota an enormous amount of credit for what they have done now for more than a decade to make us think about this. But if I could say to all of you at the grass-roots level, if you can figure out a way to make economic change faster, to bring opportunity to where it doesn't exist, and to bring more uniformity of excellence in public education -- if we could do those things, if that could be a huge part of the DLC's crusade for the next decade, I wouldn't be a bit worried about America's future.

Thank you very much. (Applause.)

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THE WHITE HOUSE

Office of the Press Secretary
(Miami Beach, Florida)

For Immediate Release July 13, 1999

REMARKS BY THE PRESIDENT
AT ANNUAL CONVENTION OF THE
COMMUNICATION WORKERS OF AMERICA

Miami Beach Convention Center
Miami Beach, Florida

1:35 P.M. EDT

THE PRESIDENT: Thank you for that wonderful welcome. (Laughter.) You, in particular. (Laughter and applause.) Thank you, President Bahr, Mrs. Bahr, members of the Executive Committee. President Sweeney, it's great to see you here. To see all of you out here and all of those behind. I always knew the CWA was behind me, but when I saw so many people up here I thought it was a literal proof today. (Laughter.)

I want to say I also believe that two gentlemen who came with me are still here -- Florida representatives, our Democratic Congressman, Representative Alcee Hastings, and Attorney General Bob Butterworth. I welcome them here. (Applause.)

I came here, first and foremost, to say a simple thank you -- thank you for what you do to make America great. Thank you for what you have done for me and the Vice President. Thank you for the help you have given us to move this country forward.

Harry Truman once said, when ever labor does well, the whole country does well. (Applause.) As usual, he was right. You prove it. The CWA is stronger than it's ever been and America is more prosperous than it has ever been. The bounty we enjoy today is in no small measure the result of your hard work -- every day programming computers, manning customer service

centers, electronically filing news stories, running MRI machines, laying the very cable of the Information Superhighway. The CWA is building the new economy of the 21st century.

In that endeavor, the Clinton-Gore administration and

our allies in Congress have been your partners. Remember what it was like when I became President six and a half years ago? Unemployment was high, the deficit was huge and rising, poverty and inequality were increasing, our social problems were getting worse. We promised to make a new covenant with the American people: opportunity in return for responsibility; a community of all Americans and a government committed to giving the American people the tools and conditions they needed to solve their problems and make the most of their own lives.

That strategy was set in motion with our economic plan in 1993. In the years since, we have turned the red ink of deficits into the black ink of surpluses, lowered interest rates and fueled an economic expansion of truly historic proportions. Meanwhile, we've nearly doubled investment in education and training; put more police on the street and taken more guns out of the hands of criminals; invested more in technology, medical research, in cleaning up the environment; passed family leave and other family-friendly measures --(applause) -- including substantial tax cuts to help families pay for college and to help families raise their children.

We showed, in other words, that our Democratic administration could balance the budget while honoring our values. Now, because we believe it is wrong for any child to be without access to the Internet, one of the greatest vehicles of opportunity the world has ever seen, we created our e-rate program to make sure every classroom -- thanks to the leadership of Vice President Gore -- every classroom in America can be hooked up to the Internet by the year 2000. We're well over half way there now, and I thank you for your role in that. (Applause.)

I also want to thank Morty Bahr for serving on the Advisory Council on the National Information Infrastructure, which laid the groundwork for the e-rate program, which has brought discount after discount after discount to poor schools and libraries throughout America to make sure everybody can afford to be part of the Information Superhighway.

Now, because we believe all Americans should have the means to upgrade their skills, we unveiled in January a new initiative to offer literacy and job training to every single working American who needs it now and who will need it in the future. (Applause.) And again, Morty Bahr was there with me at the unveiling, having served on our 21st Century Work Force Commission.

And now, because we believe that to be secure means

meeting the challenge of the aging of America by reforming Social Security and Medicare, providing more health care security, more retirement security and strengthening our economy, we have put forward a sweeping proposal to use most of our surplus for these purposes.

Today I want to talk to you in detail about the challenge of strengthening and modernizing Medicare for the 21st century. (Applause.) The simple problem is that more Americans are living longer. That's a high-class problem. But with the baby boom retirement just ahead of us and more Americans living longer, the number of Medicare beneficiaries is simply growing faster than the number of workers paying into the system.

By the year 2015, the Medicare trust fund will be insolvent, just as the baby boom generation begins to retire and enter the system, eventually doubling the number of Americans over 65 by the year 2030. Over the last six and a half years, we've taken some important steps to strengthen Medicare. When I first became President, Medicare was scheduled to go broke this year. We've helped to extend the life of the trust fund to 2015 by fighting waste, fraud, and abuse, and taking tough action to contain costs, in 1993 and in 1997.

But we must do more, not only to extend the solvency of Medicare, but to ensure that its benefits keep up with the advances of modern science. No one, for example, no one would devise a Medicare program if we were starting from scratch today without including a prescription drug benefit. (Applause.) It wasn't as important back in 1965. Many of the drugs we now use to treat heart disease, arthritis and other conditions didn't even exist back then when Medicare was first created.

When it comes to securing health care and its benefits, nobody -- nobody -- has done more than the CWA. When it comes to controlling health care costs and maintaining quality of care, no union has worked harder or more cooperatively with employers and insurers than the CWA. What you have done for your retired members we as a nation must now do for all our senior citizens. (Applause.)

Last month I set out a plan to secure and modernize Medicare. Here are its elements. First and foremost, my plan would provide what every single objective expert has said Medicare must have if it is to survive -- more resources to shore up its solvency. The plan would devote 15 percent of the federal budget surplus over the next 15 years to Medicare to extend the life of the trust fund to 2027.

Second, the plan will use the force of competition and the best practices now in the private sector to keep costs down without sacrificing quality.

Third, the plan will allow Americans between the ages of 55 and 65 who don't have health insurance on the job or in their retirement to buy into Medicare in a way that does not compromise the solvency of the trust fund. This is a huge issue today, with more and more early retirees and others who don't have health insurance and simply cannot afford it in the private marketplace in the years when they may be most vulnerable. (Applause.)

Fourth, the plan will modernize Medicare's benefits to match the advances of medical science. For example, almost every week researchers seem to develop a new preventive screening to catch diseases in their early stages. Unfortunately, the copayments Medicare charges for these tests leaves many seniors struggling to pay rent and utility bills to put off getting those tests done until it's too late. It makes no sense for Medicare to put up roadblocks to screenings and then turn around and pick up the much more expensive hospital bills the screenings might have avoided. (Applause.)

That's why our plan will eliminate the deductible and all copayments for all preventive services. (Applause.) We pay for it by requiring modest copays for lab tests that are often overused, and indexing the very modest Part B premium. But we must help. If we're going to do this right, we must help seniors to meet their greatest growing need -- the need for affordable prescription drug coverage. (Applause.)

Now, many of our friends in the other party say, well, a lot of seniors have drug coverage today. Well, that's right, a lot do. But 15 million don't, and more are losing it every single day. And a lot of them are paying an arm and a leg for very modest coverage. For those who have good plans, they're not having any problems because our plan on this is entirely voluntary. It provides voluntary prescription drug coverage, paid for largely with resources we will save from making Medicare more competitive and innovative, plus a small fraction of the surplus that is dedicated to Medicare.

This benefit will cover half of all prescription drug costs, up to $5,000, when fully phased in, with no deductible at all, and all for a modest premium that will be less than half the price the average Medigap policy costs, and will not apply -- will not apply -- to seniors up to 130 percent of the poverty line. This is a good deal for America, and we ought to do it.

(Applause.)

It is a program our seniors can afford, provided in a way the rest of America can afford. Nobody knows better the value of prescription drug coverage than union men and women that have fought hard for drug benefits more generous than those I'm proposing. But retired unionists are among the fortunate few. I say again: Nearly 15 million Medicare beneficiaries lack prescription drug benefits altogether. Nearly half of them are not poor; they're middle-class Americans. With prescription drug prices rising, the pressure is on employers to cut back or eliminate prescription drug coverage, and it's becoming more intense. Much of that pressure is coming from competing employers who don't offer these benefits. You and your employers should not have to fight this battle by yourselves. (Applause.)

Of course, America works best when we work together to meet our common challenges. Yesterday, at the White House, I met with leaders of both parties to discuss the budget and my plan for Medicare. I was pleased that Republican leaders expressed a willingness to work together with us. But they are putting together a tax plan today that leaves no resources available from the surplus for strengthening Medicare. That is why I am asking Republican leaders, in the interest of saving Medicare, to reconsider the size of their tax cut plan. First things first. (Applause.)

We worked very hard in putting this plan together to squeeze every penny of savings we could out of Medicare without harming the quality of care. But to extend the life of the trust fund for a quarter century without devoting a portion of the surplus to Medicare would mean -- listen to this -- would mean holding spending increases in Medicare to a rate that is more than 60 percent below what private insurance is expected to grow. It can't be done. That would severely cut both the quality and the quantity of health care available to seniors on Medicare and that will not happen on my watch. I won't let it happen. (Applause.) Thank you.

I am pleased that there does seem to be an agreement between the Republican leaders and our Democratic leaders and myself to devote that portion of the surplus attributable to Social Security taxes just to Social Security. But it is critical that we have a so-called lock box that actually locks in the debt reduction that we get from not spending that money and gives the benefit of that debt reduction to Social Security, so that we can extend the life of the trust fund, as my plan does, the Social Security trust fund, to 2053 -- adding 53 years from

here to there. That's important. (Applause.)

I'll be talking more about this later. But the Social Security trust fund is expected to last until 2035 now. It's even more important that we devote some of these funds to Medicare right now because Medicare is expected to be insolvent almost 20 years earlier, in 2015.

We as a nation have got some big choices to make in the next few months. We've got to decide what to do with this surplus. Did you ever think a few years ago we'd even be having this conversation? We had a $290-billion deficit when I took office; it was supposed to be up to $380 billion this year. We quadrupled the debt four times, quadrupled the debt in 12 years. So I realize that it's tempting for a Congress to say, well, 16 months before election, let's do what is most immediately pleasing, whether it's right for America over the long run or not. This is a big test for us -- for our wisdom, for our judgment, for our concern for our people and their future.

I think the right choice is to devote most of the surplus to saving Social Security and Medicare. (Applause.) Let me tell you -- and let me walk through this with you again, because under our plan, besides reforming and saving Social Security and Medicare, this plan will allow us to pay off publicly-held debt to make America debt-free in 15 years for the first time since 1835. (Applause.)

Now, what does that mean to the government? It means when you pay your tax money, we're not spending 13 cents, 14 cents or 15 cents on every dollar of your taxes just to pay interest on the debt. It means that future tax burdens can be lower.

What does it mean to ordinary citizens right now, and every year from now on? It means if America is on a path to becoming debt-free, interest rates will be lower. That means businesses can borrow at less cost. That means more new investment, more jobs and more money for higher wages. It means average families can borrow at less cost. That means lower home mortgages, lower credit card payments, lower car payments, lower college loan payments. I'm telling you, the average family will save a whole lot more under this plan looking after our future than they will under the tax cut plan offered by the other party. (Applause.)

Now, because their plan spends almost all the non-Social Security related surplus on a tax cut, it would not only do nothing to restore Medicare, it would require deep cuts in

those things we need to be investing the most in -- in education, in hiring those 100,000 teachers, in medical research, in technology, in preserving the environment, in modernizing our national defense. We won't have the money to do that.

And again I say, this is a mistake because our plan has a sizeable tax cut -- nearly a quarter trillion dollars for middle-income families to meet their crucial needs -- for child care, for long-term care, for saving for retirement. It provides tax cuts for building world-class schools, for developing and installing new environmental technologies, for funding the New Markets Initiative -- which I highlighted on my tour to the poorest parts of America last week, simply to say we will give you the same tax breaks to invest in poor areas in America we give you to invest in poor areas overseas. It is the right thing to do. (Applause.)

So here's the choice: We can save Social Security and Medicare and make Medicare better. We can make America debt-free, giving our children a stronger economy and all of you lower interest rates. We can still have a good-size tax cut, but not as large as the one the Republican leaders propose.

Again I say, their plan would spend almost the entire non-Social Security portion of the surplus on tax cuts. It wouldn't extend the solvency of Medicare by a single day. Depending on how they do it, it might not extend the solvency of Social Security by a single day. It would force drastic cuts in education, research and technology, defense and the environment. It would mean not paying off the debt and leaving us and our children more vulnerable to higher interest rates, a higher level of government spending for interest payments alone, higher taxes in years to come, a weaker economy, itself more vulnerable to the kind of global financial turmoil we've all seen the last couple of years.

So that's the choice. An America debt-free, with Social Security intact and Medicare even better, and a substantial tax cut -- or a return to the "spend now, pay later" approach that will not save and strengthen Medicare, may or may not lengthen the life of Social Security, will certainly cut education and other vital programs, and again I say, over the long run will be far more costly to every person in this room and every working family in the entire United States.

I believe we all want -- Republicans and Democrats and independents -- the strongest possible America for our children. I'm encouraged by the tone and the substance of the meeting I had yesterday with the leaders of Congress in both parties. So I ask again the Republican leaders in Congress, for the sake of saving Medicare and strengthening our future, to reduce the size of your tax cut and join us in putting first things first. (Applause.)

If we would sit down at the table like responsible family members and figure out how much it would cost us to meet our current obligations to education, defense and other things, what we have to do to save Social Security and Medicare not just for the baby boom generation, but for their children and grandchildren who otherwise will be spending money they need to get along, to pay for education, to pay for the future on their parents, then we could figure out how much is left over for the tax cut. That's what I've tried to do, because I think it's the right thing for America. First things first, putting people first. It's the American way. (Applause.)

And to my fellow Americans who may think that this is just one of those Washington debates, and one side makes their side sound good and the other side makes their side sound so good, and it's all just a bunch of politics, all I can offer is the record of the last six and a half years. (Applause.)

I ask -- think about it. With your help, we have nearly 19 million new jobs, the longest peacetime expansion in history, the lowest crime rate in 26 years, the lowest welfare rolls in 30 years, the highest home ownership in history, the lowest minority unemployment rates ever recorded. We have declining rates of teen pregnancy, smoking and drug abuse. We have cleaner air, cleaner water and safer food. We've got 90 percent of our children immunized against serious childhood illnesses for the first time. We've got 100,000 young people working in our communities in AmeriCorps, making America better and earning their way to college. The record indicates that when we say something is good for America's future, it probably is good for America's future. (Applause.)

That's why we're trying to pass this patients' bill of rights they're debating up there today. Think how you would feel -- that's what I asked the senators to do today -- think how you would feel if it was your child, your wife, your husband, and the question was, your doctor says you need to see a specialist and your HMO accountant says you don't. Should you have to hassle it out for three months, and then, if the damage is irrevocable, shouldn't you be able to hold somebody accountable? Think how you would feel. (Applause.)

Think how you would feel if, God forbid, you got hurt in an accident outside this convention hall and the ambulance had to drive you past two or three hospitals until they finally got

to one covered by your HMO. Depending on what kind of injury you had, it could just be much more painful or terribly devastating.

Think how you would feel if your small employer changed health care providers in the middle of your wife's pregnancy or in the middle of the husband's chemotherapy treatment; and they said, I'm sorry, I know this is traumatic, I know you're six months pregnant and you've had a terrible pregnancy, but here's a new doctor for you. I know your life is on the line and you've got great confidence in this doctor supervising your chemotherapy treatment, but here's a new doctor for you.

I just try to think about what's right for the American people. Oh, they'll tell you how much it costs up there. But we put in the patients' bill of rights for the federal employees -- it costs less than a buck a month a policy to comply with. (Applause.) The Congressional Budget Office says that at the most, it would cost $2 a month a policy. Don't you think it's worth $24 a year to know that when you need to see a specialist, you can see one? (Applause.)

So that's what we're trying to do -- with our proposal to modernize schools, to finish hiring 100,000 teachers, to put even more police on the street and take even more guns out of the hands of more criminals. And that's what we're trying to do by shining the light of enterprise and opportunity at America's poorest communities. And most of all, that's what we're trying to do with our plan to save Social Security and Medicare, provide that prescription drug benefit and make America debt-free.

You know, in a year and a half, I'll retire with a pretty nice pension. I'll be all right, regardless. Thanks to the CWA, most of you will be all right, regardless. (Applause.) But, you know, if we haven't learned anything in the last six years, it ought to be that the policies that help the least of us help all of us; (applause) -- that when we strengthen America's families and workplaces and communities, we're all better off. (Applause.)

A lot of people that have made a lot of money out of the stock market in the last six and a half years, when it's more than tripled, they'd have been all right if the stock market hadn't gone up. But they're a lot better off because the lives of average Americans have gone up. That's why the stock market's done better. (Applause.)

And so, again, I'll say to all of you, we've got this phenomenal opportunity -- the opportunity of a lifetime, of a whole generation, to use the last 16 months of this century to get the 21st century off to a rousing start for America. We just have to be faithful to the covenant we made with the people in 1992. We have to put first things first. We have to put people first. And if we do it, watch out, you ain't seen nothin' yet.

God bless you and thank you. (Applause.)

END 2:10 P.M. EDT

Jason H. Schechter
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To: See the distribution list at the bottom of this message

cc:
Subject: Embargoed Interview of the President by the New York Times

THE WHITE HOUSE

Office of the Press Secretary
(Anaheim, California)

Embargoed For Release
Until 6:00 A.M. EDT
Sunday, July 11, 1999

INTERVIEW OF THE PRESIDENT
BY BOB HERBERT, THE NEW YORK TIMES

In Limousine En Route to Anaheim Hilton
Anaheim, California

THE PRESIDENT: (In progress) -- the successful work that's been done in the empowerment zones by these community development financial institutions. If you look at the banks that have vigorously pursued the Community Reinvestment Act and what they've been able to achieve, there is a lot of evidence that this will work.

Secondly, this is not like either the Great Society of the '60s or the great neglect of the '80s, this is about getting good jobs into the inner cities and the rural areas by building an economic infrastructure that is part of the private economy, where the primary role of the government is to -- through tax incentives and loan guarantees, reduce the relative risk and to provide and to support these intermediary institutions so, like the community development banks and the microenterprise loan programs where there are relationships with people in the community so good decisions will, in fact, be made.

And there's just a lot of evidence that this works -- not just in the United States, but all over the world. And what I'm trying to do with this tour is to, building on what we've already done, show the investor community in America and the business community that there are a lot of good opportunities out here in the cities and in the rural areas, and secondly, to try to highlight the need for this new markets legislation which will, unlike the empowerment zones of the community development financial institutions, be nationwide in scope.

It will be available to investors in every underdeveloped area in the country whether or not they have a community development bank, whether or not they have an empowerment zone or an oppressed community, whether or not they have any of these other things, and it emphasizes the most important thing, which is incentives to get that first equity capital to start the investment.

Essentially, what none of these programs in the past have ever seriously done is to try to build a self-sustaining economic infrastructure. So that's why you see these apparently contradictory numbers. You see wages for the lowest-income workers finally going up again substantially over the last two years, you see the lowest African American and Hispanic unemployment rates ever recorded, but you still see these pockets of real difficulty because there is, in these places, no indigenous economy.

Q What do you say to those Americans who are already doing well, especially Republicans? What do you say to them? Why should they get behind an effort like this? Why is it good for them?

THE PRESIDENT: I would say three things. Number one, anybody who has done as well as most of them have done in the last six and a half years ought to want other people to do better. They ought to feel like they should do it. But if they don't feel that way, the second thing I'd say is, there is money to be made out here. You know, the Aetna Chairman who went with us on the first half of the trip, he also took our little advance trip down to Atlanta, you know, when we were down in the market down there, and he made a joke. He said, I may be the only guy that's not happy about this, because I had this figured out and now all my competitors are going to find out.

There's money out here to be made by creating businesses and jobs and tapping the consumer markets. The second thing I would say is, even if -- to a Republican who would not invest in this area, even not getting money, I would say they ought to think about the larger economy. How can we keep the economic growth going the last six and a half years? We've already got the longest peacetime expansion in history. Soon, if we knock on wood, can keep it going, it will be the longest expansion in history. How are we going to keep growth without inflation?

The answer, it seems to me, is there are only three options: We've got to sell more American goods and services around the world, which is why I think -- and most of them agree with that. Secondly, you can bring more discreet groups of people who are outside the work force now into the work force so there will be workers and consumers -- that's principally the remaining people on welfare, and the disabled. You know, we had this big initiative before the Congress I think is going to pass, to legislate when people take their Medicaid insurance in the work force.

But by far, the biggest opportunity is the third one, which is to find new markets here at home, basically to both create producers and consumers in the areas of our country which have not participated in this recovery. That is a noninflationary way to continue to grow the economy, to continue keep the unemployment rate down.

Q The Republican Party would like to pull a large tax cut out of the surplus. What are the implications of that for this effort that you've been spotlighting for the past four days?

THE PRESIDENT: Well, I think they, of course, could include my tax cuts and loan guarantees along with what they want. The larger implications are that if you look at their tax cut, what it will do is, if you pay for their tax cut and their defense proposal it would restore the deficit and dramatically cut our investments in these areas -- in education, in health care and the environment, and in medical research and everything else. I think that's also important.

I don't think we should stop investing in these areas. If you look at the program we just visited, one of the problems that's held a lot of these areas back is the enormous premium that goes to education in the world we're living in, with the economy that's emerging based on information technology. So here you've got all these inner city kids -- that handsome young man that's going into the Army today, that is working that computer program to set up international trades from his Los Angeles, his Watts high school, was once a gang member.

So I think it would be a terrible mistake to walk away from our education obligations. And it would be, I think, very dumb to restore the deficit if we can avoid it. You know, the Republicans have made a lot of money out of our economic policy. That's one reason they can afford to finance their campaign so generously -- they've done well. And now they say, okay, you've made us a lot of money, now we want to be in power again and change the economic policy. (Laughter.)

Think about this. If we kept on the path we're on now and we paid the deficit off -- I mean, we paid the debt off -- and we essentially were debt free in 15 years, that's a bigger boost of money in the pocket to the people who would benefit from their tax cut than their tax cut would be. Keep in mind, I'm for a tax cut, too; I just think it ought to be affordable and I think it ought to be targeted to the people that need it most.

But if you look at this -- if we sent a signal this year to the markets we were going to be debt free in 15 years and, yes, it might not -- I know, I've read all these stories saying well, but, you won't have 15 years of constant growth. That's true. But all these projections are based on an average rate of growth which allow for good years and bad years.

So if we sent that signal to the markets then -- and, you know, we start materializing and playing down this debt, it keeps interest rates lower. That means ordinary people get money in their pockets: lower home mortgages, car payments, credit card payments, college loan payments. It means that business investment is less expensive, so there will be more of it, and incomes will be higher and growth will be more. It means we will be less vulnerable to things like the turmoil that gripped Asia two years ago. And it means that since we won't be taking that money out of the world economy when other countries who are our trading partners and who are poorer than we are get in trouble, they'll be able to get money more cheaply because we won't have to be taking it away from them to pay for our debt.

So I think, to me, this is clear, that if you're imagining what the 21st century economy will be like 20 years from now, that the richer states will need to be as nearly debt free as possible so that when they borrow money they're borrowing it for something like dramatically improving their infrastructure or rebuilding all their schools and cooking on computers or something like that. But on a year to year basis, the richest countries ought to be debt free so the countries that need to borrow money to elevate their standard of living and also be trading partners for the richer countries can do so at less cost and with less turmoil, and it will be better for the ordinary citizens in the United States for all the reasons I said. So that's my answer to the Republicans.

Q And final quick question. Mrs. Clinton's run for the Senate. Are you guys -- and welcome to New York -- but, two, are you guys committed to living in New York if she loses this Senate race?

THE PRESIDENT: She decided irrespective of the Senate race, I told her when we moved here, I said, you know, ever since you came to Arkansas in 1973, we've lived where my work dictated and where I wanted to move. When we get out of here -- this is a 1993 conversation we had -- when get out of here, I'm going to have to spend a lot of time at home because I've got to build my library and my center there, and -- but I said, but I will live wherever else you want to live. And she told me years ago that she wanted to go to New York.

And I said that's fine with me. I love New York, I'd be happy to live there. It would be fine. So I'm going to divide my time between New York and Arkansas no matter what happens. I talked to her three times yesterday -- it was really, I think, an exciting day for her. She felt really good about it.

Q Tough for a New York reporter; I've got to decide whether to cover her or cover you.

THE PRESIDENT: She's a better story now.

Q She's a great story.

THE PRESIDENT: She's a better story, but this is an important story, what we've been doing these last three days. I'm so thrilled. I hope I can persuade them to adopt the legislation by the end of the year, but I think all these business guys get interested, it's really amazing. There is no partisan difference on this in the business community, and a lot of these guys that were with us in the last two or three days are Republicans. They're just excited about it. They think it's the right think to do and they think they can make money doing it. So do I.

Q Thank you very much.

THE PRESIDENT: Thanks.

END

Message Sent To:____

Jason H. Schechter
07/09/99 06:21:06 PM

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Subject: Embargoed Radio Address Transcript

THE WHITE HOUSE

Office of the Press Secretary
(Santa Monica, California)

Embargoed For Release
Until 10:06 A.M. EDT
Saturday, July 10, 1999

RADIO ADDRESS BY THE PRESIDENT
TO THE NATION

Harbor-UCLA Medical Center
Torrance, California

THE PRESIDENT: Good morning. Today I want to talk to you about our nation's duty to ensure that all America's seniors can enjoy their golden years as healthy as modern medicine will allow. I want to talk about my plan to strengthen and modernize Medicare, and the important steps we can take to encourage older Americans to undergo health screenings that can save their lives and improve the quality of their lives.

For 34 years now, Medicare has been the cornerstone of our efforts to protect the health of the disabled and our seniors. Last month, at the White House, I unveiled a fiscally responsible plan to secure and modernize this vital program for the 21st century. The plan will strengthen Medicare by controlling cost, promoting competition, and dedicating a significant portion of the budget surplus to keeping the trust fund solvent until the year 2027. And my plan will modernize Medicare by matching its benefits to the latest advances of modern medicine.

Since Medicare's founding in 1965, a medical revolution has transformed health care in America. Once the cure for many illnesses was a scalpel; now just as likely it's a pharmaceutical. That's why I made helping seniors afford the prescription drugs essential to modern medical care a key part of the Medicare plan.

But even as we modernize Medicare with the prescription drug benefit we also must modernize Medicare's preventive care benefits. Today doctors have new tools to detect and prevent diseases earlier and more effectively than ever. And for millions, early detection can mean the difference between a full recovery and a bleak prognosis. For instance, if prostate cancer is caught early, the survival rate is 99 percent. But if it isn't, the rate can be a discouraging 31 percent.

In 1997, we worked across party lines to expand Medicare coverage for preventive services. But too few seniors still are using this benefit. Last year, just one in seven older women received a mammogram covered by Medicare. For many seniors on fixed incomes, who every day must struggle to pay for food, rent and other necessities, the cost of even a modest co-payment can be prohibitive. And that can cost lives.

It makes no sense for Medicare to put up roadblocks to screenings and then turn around and pick up the hospital bills its screenings might have avoided. No one should have to undergo a dangerous surgical procedure that could have been prevented by a simple test. No senior should have to hesitate to get the preventive care they need. That's why my plan will eliminate the deductible in all co-payments for all preventive services for cancer, diabetes, osteoporosis, and other diseases.

And because 70 percent of beneficiaries still do not even know about all of Medicare's preventive services, we'll launch a nationwide campaign to inform and encourage seniors to take these tests. We'll keep looking into ways to improve preventive care for seniors, including strategies to help them stop smoking.

In the meantime, I call on older Americans to take advantage of the preventive benefits that already are available to you. They could save your life.

We must seize America's moment of prosperity to strengthen and modernize Medicare for the 21st century. There are some who propose spending our new budget surpluses on tax cuts. Well, I support tax cuts for retirement savings, for child care, for education. But it would be wrong to spend our hard-earned surplus on tax cuts before we first have honored our obligations to our seniors and to all our families in the 21st century. First things first.

I've invited leaders of both parties to meet with me at the White House on Monday to discuss the urgency of acting on Medicare now. We have an unprecedented opportunity to prepare Medicare and Social Security for the retirement of the baby boomers, and to pay down our debt -- to make America debt-free over the next 15 years.

We can't let this opportunity slip away. Together, we can find a way to make this summer a true season of progress for all Americans.

Thanks for listening.

END

Message Sent To:

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Subject: remarks on the mid-session surplus

2912

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 28, 1999

REMARKS BY THE PRESIDENT
ON MID-SESSION REVIEW

The South Grounds

8:59 A.M. EDT

THE PRESIDENT: Good morning. Six years ago, we put in place a new economic strategy for the Information Age. We put our fiscal house in order, we invested in our people, we expanded trade in American goods and services. By making tough decisions, America has reaped rich rewards. We built the longest peacetime expansion in our history.

Last week we learned that in the first three months of 1999, the economy grew at a 4.3 percent rate, with very low inflation. With record numbers of new homes being built, paychecks increasing, hundreds of thousands of young people getting new help to go to college, new businesses opening their doors, a surging market on Wall Street, we are truly widening the circle of opportunity in America.

I'm here to report to the American people on more good news about our budget. As required by law, my administration is releasing the mid-session review of the budget. Here is what we have found. When I took office, the national government had a record deficit of $290 billion, projected to increase indefinitely. Last year, for the first time in 29 years, we balanced the budget.

In January this year, we projected a surplus for this year of $79 billion. Today, I am pleased to report that, in fact, the budget surplus for 1999 will be $99 billion, the largest as a share of our economy since 1951. For next year, we now project a budget surplus of $142 billion, a surplus of $5 billion not counting the receipts from Social Security. In fact, improvements in the outlook since February have added $179 billion to the projected budget surplus over five years, half a trillion dollars over ten years, and $1 trillion over 15 years.

Fiscal discipline does bring real results. I want to thank my economic team for all the work that they have done. Lower interest rates have led to a boom in business investment, to lower mortgage rates, to lower credit card rates, to lower student loan rates. Fiscal discipline has widened opportunity and created hope for all working people in our country. Now we have a chance to do even more -- to use the fruits of our prosperity today to strengthen our prospects for tomorrow; indeed, for tomorrows well into the 21st century.

In my State of the Union address, I set out a plan for how to use the budget surplus. Today, in light of the unexpectedly large surplus, I am proposing to build on that budget framework, with a new approach that honors our values, meets our commitments, and makes it possible to reach bipartisan agreement on a budget for America.

First, we can strengthen our commitment to use the bulk of the surplus to save Social Security and Medicare, and to pay down the national debt. The new budget numbers mean that we will run a surplus in the non-Social Security part of the budget, starting next year, much earlier than previously expected. I am pleased that Republicans and Democrats in Congress have agreed to use the Social Security surpluses to reduce the national debt. But we must go forward and achieve an even stronger lock box than one proposed by Congress. Social Security taxes should be saved for Social Security, period. Let's finish the job and work to extend the solvency of Social Security. I'm encouraged that Republicans and Democrats on the House Ways and Means Committee are meeting together to try to accomplish this goal.

Second, our new large surplus will help us to strengthen and modernize Medicare while providing a prescription drug benefit. Tomorrow I will reveal the details of my plan to modernize Medicare. The steps I will propose to use the surplus will increase Medicare's solvency for at least 25 years. By taking additional measures to increase competition, combat fraud, and reduce costs, we can provide a new prescription drug benefit and still pay down our national debt.

Third, our new budget framework will use part of the surplus to provide substantial tax relief. It will maintain USA accounts, the largest and most progressive tax incentive ever offered to encourage savings. USA accounts will allow every American to begin saving from the first day in the work force, providing more help for those who need it, giving every American a stake in our shared prosperity.

In addition to the USA accounts, I have proposed tax cuts, targeted and paid for, for child care, for stay-at-home mothers, for long-term care, to encourage businesses to invest in poor communities, and to modernize 6,000 schools. But first things first.

Fourth, we can use this surplus to meet other vital national needs, such as maintaining military readiness, honoring our veterans, protecting the environment, promoting health research, farm security and other core functions of our government.

Beyond this, we have a chance to use the surplus not only to care for our parents through Social Security and Medicare, but to give a greater chance in life to our young children. So today I am proposing a new $156 billion children's and education trust fund. This commitment can enable us to offer Head Start pre-school to a million children, to hire those 100,000 teachers, to provide extra help for a million children in our poorest communities, to pay for dramatic improvements in children's health.

And finally, by investing to save Social Security and strengthen Medicare, my plan now will entirely pay off our national debt. In the 12 years before I took office, reckless fiscal policies quadrupled our debt, bringing us higher interest rates, higher unemployment, higher inflation. By balancing the budget we have begun to reduce the debt. But today our national debt still totals $13,400 for every man, woman and child. If we maintain our fiscal discipline, using the surplus to pay down the debt and using the savings to strengthen Social Security, America will entirely pay off the national debt by 2015.

If you look at this chart, you will see that we have now cut up Washington's credit card. Now we can pay off the debt; by 2015, this country can be entirely out of debt. This is a remarkable milestone, but it is clearly within reach, if we do not squander the surplus by choosing short-term gain over long-term national goals.

The surplus is the hard-earned product of our fiscal discipline. We should use it to prepare for the great challenges facing our country -- caring for our parents, caring for our children, freeing our nation from the shackles of debt so that we can have long-term, sustained economic prosperity.

Keep in mind what this means to ordinary people. If you pay this debt off, it means interest rates will be lower. It means there will be more business investment. It means there will be more new jobs. It means there will be more money left over for higher wages. It means the cost to families of homes and cars and college educations will be lower. That's what being out of debt means.

It means the next time there is an international financial crisis, we will be relatively less vulnerable because we won't have to borrow so much money, and the poorer countries will be able to borrow more money at lower interest rates, bringing greater global prosperity and stability. This is a very significant achievement for our country, and for a more stable and peaceful and prosperous world.

So I hope very much to work with Congress in the weeks ahead -- to pay off the debt, to finish the work of strengthening Social Security and Medicare, and to make a real commitment to our children and our future.

Again, let me thank the national economic team, and all others who have supported these initiatives over the last six years. Thank you very much.

Q Are you open to tax cuts beyond those that you mentioned, Mr. President?

THE PRESIDENT: I think we should achieve these objectives. Within the framework of achieving these objectives, obviously I'll be working with the Congress to achieve them. Thank you.

Q Do you want to run for Senate from Arkansas? (Laughter.)

THE PRESIDENT: I think Rubin should run for the Senate from Arkansas. (Laughter.) He's got the best timing of anybody alive.

END 9:10 A.M. EDT

Message Sent To:________________________________

MEDICARE:

THE PRESIDENT'S PLAN TO MODERNIZE AND STRENGTHEN MEDICARE FOR THE 21st CENTURY

July, 1999

THE PRESIDENT'S PLAN TO MODERNIZE AND STRENGTHEN MEDICARE FOR THE 21st CENTURY

I. Overview

- Importance of Medicare
- Challenges Facing Medicare

II. President's Plan for Modernizing and Strengthening Medicare

- Making Medicare More Competitive and Efficient
- Modernizing Medicare's Benefits, Including Adding a Prescription Drug Benefit
- Strengthening Medicare's Financing for the 21st Century

I. OVERVIEW
IMPORTANCE OF MEDICARE

- **Medicare now pays for health care for 39 million elderly and disabled Americans:** About 34 million elderly and 5 million people with disabilities receive Medicare.

- **Helps those who would otherwise be uninsured:** Before Medicare, almost half (44 percent) of the elderly were uninsured and millions more had substandard coverage. Given the recent rapid rise of the uninsured ages 55 to 65 who are even healthier than seniors, this problem would have been worse today.

- **Improves life expectancy, access to care and reduces poverty:** Since 1965:

    - Life expectancy of people who reach age 65 has increased by 20 percent (79 to 82 years)

    - Access to care has increased by one-third (elderly seeing doctors: 68 to 90%)

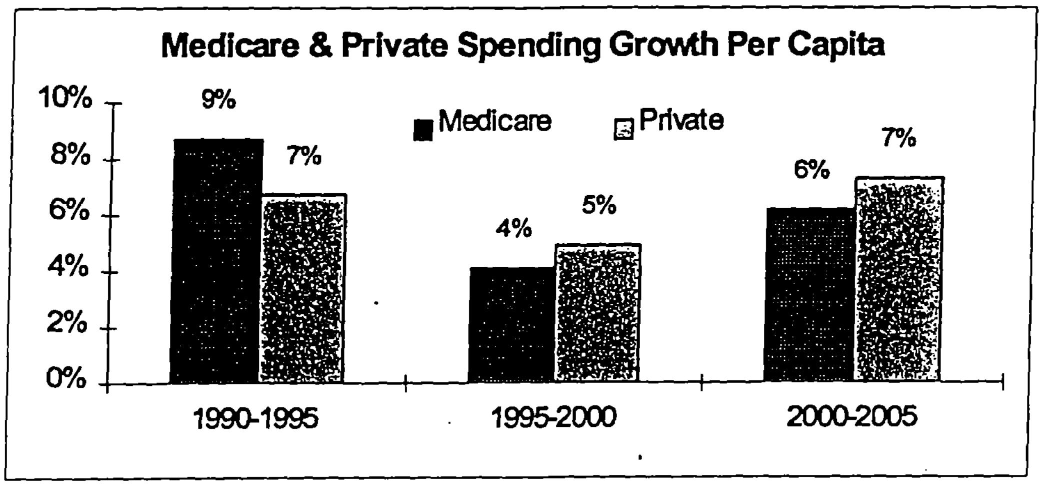
    - Poverty has declined by nearly two-thirds (29.0 to 10.5%)

MEDICARE'S FINANCIAL STATUS HAS IMPROVED

- In the early 1990s, Medicare spending growth outpaced private health insurance growth. When President Clinton took office, the Hospital Insurance (HI) trust fund was projected to be exhausted in 1999.

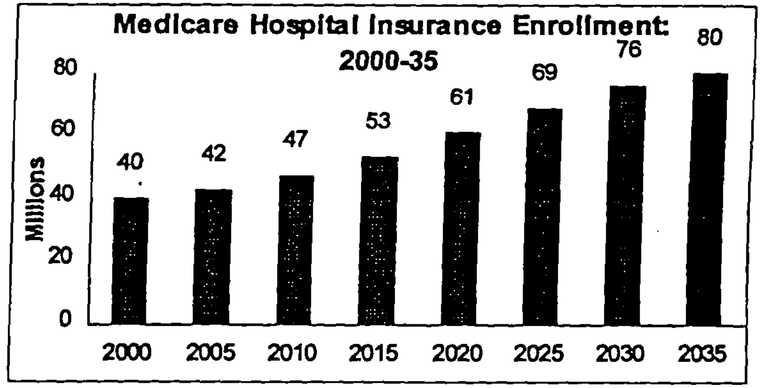
- In response, the President advocated for Medicare reforms in 1993 and 1997, and instituted an unprecedented crack-down on fraud and abuse. These actions, in combination with a strong economy, constrained cost growth and extended the life of the trust fund until 2015.

- The slow Medicare spending growth is expected to continue through 2002 – when many policies in the Balanced Budget Act (BBA) of 1997 expire and cost growth goes up.



CHALLENGES FACING MEDICARE: FINANCIAL STRAIN OF CHANGING DEMOGRAPHICS

- **More beneficiaries:** Enrollment in Medicare will climb when the baby boom generation retires – from 39 to 80 million by 2035 – from 14 percent to about 22 percent of the population.



- **Fewer workers:** The ratio of workers who support Medicare beneficiaries is expected to decline by over 40 percent by 2030 (from 3.6 workers per beneficiary in 2010 to 2.3 in 2030).

- **Cost growth will rise:** Although Medicare has recently reined in cost growth, as recent policy changes wear off, it is expected to rise to the level of private health growth.

- **Inadequate financing:** Medicare's Trust Fund will become insolvent in 2015 – about 20 years earlier than Social Security and just as the baby boom generation starts to retire. Even with reforms that substantially slow cost growth, the revenues coming to the Medicare Trust Fund will not support this larger number of beneficiaries.

ADDITIONAL CHALLENGES FACING MEDICARE: LACK OF PRESCRIPTION DRUG COVERAGE

- **Millions have no coverage for prescription drugs.** Prescription drugs have become central to modern medicine, yet nearly 15 million Medicare beneficiaries have no coverage.
  - About 40 percent of beneficiaries without drug coverage (about 6 million) have income above 200 percent of poverty (about $16,000 for a single, $22,000 for a couple).

- **Current prescription drug coverage is unstable and declining rapidly.**
  - Employer-sponsored retiree health insurance is declining. The number of firms offering retiree health insurance coverage dropped by 20 percent between 1993 and 1998.

  - Medigap, the individually purchased supplemental policies, has grown very expensive and less common. Medigap premiums have been rising rapidly, are often set so to increase with age, and typically cost at least twice as much as the premium as the President's plan.

  - Medicare managed care plans frequently cover drugs, but 11 million beneficiaries do not have access to any managed care plans. Drug coverage is typically limited (e.g., $1,000 cap), and many plans are dropping or severely limiting coverage.

- **Drug coverage today resembles hospital coverage before Medicare.** Before 1965, 56% of the elderly had insurance, but this coverage was expensive, inadequate and unreliable. Medicare would not have been created if this coverage was considered adequate.

OUTDATED AND INEFFICIENT PAYMENT SYSTEMS

- **Insufficient flexibility in traditional Medicare to adopt best private sector practices to reduce costs and increase quality.** Medicare is governed by statutory constraints that limit its ability to adopt innovative payment and management strategies.

- **Medicare pays managed care plans a flat rate, set by a complex statutory formula, that has nothing to do with plan prices.**

  ° Overpaid. A June 1999 report from the General Accounting Office found that the Balanced Budget Act has not eliminated managed care plan overpayments. For example, managed care plans in Los Angeles can provide the traditional Medicare benefits package for 79 percent of what they are currently paid.

  ° No price competition – only competition on providing extra benefits. Managed care plans offer extra benefits with the overpayment – they cannot compete on price.

    - Hard for beneficiaries to comparison shop on benefits

    - Easy to attract healthy or avoid sick beneficiaries by custom-designing benefits

    - Unfairly subsidizes benefits in high-cost / high-payment areas: 75 percent of rural beneficiaries do not even have the option of joining managed care.

II. PRESIDENT'S PLAN TO MODERNIZE AND STRENGTHEN MEDICARE FOR THE 21st CENTURY

- Goals for Reform:
  - Make Medicare More Competitive and Efficient
  - Modernize Medicare's Benefits
  - Strengthen Medicare's Financing for the 21st Century

- **Reduces Medicare spending by $72 billion /10 years.** About half of these savings come from innovative proposals to adopt successful private sector tools and competition.

- **Adds an optional prescription drug benefit.** This benefit would cost $118 billion over 10 years, fully financed by the offsets in the proposal.

- **Extends the life of the Medicare trust fund for a quarter of a century, to at least 2027.** This will significantly reduce the need for excessive reductions in Medicare spending when its costs explode as the baby boom generation retires.

PRESIDENT'S PROPOSAL
(Dollars in Billions, Trustees' Baseline)

	00-04	00-09
COMPETITION & EFFICIENCY		
Medicare Modernization	-5	-25
Competition	-0	-8
Provider Savings	-4	-39*
Provider Set-Aside	+4	+7.5
Total	*-5*	*-64.5*
MODERNIZING BENEFITS		
Prescription Drug Benefit	+29	+118
Cost Sharing Changes	-2	-8
Total	*+27*	*+110*
DEDICATING FINANCING		
Contribution to Solvency	-28	-328.5**
Surplus for Drug Benefit	*-22*	*-45.5*
Surplus Allocation	*-50*	*-374*

* Includes $5.7 billion in interactions/premium offset
** Does not count toward package

I. MAKING MEDICARE MORE EFFICIENT

Private Sector Purchasing & Quality Improvement Tools for Traditional Medicare

- **Allowing Traditional Medicare to Adopt Best Private Practices.** This proposal would build on the President's commitment to give traditional Medicare the ability to adopt payment and quality improvement tools that are frequently used in the private sector.

  - Promoting the use of high-quality, cost-effective providers. Give beneficiaries a financial incentive (e.g., lower cost sharing) to choose selected providers (like a PPO); pay facilities that meet quality and cost standards a single price (Centers of Excellence).

  - Primary care case management and disease management. Structure payments to promote coordination of services for certain diseases or beneficiaries who have high health costs to reduce hospitalizations.

  - Coordinating care for dual eligibles. The 17 percent of beneficiaries who are Medicare-Medicaid dual eligibles account for 28 percent of spending. Provide information to help coordinate benefits; test models in traditional Medicare to coordinate services.

  - Using competitive pricing, selective contracting, negotiated discounts. These market-oriented practices will make Medicare a stronger negotiator and more efficient manager.

Competitive Defined Benefit Proposal

- **Competitive defined benefit proposal.** This proposal would pay managed care plans based on competitive prices, not on fixed rates. If a plan's price is higher than 96 percent of traditional program costs, the beneficiary would pay a higher premium. If it is less, the beneficiary would pay a premium that is lower than the Part B premium.

- **Saves through competition, not rate reductions.** Unlike the current system, Medicare would save money when beneficiaries choose lower cost plans. For each dollar saved, beneficiaries would receive 75 cents, the government 25 cents.

- **Price competition promotes informed beneficiary choice.** By having plans compete over a defined benefit, beneficiaries can make "apples-to-apples" comparisons over price and quality. This eliminates the problem of plans designing benefits to attract healthy enrollees.

- **Plan payments more rational.** Rather than receiving a rate based on a complicated formula, managed care plans would get paid what they bid, although the higher the price, the higher the beneficiary premium. The government payment includes the costs of prescription drugs, risk adjustment and full geographic adjustment in high-cost areas.

Example: Competitive Defined Benefit Proposal

Option	Plan Price (monthly)	Split of Plan Payments *Beneficiary*	*Government*
Low-Price Plan	$433.33	$0.00 0%	$433.33 100%
Medium-Price Plan	$490.00	$42.50 9%	$447.50 91%
Price Equals 96% Of Traditional Costs	$500.00	$50.00 10%	$450.00 90%
High-Price Plan	$520.00	$70.00 13%	$450.00 87%

Smoothing Out Balanced Budget Act Policies: Short- and Long-Term

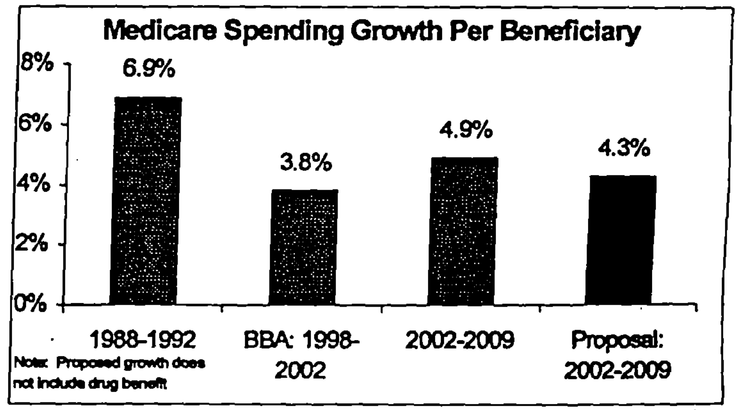
- **Smoothing out the Balanced Budget Act of 1997 reductions.** Some evidence suggests that some BBA policies may have unintended effects. To address this, this plan includes:

  - Administrative actions. The plan includes immediate administrative actions to moderate the impact of the BBA on hospitals, academic health centers, and home health agencies.

  - Better targeting disproportionate share hospital payments. These payments would be removed from managed care payments and paid directly to qualifying hospitals.

  - $7.5 billion quality assurance fund. This fund would be used to modify BBA provisions that have been determined by the Administration, Congress, and health experts to be severely undermining providers' ability to delivery high-quality, affordable health care.

- **Constraining out-year program growth, but more moderately than BBA 1997.** To moderate program growth after most of the provisions of the BBA expire in 2003, the proposal includes out-year policies that protect against a return to excessive growth rates. They are more modest than those included in the BBA 1997 and would result in a growth rate that is 15% higher than it would have been had BBA rates continued.



Improving Medicare Management

- **Modernizing Medicare management.** The President's plan includes a major modernization reform of the management of Medicare. It would:

  - **Increase accountability through public/private advisory boards.** These include:

    - Management Advisory Council. Panel of public and private sector management experts to identify and recommend best management practices for Medicare.

    - Medicare Coverage Advisory Committee. Experts in medicine and science, consumer and industry representatives would provide advise on coverage policy.

    - Citizens' Advisory Panel on Medicare Education. Experts in consumer education and health policy and health care providers would monitor and evaluate Medicare's consumer education initiatives.

- **Increasing personnel flexibility.** Medicare has taken strides in hiring experts from the private sector to manage its programs. It has contracted with an outside evaluator to determine how best it can prepare its staff for the challenges of the next century.

MODERNIZING MEDICARE BENEFITS
Prescription Drug Benefit

- **New Medicare prescription drug benefit.** The President's plan includes a new, voluntary Medicare drug benefit. Called Medicare Part D, it would offer all beneficiaries, for the first time, access to affordable, high-quality prescription drug coverage beginning in 2002.

  - Meaningful coverage. Medicare would cover half of drug costs from the first prescription up to $5,000 in spending per year ($2,500 in Medicare payments). The spending limit would be phased in from 2002 to 2008 and, in subsequent years, adjusted for inflation. Beneficiaries would have access to discounts negotiated by private managers.

  - Affordable premiums. Beneficiaries would pay separate premium for Medicare Part D – an estimated $24 per month in 2002, and $44 per month in 2008, when fully implemented. Cost sharing protections for low-income beneficiaries would be expanded (no premiums below 150% of poverty; no cost sharing below 135% of poverty).

  - Private management. Beneficiaries in managed care would be covered through their plan. For the rest, Medicare would contract out with numerous private pharmacy benefit managers or similar entities to manage the benefit. No price controls would be used.

  - Medicare support for retiree coverage. Medicare would pay a reduced premium subsidy for beneficiaries who receive coverage through their employers' health plan.

Improving Preventive Benefits and Eliminating Cost Sharing

- **Promoting prevention for Medicare beneficiaries.** This proposal would take a number of steps to make preventive services more affordable, as well as to raise awareness of services

  - Eliminating all existing preventive services cost sharing. The deductible would be waived for hepatitis B vaccinations, colorectal cancer screening, bone mass measurements, prostate cancer and diabetes self-management benefits. Coinsurance would be waived for screening mammography, pelvic exams, hepatitis B vaccinations, colorectal screening, bone mass measurements, prostate cancer screening and diabetes self-management benefits. For the rest of the preventive services covered by Medicare, cost sharing is already waived. Cost: $3 billion over 10 years.

  - Smoking cessation demonstration. A three-year demonstration project would evaluate the cost-effectiveness of smoking cessation services for Medicare beneficiaries.

  - Education campaign. A new, nationwide campaign would be launched to encourage use of preventive services and promote healthy behaviors for all Americans over age 50.

  - U.S. Preventive Services Task Force study. This impartial panel of experts would evaluate preventive services that are appropriate for the elderly, providing guidance for future Medicare improvments.

Rationalizing Cost Sharing and Medigap

- **Rationalizing Medicare cost sharing.** The plan would change Medicare cost sharing by:

  - Adding a 20 percent clinical laboratory coinsurance. Having beneficiaries contribute towards their lab services would make cost-sharing requirements under Part B more uniform. It also could cut down on fraud and help reduce over-use.

  - Indexing the Part B deductible to inflation. Medicare's Part B deductible of $100 would be indexed annually to inflation so its value does not decline over time.

- **Reforming Medigap.** The plan would update the private insurance policies called Medigap:

  - Adding a new plan option, with nominal cost sharing. This would better track the coverage for the nonelderly, and could reduce premium costs for Medigap.

  - Updating existing plan options. In light of the new prescription drug policy and other changes proposed in the plan, all of the Medigap plan options would be updated.

  - Reporting to Congress on policy alternatives to Medigap, since access problems are rising.

  - Improving access to Medigap for beneficiaries whose private plans withdraw from Medicare.

Medicare Buy-In for Certain People Ages 55-65

- **Important insurance option for those nearing Medicare eligibility.** The plan includes the President's proposal to expand health options for people ages 55 to 65. Its costs are offset in the context of the FY 2000 President's Budget submission.

  - People ages 62 to 65 without access to employer-sponsored insurance would have the choice to buy into the Medicare program for approximately $300 a month if they agreed to pay a small risk adjustment payment once they become eligible for Medicare at age 65.

  - Displaced workers between 55-62 who involuntarily lost their jobs and insurance could buy in at a slightly higher premium (approximately $400).

  - Retirees over age 55 who had been promised health care in their retirement years would be provided access to "COBRA" continuation coverage if their old firm reneged on their commitment.

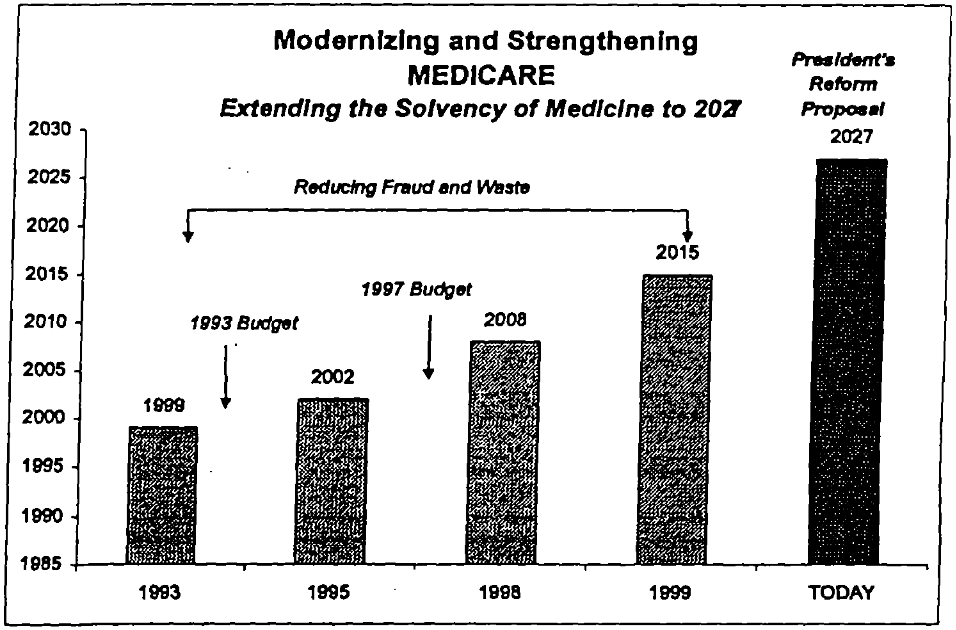
- All three proposals are designed to be paid for by the people who benefit. People ages 62 to 64 who buy into Medicare will, over time, repay the amount that Medicare "loans" them when they are buying in. Displaced workers will pay a premium that takes into account participants' costs. And, the COBRA buy-in policy has no Federal budget impact whatsoever. The initiative should help 300,000 to 400,000 people.

III. STRENGTHENING MEDICARE'S FINANCING FOR THE 21st CENTURY

Surplus for Medicare Solvency

- **The President has renewed the commitment he made in the State of the Union Address to dedicate 15 percent of the surplus to Medicare.** Over the 15-year window covered by the President's Framework, $794 billion would be dedicated to strengthening Medicare and extending its solvency. This amount is more than the $686 billion from the budget since the surplus has increased.

- **Extends the trust fund to 2027.** The combined effect of this reform package would extend the life of the Hospital Insurance trust fund to at least 2027 – 12 years longer than its current projected expiration in 2015.



Financing for the Prescription Drug Benefit

- **Prescription drug benefit designed to be fiscally responsible.** To ensure that it does not result in unsustainable spending growth in the out-years, this proposal's drug benefit's limit is indexed to general inflation. Thus, Medicare offsets are able to keep pace with its growth.

- **Medicare savings are the primary source of funding for the new prescription drug benefit.** About 60 percent of the costs of the prescription drug benefit would come from reducing Medicare cost growth, improving its efficiency, and beneficiary contributions.

- **Small fraction of the surplus used as financing.** The remaining $45 billion would be financed by using a fraction of the 15 percent of the surplus dedicated to Medicare. To put this amount in context, it is:

  - Less than <u>one-eighth</u> of the amount for Medicare – 2 percent of the entire surplus.
  - Less than one-fifth of the drop in Medicare baseline from 1998 to 1999.

- **Medicare baseline has dropped, in part because of administrative actions.** Policy experts advising the Congress (MedPAC, CBO, and Medicare Trustees) have credited our success in combating fraud, waste, and abuse as a major reason for the $241 billion, 10-year drop in Medicare spending from 1998 to 1999. Reinvesting savings that can be reasonably attributed to our anti-fraud and waste activities in a new prescription drug benefit is completely consistent with our precedent of using savings for programmatic improvements.

THE PRESIDENT'S PLAN TO MODERNIZE AND STRENGTHEN

MEDICARE

FOR THE 21st CENTURY

DETAILED DESCRIPTION

NATIONAL ECONOMIC COUNCIL
DOMESTIC POLICY COUNCIL

July 2, 1999