

July 8 2000

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THE PRESIDENT'S OFFICE

7-13-00

Mr President

Thanks for making Lee Williams' 75th birthday so uniquely special.

As you may recall, Sen Fulbright was one of my earliest interviews.... on the Mideast...way back when...and with the old clips I took out of storage on Camp David, etc, I found these two as reminders of him...

But I surely remember that he lost his re election bid because of his views on the Mideast...that he was a fair 'mentor' in those days on this subject...

My, how the Senate has changed since then.

These Camp David articles may NOW be of some help to you....

Last week, and on Friday, I sent you numerous others...including your first Mideast interview during your campaign (set up by Bruce Lindsey)..in which you did mention, as you did recently on T.V.--that Al Gore was knowledgeable in foreign affairs...even then...and especially on the Mideast...

today

....so President Bush's remark on that subject didn't make sense ...because you had no advisers or aides standing over you during that one on one interview...and when I let Sam Lewis and Tony Lake see it before publication..to make sure you would approve...even they were surprised HOW MUCH YOU KNEW ABOUT THE MIDEAST BEFORE you even met P.M. Rabin at end of your campaign..

Respectfully,

Trude

P.S. I trust you still have my letters to you that Brian G. gave you about completing my new 3 part series..on your legacy visa vis the Mideast...etc. etc..with your reflections ..as we did on your 50th and two years ago on Yom Kippur...which was never completed..

(I resend copies..which Bruce L. has. ~~xxxx~~ if you can't still locate same) Please do, since part I should be out for your birthday--part two..will be Mideast and foreign affairs and part 3 for your October anniversary..for publication Oct 1st...which still could help HRC in her race.....and each one intertwined with your accomplishments and vision..etc.

Copied
Lockhart
HRC
podestq

Getting Ready To Face Carter

Both sides map their strategies

The Foreign Ministers of Israel and the Arab states will begin to arrive in the

have been at the Syrian Foreign Minister, Abdel Halim Khaddam, argued that the delegates should propose Israel's expulsion from the U.N. and the adoption of sanctions against the Jewish state. But even the "rejectionist" Iraqis admitted that it was not practical to crack down hard on the Israelis. Thus they backed the moderate stance of Egypt, which was subtly supported by Saudi

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Thus they will try to persuade Carter and Vance that there are more urgent items to be taken up, such as the Palestinian refugees and the continued fighting in southern Lebanon. Dayan, however, will get some hard questions in Washington about the new Israeli settlements in the occupied territories. In his farewell to Argentina's President Jorge Rafael Videla last week, Carter said again that the settlements pose "additional problems" for the peace process.

TIME learned last week that despite official denials Israel has started, in addition to the three officially declared new settlements, another three new settlements in the past month, and a fourth is in the process of being manned. Moreover, the controversial plan of Agriculture Minister Ariel Sharon to settle 2 million Jews in occupied lands has the official support of Premier Menachem Begin's government. "We will continue to settle, and settling is a long process which must be carried out," said Sharon in an interview last week with Jerusalem Bureau Chief Donald Neff and Correspondent David Halevy. "Anyone who thinks that this government is going to withdraw from the West Bank is suffering delusions."

Even though Carter says he has private assurances from all of the leaders that they will be more flexible than their public stance, hopes for a renewed Geneva are dimmer than ever. In an interview with Syndicated Columnist Trude B. Feldman that appears in a number of Jewish publications around the country this week, the President seemed sobered by the procedural difficulties in bringing the two sides together. "Dozens of other foreign policy matters have suffered to some degree because I've expended so much time on this issue," he said. "If our efforts fail this year, it'll be difficult for us to continue to devote that much time and energy to the Mideast."

PAKISTAN

"An Evil Genius"

Bhutto is in deep, deep trouble

The head of Pakistan's new military government was shocked and saddened. When he saw Zulfikar Ali Bhutto in Rawalpindi two weeks ago, General Mohammed Zia ul-Haq confronted the deposed Prime Minister with several charges of crime and misconduct. As Zia told the story later, "I said to him, 'Sir'—I still called him that—'Sir, why have you done all those things, you whom I respected so, who had so much?' He said only that I should wait and he would be cleared. It was very disappointing." So disappointing, in fact, that Zia approved a court order calling for his onetime leader's arrest and transfer to a Lahore jail.

Bhutto, who was unseated by a military coup last July 5, is in deep, deep



Israeli Foreign Minister Dayan (left) and Saudi Arabia's Prince Saud

A last hurrah for Arab moderates and a message that says cool it.

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compromise line was overruled by the Arab Foreign Ministers themselves?" Although they do not accept all its provisions, Administration officials described the working paper as "very helpful."

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What the Israelis really intend to tell Carter is to cool it. They are now convinced that the President's aim to reconvene a Geneva Conference is a wasted effort, since the two sides are so far apart.

Getting Ready To Face Carter

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The Foreign Ministers of Israel and the Arab states will begin to arrive in the U.S. next week for the opening of the United Nations General Assembly. Most of them will have in mind something at least as important as the Assembly agenda: meetings with President Carter and Secretary of State Cyrus Vance, for which both sides have carefully prepared their strategies.

In a rare show of unanimity, 21 Foreign Ministers of the Arab League last week adopted in Cairo what one West-

ern diplomat called "the last hurrah for the moderates." He meant an eight-point working paper that Arab delegates will discuss at the U.N. as the basis for further resolutions. The paper states that a "just and durable peace in the Middle East" depends on the fulfillment of two basic principles: 1) Israel must withdraw from Arab territories occupied during the 1967 war, including East Jerusalem, and 2) the Palestinians have a right to return to their place of origin, to self-determination, and to establish an independent state. The paper rejects Israel's creation of new settlements on the West Bank and calls on all countries to halt emigration of their citizens to "occupied Palestinian and Arab territories." Significantly, the document distinguishes between territory occupied after the 1967 war and Israel's 1948 boundaries—a tacit admission that Israel has a right to exist as a state.

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THE HEBREW WATCHMAN

Thursday

18

Nixon Welcomes Erev Shabbat Truce

By Bruce B. Feldman
The Hebrew Watchman's
White House correspondent

President Nixon's "Shabat Shalom" in Israel last week—the beginning of a truce that President Nixon and Secretary of State William Rogers most heartily welcomed. The President said he is hopeful that the cease-fire last 'Erev Shabbat' in the Mideast will help to move the conflict toward a peaceful and enduring settlement.

"The President welcomes the development," presidential press secretary Ron Ziegler related. "He welcomes the acceptance of the United Arab Republic and Israel of the standstill ceasefire."

He added that the President was also pleased with the statesman-like attitudes taken by the two Governments.

Shortly before Mr. Nixon's reactions, Secretary Rogers—who launched negotiations for the cease-fire, personally announced that the standstill would take effect as Sab-

bath in the United States began.

The latest situation put Rogers in a jubilant mood. Later, at a reception at the Mayflower Hotel, he said: "Things look good. But I'm not making any predictions. I only hope this truce will lead to a permanent peace."

The United States peace initiative is mainly—as Mr. Rogers said on June 29—to get the parties to stop shooting and start talking. It does not offer concrete proposals for a peace settlement. The plan calls for the cease fire during which there is a resumption of the peace seeking mission of the United Nations mediator, Dr. Gunnar V. Jarving, with the warring parties.

In White House briefings last week, Ron Ziegler stressed that he is not in a position to talk any further about the Mideast, other than to say that "we hope the parties in the conflict will now enter with good faith and earnestness into the negotiations."

He was pressed for answers to various questions—about plane shipments, assurances to Israel on her security during the ceasefire, the exchange of letters between Mr. Nixon and Golda Meir, and Russian pilots flying Egyptian planes in the Mideast.

"We are in a period now of where the first step has been reached, and in which sensitive discussions are taking place," Ziegler often repeated. "It's essential to conduct quiet diplomacy."

Israel's Prime Minister Golda Meir said that it's her hope that the ceasefire will be observed continuously by the other side until peace is concluded between the countries.

"If there is no peace," she added, "Israel will obviously continue to maintain fully the situation at the time of the ceasefire."

In her formal reply to the Ameri-

Israel agreed—for the first time since June 1967—to withdraw from occupied territories. The word 'withdrawal' was music to the ears of many Administration officials.

Israeli leaders formerly expressed fear that Egypt would use the ceasefire period to strengthen herself with Soviet arms. However, Golda Meir convinced her country that Mr. Nixon (in private correspondence on July 23) had assured her that acceptance of the truce would not endanger her security.

It is understood that Mrs. Meir sent a new letter to Mr. Nixon today stressing that Israel is banking on his (Nixon's) political and military assurances that a Soviet arms build-up won't take place during the cease fire.

The proposal is for a ceasefire of at least 90 days. However, the predictions and hopes here are should more time be necessary in trying to reach an agreement during the indirect talks that the Israelis and the Arabs will agree to an extension.

On Capitol Hill, Senator J. W. Fulbright, (D. Ark.) Foreign Relations Committee Chairman, stated that the acceptance of the ceasefire could only have been accomplished with the cooperation and encouragement of the Soviet Union. Fulbright, who is usually critical of the Nixon Administration and the State Department, had some kind words for them in the

Mideast development. "I think this very sensitive subject has been very well handled by Mr. Rogers and the administration," he said.

Sen. Mike Mansfield of Montana expressed the hope that both sides will now be flexible and that the ceasefire will extend beyond the proposed 90 days. "The ceasefire is good," he said. "It's now possible that an opportunity will be achieved and there will be a halt to the confrontation between Israel and the Arabs."

Senate Republican leader Hugh Scott (R. Pa.) said the agreement would prevent the continued deployment of Russian surface-to-air missiles up to the line of contact with Israel forces. He added that Israel received many assurances that we would supply her the necessary arms to defend herself—which would include planes. However, during the ceasefire, the need for additional planes may not be evident, he maintained. In Scott's view, the ceasefire was made possible because of the interest of the Four Powers—particularly the U.S.A. and Russia. He said both sides realized that es-

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THE WHITE HOUSE

Office of the Press Secretary
(Atlanta, Georgia)

For Immediate Release

April 14, 2000

REMARKS BY THE PRESIDENT
TO EDUCATION WRITERS ASSOCIATION

Sheraton Colony Square Hotel
Atlanta, Georgia

copied

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Podesta

11:35 A.M. EDT

THE PRESIDENT: Thank you very much, Kit. Ladies and gentlemen, I'm delighted to be here with all of you, along with Secretary Riley and Bruce Reed, my Domestic Policy Advisor.

It has been over 20 years now since Dick Riley and I, as young governors, first began to grapple with the need to reform education. It's been 17 years since A Nation At Risk report sounded the alarm about the state of education nationwide; over 10 years since the Education Summit in Charlottesville, which put us on a path to national action; and as Kit said, it was 10 years ago this month that I got up at 4:30 a.m. in the morning to fly to Chicago to speak to this group. I hope you'll forgive me if I don't remember exactly what I said in the fog of that early morning. (Laughter.)

Doubtless, some of the veteran reporters here have been around long enough to have seen this whole fascinating drama unfold. Today I'd like to talk about the progress our public schools have made, and the hard work still ahead. First I want to note something astonishing that I think everyone in this room should be proud of -- 17 years after the Nation At Risk report, over 10 years after Charlottesville, there is still a passionate sense of national urgency about school reform, about lifting standards, improving accountability, increasing learning.

I can think of no other issue that has sustained to such an intense level of commitment from the public, elected officials, business leaders,

and the press. If anything, the determination of the American people to improve our schools is greater than ever. That's a tribute to the love of our people for their children, to their understanding of the importance of education in the global information economy, to the realization that we have the largest and most diverse student body in our history, and to the enduring American belief that all our children can and must learn.

It is also a tribute to the commitment and the enterprise of education writers in cities and towns all across this country who have kept the story of education reform in the news year after year.

This intense national commitment has produced real progress. Today I am pleased to announce a new report by the Department of Education which documents the progress of the last seven years, some of which Kit mentioned. The report makes clear that math and reading scores are rising across the country, with some of the greatest gains in some of the most disadvantaged communities. For instance, reading scores of 9-year-olds in the highest poverty schools rose almost an entire grade level on the national assessment of education progress between 1992 and 1996, reversing a downward trend.

The report also shows that 67 percent of high school graduates now go on to college, up 10 percent since 1993. This is a copy of it and it will be available soon, and I hope all of you will read it and then distill it for the people who read you.

Clearly, we're making progress. Our young people are getting the message they need a college education to have the future of their dreams. We've tried to make those dreams more affordable, with the largest expansion of college opportunity since the G.I. Bill, including the creation of the HOPE Scholarship tax credit, which over 5 million families have already claimed since 1998; education IRAs; more affordable student loans, which have saved students \$8 billion -- about a third of our student loan recipients are in the direct loan program now -- they've saved students \$8 billion, and the taxpayers \$5 billion more. They have helped us to take the default level from over 22 percent to under 9 percent, and to triple annual loan repayment rates.

We also have more Pell Grants; we're up to a million work-study slots; we've got over 150,000 young Americans earn scholarships by serving in AmeriCorps, many of them in our public schools. And the Gear-Up program is now pairing college mentors with a quarter of a million middle school students who are at risk, to prepare them for college and convince them the money will be there when they're ready to go.

College entrance exam scores are rising, even though more students

from disadvantaged backgrounds are taking the test. And before the Congress this year is my proposal to provide a tax deduction for college tuition of up to \$10,000. If we can do that, along with another increase in the Pell Grants and the other proposals I've mentioned, I think when we leave, Dick and I, we'll be able to say that we have truly opened the doors of four years of college education to all Americans.

We also see progress in the fact that about two-thirds of all of our classrooms are connected to the Internet, with the help of the e-rate program, which the Vice President pioneered. That's up from only 3 percent in 1993. Ninety-five percent of our schools have at least one Internet connection, including 90 percent of our poorest schools. And I think we'll be right at 100 percent by the end of the year for not only the schools, but for almost all the classrooms, except -- and this is a big except -- in those schools that are literally too dilapidated to be wired for the Internet.

We see progress in falling class sizes in the early grades, and we're trying to help that with our program to hire 100,000 new highly-trained teachers, 30,000 of whom have been funded, and we're trying to go to 50,000 in this year's budget. We see progress in the very large increase we've had for pre-school -- and I've proposed the largest in history for this year -- and in the fact that 1,400 of our colleges and universities are providing volunteers for the America Reads program to help make sure all our 3rd graders can read independently by the time they finish that year.

And we see progress in the growing public consensus about what must be done to reach our ultimate goal, providing a world-class education for every child in America. I think this consensus can be summed up in a simple phrase that has been our mission for the last seven years: invest more in our schools, demand more from our schools.

When I became President in 1992, the education debate in Washington, I felt, was fairly stale and predictable, and unfortunately, divided into what I thought were partisan camps with false choices. On the one side were those, most of them in my party, who believed that money could solve all the problems in our schools, and who feared that setting high standards and holding schools and teachers and students accountable to them would only hold back poor children, especially poor minority children.

On the other side, there were those, mostly in the other party, who fundamentally did not think the public schools we're fixable, and therefore, didn't want to spend much money trying. Also they felt education was a state responsibility, and therefore, should not have a comprehensive national response. Some of them, you'll remember, even tried to get rid of the Department of Education.

Vice President Gore and I believed both those positions were wrong. There was plenty of evidence, even then, that high levels of learning were possible in even the most difficult social and economic circumstances. The challenge was to make the school transformation going on in some schools available and active and real in all schools. And we sought to do it by investing more in our schools and demanding more from our schools.

This did not require, as some have charged even recently, micromanagement of our schools by the Department of Education. Indeed, under Secretary Riley's remarkable, steady leadership, federal regulations on schools K through 12 have been reduced by two-thirds. In addition, we made ed-flex available to all 50 states, which makes it possible for them to reduce even further federal regulations on the details of how federal dollars are spent.

In 1993, we passed a new economic plan that cut hundreds of programs in order to reduce the deficit and improve the economy. But even in that harsh budget year, we boosted education spending. Over the last seven years, we've nearly doubled investment in education and training, even as we've turned record deficits into record surpluses.

In 1994, we overhauled the Elementary and Secondary Education Act, requiring states to set academic standards for what their students should know. We passed the Goals 2000 legislation, which provided states with more resources to create and implement strategies to achieve standards. Since then, we've gone from only a handful of states having standards to nearly every state with them.

Forty-eight states also have assessments in place to measure student progress in meeting those standards -- although, as Kit noted, I have been unsuccessful so far in convincing the Congress that we ought to have national standards and a voluntary national test to measure them. But because we insisted in 1994 that Title I funds be better targeted, 95 percent of high-poverty schools get them today, up from 79 percent seven years ago. And I think it's very important that this progress not be undone as Congress looks at Title I again this year.

In 1994, we began encouraging more competition and more choice for parents within the public school system, including magnet schools, schools within schools, work-site schools, and the creation of public charter schools. We also invested the resources necessary to get the charter school movement off the ground. When I became President, there was just one charter school in all of America, in Minnesota. Today, thanks in part to our investments, there are over 1,700. Vice President Gore has called for tripling that number.

I think the spread of the charter school movement is one of the great under-reported stories in education, one that makes the whole debate over vouchers into something of a sideshow. Charter schools provide choice, and competition, that proponents of vouchers say they want. And unlike private schools, charter schools are accountable to the public for results. They all haven't succeeded, although most of them have done quite well. But then, they can be shut down if they don't. I think we should be working to make all public schools more accountable, not diverting much-needed energy and money away from them.

The strategy of greater accountability and greater investment continues to guide everything we're fighting for in education. I have sent Congress an Education Accountability Act, to fundamentally change the way the federal government invests in our schools -- to support more of what we know works, and to stop supporting what we know does not work.

We want quality teachers in all classrooms; report cards to parents on school performance, for all parents and all schools; no social promotion, but help for students, not blaming them when the system fails them; a plan to identify failing schools and improve them, or shut them down; a systematic effort to make our schools safe, disciplined and drug-free.

I've also asked Congress to make a range of other investments that to make accountability work. Yes, we must end social promotion. But I say again, we need more investments in after-school and summer school programs. It is wrong to blame the students for the failure of the system.

We had the first federal support for after-school programs in 1997, at a million dollars a year; \$40 million in '98; \$200 million in '99; \$453 million in 2000; and we're asking for a billion dollars in 2001. If we get it, we will soon be able to provide after-school programs to every student in a poor- performing school in the United States.

We must also invest in modernizing our schools, to get our kids out of overcrowded classrooms. Our classrooms where the walls are too old to be wired for the Internet, or where it's so stifling hot in the summer that students in summer school can't learn. There are many cities in this country where the average school building is 65 years of age or more. There are schools in New York City that are still being heated by coal-fired furnaces. There are literally school buildings all across the country that cannot be hooked up to the Internet -- they simply can't be wired. And we all know the stories of how many of our kids are in trailers. The largest number of trailers I have seen behind the smallest school was 12, outside an elementary school in Jupiter, Florida, a couple of years ago. So I think that is very important.

We have also worked on this for a long time. For four years I have tried to get the Congress to approve my tax credit to help to build or modernize 6,000 schools. I have made the proposal again this year, along with an appropriation that would allow us to do renovations on another 5,000 schools a year for the next five years, in districts that are so poor it is simply unrealistic to expect that they could float a bond issue and raise the money, even with a tax credit.

Six years ago, we passed legislation calling on states and school districts to identify and improve low-performing schools. States have now identified some 7,000 low-performing schools, and they're working to improve them. The education budget that I have presented last year, that we passed -- excuse me, we passed last year -- required states that failed to turn around their low-performing schools to let their students transfer out of those schools to other public schools.

I've asked Congress now to double our investment in the educational accountability fund, so that we'll have adequate funding to help more schools turn around or be shut down. School districts can use this money to make the sweeping systematic changes that have proven so effective in turning around low-performing schools -- from Dade County to Kentucky to Chicago.

Last year, for example, I gave a blue ribbon schools award to Buford County Elementary in Buford, South Carolina. Classified as one of the state's worst-performing schools five years ago, Buford embraced accountability and higher academic standards, and started after-school and summer school programs for students who are lagging behind.

Today, their math and test scores exceed the state average, and local parents are pulling their children out of private school and putting them in the city's public schools. If, for whatever reason, a school doesn't turn around, our educational accountability fund can be used to allow parents to transfer their students out of these schools into better-performing ones, including charter schools.

The standards movement is making a difference. I believe when we passed Goals 2000 and provided funds to help states develop standards and strategies for meeting them, we made a contribution. Now, the real key is -- and I think it's embodied in the topic of your conference -- is if we have standards in all the states, how do we get them in the classrooms? And how do we make sure they're making a difference in the lives of the students? That, to me, is the real key.

And you have to begin, I think, with improving the capacity of

principals and teachers to do their jobs. We have \$40 million in our budget to help states improve school management and school leadership, instructional leadership, by principals. I have proposed a new teacher quality initiative -- to recruit more talented people into the classrooms, to reward good teachers for staying there, to give all teachers the training they need. This will build on the strong support we have given for incentives for people to go into inner-city and other underserved areas.

We've given to the National Board for Professional Teacher Certification. There were no board-certified master teachers when I took office; there are now 5,000. We've done everything we could to support that program. There are 10,000 teachers who are in the application process at this time. Our goal is to provide funding enough to get up to 100,000 teachers that are board-certified master teachers, with the idea that there ought to be one in every school building in America. When that happens, I think it will significantly change the culture of education in our country, because of the rigorous certification process and the work that is done to make sure that the teachers are actually effective at teaching our children.

We're also trying to help deal with some of our teacher shortages. Secretary Riley has established a commission on math and science teaching, and Senator John Glenn has taken that on as his next mission. In October, they will give us a report, which I hope will spur further action in that area. The Secretary has also called for the creation of more dual schools, that provide English plus education in at least one other foreign language, which could, I think, help to moot the whole English-only debate, show that we're interested in teaching all of our kids English, and teaching them in English, but recognize the vast diversity we have in the country, and the need we have to have more teachers who are bilingual and who can teach in an effective manner the students who come to our schools whose first language is not English.

I would also like to mention that in our proposal to create 100,000 new teachers for smaller class sizes, the teachers are required -- every new teacher under that proposal is required to be fully qualified. And I think that this whole movement to improve teacher quality is really catching on. I know that you know that today the American Federation of Teachers is proposing a national standards and a national test for all new teachers. And I applaud them for it. I've been fighting for testing for higher standards, for better pay for teachers for almost 20 years now. In 1993, Hillary and I passed a law that made Arkansas the first state in the country to test teachers. That was a really popular at the time. (Laughter.) It was an interesting experience.

But because our teachers performed, I might add, better than anyone anticipated, it happened that the children began to perform better, as well. Today, I think Al Shanker would be very proud of the AFT; his successor, Sandy Feldman, and all of them -- and I think all of you should be proud of them. We need to demand more of our teachers, but we need to reward them better. We're going to have a couple million teachers retiring in the next few years.

We already have the largest student population and the most diverse one in our history. We're going to have to work very, very hard to get more qualified teachers in the classroom. There are already too many teachers teaching classes for which they're not fully qualified and this problem is going to be dramatically exacerbated by the size of the student population, combined with the retirement plans and just the ticking of the time clock for many of our teachers. So we will have to focus more and more and more attention on this.

And in that connection, let me say I have repeatedly challenged states, I'd like to do it again today, to spend more of their budget surpluses on raising teacher pay. Most of our states are in terrific shape today, but they, too, every one of these states is facing the prospect of too many teacher retirements. With very low unemployment, they're having the same problem recruiting teachers that we're now having in some of our military positions, recruiting into training. But they don't have any of the sort of supplemental benefits that you get if you're in the military.

Everybody says this is the most important thing in the world; most of the money still comes at the state level. When the budget surpluses are there, when the money is there, now is the best time most states have had in a generation to make a dramatic increase in teacher pay and I hope they will do so.

Now, let me just make a couple of points about where we are and where we're going. The fundamental lesson of the last seven years, it seems to me, is that an education investment without accountability can be a real waste of money. But accountability without investment can be a real waste of effort. Neither will work without the other. If we want our students to learn more, we should do both.

The strategy is working. But, again, I say, with the largest, most diverse student body in history and the educational premium rising every year in the global information society, we must do more. I've been very pleased at the proposals that Vice President Gore has made and the education plans he's put forth. I'm also pleased that after some struggle we have had bipartisan majorities for the education budgets of the past few years. Unfortunately, it's still a fight every year. Yesterday, the House

Education Committee passed a so-called reform bill that eliminates after-school programs, abandons our class size efforts, which are totally bipartisan, and fails to modernize a single school in yet another year. This comes on top of the Senate's Education bill, which rolls back reform even more.

I believe that the majority of people in the other party in Congress are still resisting the investments our schools need. In the name of accountability, they are still pushing vouchers and block grants that I believe would undermine accountability. And both bills greatly under-fund education.

There's an even bigger problem with many of the plans being discussed in this election season, many of them apparently appealing. But the problem is, even the apparently appealing plans advanced by Republicans are in trouble because of the combined impact of their proposed tax cut and defense spending increases. You know, one of the things -- somebody asked me the other day, well, Mr. President, what was your major contribution in your economic reform package for this longest expansion in American history? And you know what my answer was? The return of arithmetic. We brought arithmetic back to the budget. We replaced supply-side economics with arithmetic. (Laughter.) And lo and behold, it worked.

And so when anybody says anything -- they're for this, that, or the other thing -- you have to say, well, how does all this add up? Here's the surplus; it's going to be reduced by X amount, depending on what your tax cut is. Then it's going to be reduced by Y amount, depending on what you require for defense. Now, what are your plans for the retirement of the baby boomers? How will you deal with the fact that Social Security today is slated to run out in 2037, before the end of the baby boomers' life expectancy? What about Medicare? What are you going to do with education? Arithmetic is a very important element in politics and public life. And it is often ignored -- you're laughing, but I'm telling the truth and you know it. (Laughter.)

And so here's the problem with some of these education proposals. If you take over \$1 trillion out over 10 years for a tax cut, and you increase defense even more than I have -- and I've been a pro-defense Democrat; we've increased defense spending every year I've been President -- there simply will not be the money left to fund a lot of these education and other proposals. I think it's wrong to spend about \$100 of the surplus on tax cuts for every \$1 you spend on education. I just don't think that is consistent with our national priorities.

A study came out last week showing that the percentage of income the average American family is paying on income taxes is the lowest it's been

since 1966. And it is true that the income tax for lower-income working Americans is now largely negative, because of the impact of the earned income tax credit. It is true that people in the highest 20 percent are paying higher rates, but because of the way the economy has grown their after tax income in real, constant dollars, even with higher rates, is 24 percent higher than it was 12 years ago.

So I support -- as I think all of you know, I support a tax cut. But mine is considerably more modest. I want the \$10,000 deduction for college tuition. I want a refundable child care tax credit. I want an increase in the earned income tax credit. I want families to have a \$3,000 tax credit for long-term care, to care for an elderly or disabled family member -- it's becoming a huge problem, and as the aging of America progresses, it will be a bigger and bigger problem.

I want to give people with money, upper income people, financial incentives to increase philanthropy and to invest in the poor areas of America -- the new markets of America that have been left behind; and to invest in new technologies that will help us clean the environment and combat global warming.

But I have applied arithmetic to my proposal. And I think it is very important that we think about this, because it would be tragic if after we finally begin to really make some nationally, measurable progress in education here -- not just in the inputs, but in the outputs; and we know so much more about how to do it than we did when Nation At Risk was issued; so much more than we did in 1989, when the national education goals were written in that wonderful all-night session in Charlottesville I'll never forget: we know so much more today.

And we're able to invest in what works. But the American people, their wealth and their welfare will be far more greatly enhanced by making uniform excellence in education, proving that people, without regard to their race, their income or their cultural or linguistic backgrounds can learn what they need to know and keep learning for a lifetime. That will do so much more for the American economy, for the strength and coherence and fabric of our national community than a tax cut which cannot be justified and which will either throw us back to the bad old days of deficits or require big cuts in domestic programs, including education, or both.

So one of the things that I hope education writers will talk about is old-fashioned arithmetic.

Now, finally, let me just say, I think when all is said and done, there are only about three things worth focusing on. Do you believe that

all children can learn or not? Do you believe that it's more important than ever before, for the quality of an individual's life, for the shape of a family's future, for the strength of the nation? And do you believe we know how to do that now -- with more investment and more accountability for higher standards?

If the answer to all three of those questions is, yes, then I will consider that work that the Secretary and I have done -- even though we haven't won every battle, will have been more than worth the effort.

Thank you very much. (Applause.)

Q Okay, we do have some questions from the audience. This one's from Richard Culvin (phonetic) from the Los Angeles Times. He asks: Given your long-standing commitment to academic standards and accountability, what can you do as President to head off the growing backlash against testing and standards?

THE PRESIDENT: Well, one of the things -- Dick and I were talking about this on the way in today -- one of the things that we thought would happen, if we could actually get some accepted national standards and then a voluntary national test that would measure against that, is that would provide an organizing principle, if you will, which we thought might allow some of these other tests to be dropped. I think it is absolutely true that in some districts, there may be too many tests. And what are they measuring, and what do they mean?

I also think that on all this testing business, every few years you have to have kind of a mid-course review. You have to see where you are and where you're going. And I think I've earned the right to say that, since you know I believe in them. I mean, I've got a pretty long record here on this subject.

But I think we shouldn't obscure the major point, which is, it is very difficult to make progress that you can't measure. There must be some way of measuring our movement. On the other hand, you don't want our children and our teachers to spend 100 percent of the time teaching to a test that does not encompass all the things our students need to know and our schools need to provide. You don't want the test to be so easy that the whole thing is a mockery and looks like a bureaucratic fraud. You don't want it to be so hard that it crowds out all the other endeavors that a school ought to be doing.

But all of that, it seems to me, argues for looking at the number and the type of tests, what you want to measure, and whether your goals are sharply focused. It's not an argument against testing and accountability.

learn in radically different ways. And Chicago may have enough people to identify a class of folks that we ought to make a special, national effort to see if there are some other strategies that would help them.

I don't know the answer to that, but I'd be willing to try, if they want to do it, if they want some help from us.

Q What is your position on gay youth groups in high schools?

THE PRESIDENT: I think it ought to be decided by the school districts. I don't think the states ought to prohibit them. I think the school districts ought to make a decision based on what the facts are in every district.

Look, I think the real issue here is a lot of parents, even parents that are fairly open-minded on such matters, are worried that if you have these groups when children are still impressionable, that somehow they'll be sanctioning or encouraging people to adopt a lifestyle that they may have a choice not to adopt.

On the other hand, there's a lot of evidence that sexual stigma for gay kids is one of the reasons that they have high suicide rates and other associated social problems. And I think that the facts will tend to be different from place to place, and that's why I think it would be better if the people who were on the ground who care about the kids and who aren't homophobic -- that is aren't interested in bashing them, but they understand there's got to be at some point below which you would not go, probably an age -- were able to make these judgments based on the facts. That's my thinking about it.

Q Those are the three questions.

THE PRESIDENT: Go ahead.

Q That's all we have.

THE PRESIDENT: Oh, that's all? (Laughter.) This is the first press group I have ever been with that said, I'm sorry, we're out of questions. Where were you when I needed you the last several years? (Laughter.)

Okay, go ahead.

Q This is from Sally Vornhagen (phonetic), also from the Savannah Morning News: Studies have shown that charter schools are not meeting their original goals -- increased parental involvement and control, school choice, higher test scores, et cetera. In fact, local systems complain

I see no possible way to continue to reform all our schools without some sort of testing and accountability.

Look, if none of us had ever come along, ever -- including me. You know, it's hard to admit this, especially when you can't run again -- but if none of us had ever come along, a lot of the good things that have happened in education would have happened. I've been saying for 15 years, every problem in American education has been solved by somebody somewhere.

How many times have you gone to a school and then you've written this gripping story about, oh, my goodness, look at this school in this high-crime neighborhood with all these poor kids, and all this terrible disadvantage, and the kids have -- they live in these little apartments, and they have to go into the bathroom to study at night in the bathtub and read all their books -- I mean, how many of those stories have you written? Every one of you have written those stories, right? And look what the kids are doing.

What is the problem in American education? It is not that nobody does this; it is that we still have not figured out how to make achievement universal.

Every one of you has written this story about somebody succeeding against all the odds -- about a great teacher, a great principal, a great school. What is the problem? We have not devised a method to make learning occur at a universally high level.

And that's what the voucher people argue. They argue that is because public schools have a monopoly on revenues and customers. So we sought to break the monopoly without losing the accountability by promoting school choice, charter schools and other alternatives. But you still have to have standards and measurement.

And let me just say this -- I realize I'm talking this question to death, but this is pretty important because it really gets to everything else. If I were to suggest to you that standards and measurement are quite distressing and troubling, and so -- and I'm worried about the anxiety they cause, so I think we'll ease up on them in the military -- there would be a riot in the country, right? Thank you very much, send them back to the training. And so I do think it's time to review all this; I think there are too many of these tests and some are too easy, some are too hard, some are too off-beat; some may crowd out other educational missions. But that's why we tried -- Dick and I did -- to have a set of generally accepted national standards with a voluntary national test to measure them, and to have it done by a non-political group and sort of modeling on what the NEAP people do, which I think is quite good, by the way.

And so, anyway, that's my answer. Just because there may be too much or wrong, doesn't mean you don't have to measure. You do have to measure. Might as well not have standards if you're not going to measure whether you're meeting them.

Q This is a question from Dan Weissman of Catalyst Magazine in Chicago: Given that two rounds of research have now shown that kids who have been retained in Chicago have gotten no educational benefit, and given that retention sharply increases the kids' chances of dropping out, do you still believe Chicago's approach to retention and promotion should be a model for the nation?

THE PRESIDENT: Read the first part of the question again. I didn't understand.

Q Given that two rounds of research have now shown that kids who have been retained in Chicago have gotten no educational benefit, and given that retention sharply increases the kids' chances of dropping out, do you still think Chicago's approach to retention and promotion should be a model for the country?

THE PRESIDENT: Well, in order to answer that question, I would have to know the answer to something I think is equally important, which is, what happened to the kids that weren't retained because of their performance in summer school? Are they doing better than they were? Are they learning more? Are they more likely to succeed and stay in school?

Keep in mind, in the Chicago system, if you fail, you get retained only if you either don't go to summer school, or you go to summer school and you don't make the grade there. So most of the people -- Chicago's summer school is now the 6th biggest school district in America. It's one reason why the juvenile crime rate is way down there. And it's the 6th biggest school district in America.

So I can't answer that question without knowing whether those kids did better and are more likely to stay in school and learn more because -- it wouldn't be surprising that kids that are retained get discouraged and drop out. But there was a study a few years ago, and I haven't kept up with the literature as much as I should have since I've been President, which showed that one big reason for dropout after the middle school years was that kids weren't learning. If they weren't learning anything and they were being passed along, they got bored and dropped out, too.

So I don't want to disparage the study, but I don't know if it's right

or not. And neither does the person who asked the question until you follow what happened to the kids that weren't retained because they went to summer school and made the grade; and what are the percentage of those who made the grade, as opposed to those who were retained.

Q Studies have been cited in the April -- showed that kids who went to summer school and passed did maintain and did stay. The point of the question is that there were 10,000 students last year who failed -- kids in the last several years who have been retained. The study shows that despite intensive efforts to help those students both before and after school, they haven't been helped by being retained. And that -- research in Chicago shows that those kids are increased risks.

THE PRESIDENT: But let me ask you this. Does it follow that they would have been helped by being promoted, or that it's worth promoting them even if they couldn't be helped, because the social stigma of being retained and dropping out makes them more likely to turn to crime? I mean, I think that's the answer.

I don't believe -- I guess, fundamentally, what I'd like to see done is -- and you may be right, let me go back to that. My answer to your question is, I don't know, so I'll start with that.

But you may be right. But what's hard for me to believe is that we can't help these young people. I mean, one of the things that I thought would happen with the Chicago system, sooner or later -- and may be happening sooner, rather than later, from what you say about the study -- is that we would identify young people who might not measure out to be special ed kids, for example, but who, for some reason, even though they showed up in class and seemed to be trying, just weren't learning, even though the teachers were trying, everybody was trying.

And I think there may be some of those kind of kids in virtually every district, but in a town as big as Chicago, you'd have a larger number. And one of the things that I would like to see is before the principle is abandoned, I would like to see some new and different efforts made to see if different kind of strategies would help those kids to learn.

One of the reasons I like the potential of this whole computer revolution in the schools -- even though I think it can be over-sold and there are a lot of computers being unused because either the software is not good or the teachers haven't been trained or whatever -- but one of the things that I do believe is that there is quite a bit of evidence that people of more or less equal intelligence may learn in dramatically different ways. And that some of the people who seem to be impervious to the best efforts of education, but they would like to learn, may be able to

that charter schools drain funds. As a strong supporter of charter schools, are you still in favor of them?

THE PRESIDENT: Yes, but what I think the studies show is some work and some don't. And the idea is that, unlike -- when we started them, there were two ideas behind charter schools, let me remind you. There was an upside idea and a downside idea. The upside idea was that if teachers and parents and others organized these charter schools, either to deal with a certain kind of kids or to meet a certain mission or whatever, they would be more likely to succeed.

The down-side hope was, if they failed, unlike other schools, the parents and kids could leave immediately and the thing could be shut down -- that is, the school district, in return for letting the charter schools be free of a lot of the rules and red tape that other schools would be under, should have the discipline to shut the thing down if it had had enough years to operate to see that it wasn't succeeding. And I think the evidence is, a lot of them are doing quite well, and the ones who aren't, the thing I'm worried about is that the ones that aren't will become just like other schools that aren't doing so well, and nobody will want to shut them down either.

I mean, the whole purpose of the charter school was to bring the sort of hope -- the concept of empowerment of the parents and the students into the public education system. And it would work on the upside, and if it didn't work on the upside, it would at least work on the downside. And that's where I think we need to focus.

But I think that some of them have done very well, and some of them have not done so well. And what we need is to make sure the downside potential is present as well. But yes, I do still favor them, based on the ones I've been in, and the kinds of things they've been able to do.

And I don't think it's fair to say they drain resources. If you don't spend any more per kid in a charter school than you do per child in another school, and you've got to have those kids somewhere, I don't think it's fair to say that, especially if you're not -- unless you're paying for physical facilities you wouldn't otherwise pay for.

Q I've been told that was our last question. So, thank you. We know you have a busy day, and we appreciate you coming.

THE PRESIDENT: Thank you again for your interest. I've enjoyed this very much. Thank you. (Applause.)

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7-25-00

Alicia H. Munnell

The Deep Cuts You Don't Hear About

George W. Bush's proposals for Social Security have turned into an argument about whether investing in stocks is good or bad. That is not the issue. The real issue is that Bush proposes dramatic cuts in the basic level of protection now provided by Social Security. These basic benefits on which many elderly depend for almost all their retirement income would likely be cut by more than 40 percent.

The basic Social Security benefit is both very modest and very important for the average family. For the worker with a history of average earnings who retired in 1999 at age 62—most people retire before age 65—the monthly benefit was \$825 per month. For the low earner, the benefit was \$501 per month. Despite these modest amounts, Social Security is the major source of retirement income (50 percent or more) for 63 percent of the older population. The whole point of having a Social Security system is to provide workers with a predictable retirement benefit, an amount that they can count on.

Bush's plan affects these basic retirement benefits in two ways. First, the program already has a long-term deficit of about 2 percent of payroll (benefits will require an estimated 14.4 percent of payrolls and taxes are 12.4 percent). This deficit isn't the governor's doing; it confronts anybody attempting to reform the system. But Bush sharpens the problem by pledging not to add any new taxes for Social Security. Vice President Gore would not raise taxes either, but he makes a down payment on closing the financing gap by transferring surplus funds from general revenues. Bush precludes the possibility of such a transfer by spending the non-Social Security surplus on large tax cuts. Without new money Bush will have to cut benefit amounts, raise the age (already scheduled to move from 65 to 67) at which people qualify for full benefits or reduce the annual cost-of-living adjustments after retirement. Let's assume that he cuts the basic benefit;

how much are we talking about? If the cut were across the board for everyone receiving benefits now and in the future, the benefit for the worker with a history of average earnings would have to fall from \$825 to \$710 in today's terms.

Furthermore, this example understates the extent to which the Bush plan would reduce benefits for today's young workers. Bush has pledged not to cut the benefits of current retirees, those near retirement, survivors or disabled workers. To make up for that, he would have to make larger cuts in benefits of future retirees. The benefit cuts for young workers that would be required to maintain solvency until 2050 would have to be roughly twice the size of an immediate across-the-board cut. They would reduce the benefit for the average worker from \$825 to \$596.

The second way that Bush's proposal affects the basic Social Security benefit is that he introduces individual accounts. People would have the option to divert 2 percent of their payroll tax outside the Social Security system. Now the problem here is not with individual accounts themselves or with investing in equities. That's a great approach for supplementary plans such as IRAs or 401(k)s. Rather, the problem is that Bush's accounts are not additions to Social Security, but instead come from cutting back further on the program. For the average worker who opts for the individual account, the guaranteed benefit would be cut again. That is, the benefit would be cut from \$825 to \$710 because of the deficit, from \$710 to \$596 to protect current retirees, those near retirement, survivors and disabled workers, and from \$596 to \$481 to compensate for the diversion of funds to individual accounts.

Bush claims that the difference between \$825 and \$481 will be made up from the higher returns that can be earned by investing a portion of individual account balances in equities. For this to be true even on average, however, requires



stock returns for the next 75 years to equal those for the past 75 years. This is unlikely for two reasons. First, we are in a period of extraordinarily high price-earnings ratios, and such periods historically have been followed by periods of low returns. Second, the projections show economic growth slower in the next 75 years than during the previous 75, so we would expect stock returns to be lower also.

Moreover, costs of administering individual accounts conservatively can cut accumulations by 20 percent over a worker's lifetime. But even if it were possible to close the gap on average, then natural variation would mean that half would be worse off and half better off. Thus, large numbers of people—who are not lucky or smart in their investments—are likely to lose under individual accounts.

The risks with the Bush plan go beyond cutting benefits and introducing uncertainty into the basic benefit amount. Bush proposes to make participation in individual accounts voluntary, an approach that raises serious problems. The most important is that it will undermine the progressive nature of the Social Security system. For today's young workers, Social Security benefits will be 56 percent of previous wages for a worker with steady low earnings, 42 percent of previous wages for an average earner, and 28 percent of previous wages for a worker with the maximum taxable earnings each year.

Who is likely to opt out of this system? Not the low earners; they are doing well in the current program. The average and high earners are the ones likeliest to pull their money out. With high-earner money pulled out, the system will

not be able to subsidize benefits for low earners as much as it does today. Therefore, Bush's plan puts the benefits of low-earners at particular risk.

Voluntary accounts also raise a host of administrative problems. Could workers make a choice each year? Once out of the current system, will they have to remain out? How are these accounts going to be administered, and how much will it cost? And all individual account proposals raise questions. What will workers do with these accounts at retirement? Can they turn them into a stream of promised benefits, or do they risk outliving their retirement resources? Will people have access to these accounts before they retire? If so what happens when they end up with inadequate income in retirement? How are people going to protect themselves against inflation?

At present, Bush's Social Security proposal raises more questions than it answers, but one thing is clear: It will hurt workers in the future. The Social Security system needs additional resources to cover promised benefits; Bush proposes no new source of revenues. Rather, he proposes to take money out through voluntary individual accounts. These individual accounts will undermine the retirement security of workers who opt for them and threaten the ability of the program to help low-income workers. It is a bad plan.

The writer, a professor of management sciences at Boston College Carroll School of Management, is a former member of President Clinton's Council of Economic Advisers.

7-25-00
Martin Feldstein

Bush's All-Gain, No-Pain Retirement Plan

George W. Bush has proposed a plan to protect the future of Social Security by allowing individuals to invest a small portion of their payroll taxes in Personal Retirement Accounts. Without such a reform, actuaries warn that the nation will have to choose between a big cut in Social Security benefits or a major increase in taxes.

With no change in the 12.4 percent payroll tax, the aging population eventually will require a painful 30 percent cut in benefits relative to the levels projected in current law. Maintaining the projected benefits would require raising the tax rate to 19 percent. For a couple in which the husband and wife each earns \$30,000, that would be a tax increase of nearly \$4,000 a year.

The Bush proposal for Personal Retirement Accounts avoids that painful choice because the return on the stocks and bonds in Personal Retirement Accounts would be substantially higher than the low return earned in the existing Social Security system.

Vice President Al Gore has argued incorrectly that Bush's plan would lead to lower retirement incomes, especially for the poor. The opposite is true. A system that combines traditional Social Security with Personal Retirement Accounts that are financed with about one-sixth of payroll tax payments—about 2 percent of earnings—can make future retirement incomes even higher than they are projected to be in current law and can be helpful to low-income groups for which the Social Security program is often a bad deal.

The attempt of the Bush critics to scare voters relies on a flawed study for the New Century Foundation that asserts that a Bush plan would cause future retirement incomes to be 20 percent lower than the levels projected in current law. But although that study analyzes a plan that resembles the Bush proposal, the plan differs in critical ways that lead to predictions of poor performance. When those errors are corrected, that finding is reversed, and future retirement incomes exceed projected levels.

The first correction is to recognize that the Personal Retirement Accounts raise national saving, leading to a larger capital stock and therefore greater profits. A significant portion of the extra profits would go automatically to the Treasury as higher corporate tax payments. Transferring that extra tax revenue to the Social Security Trust Fund would help to maintain both the level of future benefits and the solvency of the trust fund.

The second correction is allowing the trust fund to borrow when it does not have enough assets to pay benefits. Although the increase in baby boomer retirees will cause the trust fund to run out of money under any plan, the infusion of corporate tax revenue and the growing size of Personal Retirement Account annuities in a Bush plan eventually would bring the trust fund back to a healthy positive balance.

The New Century Foundation study incorrectly assumes that benefits would be cut sharply when the trust fund runs dry. In fact, no such benefit cut is needed if the trust fund borrows temporarily to bridge its funding gap. Because of the higher return on Personal Retirement Account balances, the needed borrowing by the trust fund eventually would be fully repaid with interest.

Critics of the Bush proposal also argue that Personal Retirement Accounts are risky because the funds are invested in stocks and bonds. But although investment returns are volatile, the return over a lifetime is almost certain to exceed the low return implicit in the traditional pay-as-you-go program. While staying with an unreformed system would make a benefit cut almost certain, the retirement incomes provided by the mixed system proposed by Gov. Bush would almost certainly exceed the benefits projected in current law.

Making Personal Retirement Accounts part of Social Security can be particularly helpful to divorced women and other groups ill served by the current Social Security system. Now, a woman who is divorced after fewer than 10 years of marriage gets no retirement benefits based on her former husband's earnings. Since the average duration of marriages that end in divorce is fewer than 10 years, poverty in old age is high among divorced women. An individual account system can avoid such poverty by requiring a couple to share the combined value of their accounts at the time of divorce.

A Bush-type plan would help low- and middle-income persons by eliminating an increase in the payroll tax rate. No other policy can do as much to protect the consumption of the future aged and to raise the after-tax incomes of average Americans in the decades ahead.

The writer, an economics professor at Harvard, chaired the Council of Economic Advisers under President Reagan and is an adviser to the Bush campaign.

William Raspberry

7-25-00

Page 5
On our discussion

UP needs to
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talk about this to that
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As try to help!

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