

For them, we must do our duty to enhance freedom and opportunity at home, to strengthen the bonds of our own Union as we grow more diverse, to advance the causes of democracy and human rights, prosperity, and peace, around the world. We must strengthen our own freedom by maintaining America's role in leading the world. That is the central lesson of the 20th century: We abdicate responsibility at our peril. To do so now would be to renounce the sacrifice of 10 generations of Americans.

Yet often today, we hear voices urging us to abandon our obligations to the multinational organizations we did so much to create or to the causes of peace we are winning in cooperation with our allies, as in Bosnia. Too often we hear calls for actions in our foreign policy which would isolate us from our allies without achieving our objectives.

As the world grows smaller and smaller for the children here and we become more and more interconnected with our neighbors in every way, we must strengthen the ties that bind free

people, work with those who share our values and really want to share our burden. Of course, we must always be prepared to act alone when our values and our interests demand it. But whenever we can, we ought to work with our friends to make a better world together.

We can make the 21st century a century of peace. We can write a new chapter of unprecedented possibility and prosperity in our Nation's history. In so doing, we can extend the glory of the patriots who lie here, missing from our lives but eternally present in our memories. My fellow Americans, on this Memorial Day, let us commit ourselves to a future worthy of their sacrifice.

Thank you, and God bless America.

NOTE: The President spoke at 11:30 a.m. in the Amphitheater at Arlington National Cemetery. In his remarks, he referred to John C. Metzler, Jr., superintendent, Arlington National Cemetery; and Capt. George D. Cooper, USN, chaplain, Naval District Washington.

Remarks on the Federal Budget and an Exchange With Reporters *May 26, 1998*

The President. Thank you, Jack. And let me thank the other members of the economic team.

This is of course very good news for the American people, as the chart shows. Now it's official that this year, well ahead of the most ambitious schedule, America has balanced the budget. In fact, as the chart shows, the achievement of the American people will not stop there; OMB predicts that the budget surplus will be \$39 billion this year, the largest dollar surplus in our history, the largest surplus as a share of the economy in more than 40 years. America can now turn off the deficit clock and plug in the surplus clock.

Given the speed with which our Nation has reached this remarkable milestone, it is perhaps all too easy to forget how hard it was and how far we've come. Just 6 years ago, because of the drag of deficits, our people were running in place; our Nation was falling behind. Interest rates were high, and so was unemployment. On the day I took office, the deficit was projected this year to be \$350 billion.

How did this greatest projected deficit in history turn into the greatest projected surplus? The old-fashioned way: We earned it. Our Nation earned it as a result of hard work by the American people. And as the Vice President said, we earned it here in Washington with the help of two visionary actions in Congress: first, the courageous vote by the Democrats in 1993 in the midst of withering, extreme criticism that led to a cut in the deficit of 90 percent; and then the truly historic bipartisan balanced budget agreement passed by Congress last year that finished the job.

I think it would also be wrong if I didn't mention, as Mr. Lew did, that the reinventing government efforts headed by the Vice President played a major role. We not only have the smallest Government since the Kennedy administration, with more than 300,000 fewer people, we also have savings in excess of \$130 billion during the budget period as a result of those efforts. And Mr. Vice President, I am very grateful for what you have done.

Now that we're about to have the first surplus since Neil Armstrong walked on the Moon, we face a crucial decision about what to do with it. We can use these good times to honor those who've put in a lifetime of work and prepare for the future retirement of the baby boomers by saving the Social Security system for generations to come, or we can give into the temptation in this election year to squander our surpluses the moment they start coming in.

I think the choice is clear. We got to where we are today—with 4.3 percent unemployment, more than 15 million new jobs, the lowest inflation in over 30 years, low interest rates, high growth, the highest homeownership in history—by doing what was right for the American economy over the long run. That is what we should do now. Social Security has been a cornerstone of our society for the last six decades, but the present system is not sustainable as we look forward to the full retirement of the baby boom generation. We have to protect it for the 21st century.

I was deeply heartened after I spoke about this at the State of the Union, that there were broad public statements of support from the leaders of both parties in both Houses in Congress about saving Social Security first. However, in recent weeks, senior Republican leaders in the House of Representatives seem to have retreated from that pledge. In this election year, some now want to raid the surplus for initiatives instead of preserving every penny of the surplus until we strengthen Social Security.

We cannot ignore the long-term challenge, which we have a unique opportunity and responsibility to meet now, in favor of short-term schemes that, however popular in the moment, could compromise our future.

Let me be clear: I will oppose any budget that fails to set aside the surpluses until we have strengthened Social Security for the 21st century. Let me also be clear: That does not mean that in the future there could never be a tax cut. It simply means that we need to know how we're going to pay for the challenges of reforming Social Security. Once we know that—and we should know that sometime next—I would hope early next year because of the work being done this year—then we can have a debate about what ought to be done if there are funds that still are unaccounted for and unobligated.

Today, our economy is the envy of the world. But the progress was not predestined nor is its future guaranteed. We cannot abandon the strategy of fiscal discipline and investments in the future which has brought us to this moment.

Instead, we should work together across party lines to maintain fiscal responsibility, to save Social Security first, to prepare for an even brighter future. Again, let me thank the members of the economic team, those who are here and those who preceded them, for their work in this remarkable effort and every Member of Congress whose votes have contributed to it.

Thank you very much.

Year 2000 Computer Bug

Q. Mr. President, over the weekend, those same Republican leaders—I defer to Sarah [Sarah McClendon, McClendon News Service].

Q. [Inaudible]—overcome the disruption which we face with the computers as millennium starts April 1st, 1999. That will disrupt all—

The President. Well, let me say that we're very concerned about that, Sarah, and I asked John Koskinen, formerly a deputy at OMB and before that a man who had a very distinguished career in the private sector, to come back into public service to supervise and coordinate our efforts to deal with the computer 2000 problem.

It's not something that grabs the headlines every day, but it is in fact a profound challenge, not only for the United States but for every country—which is every country now—that has extensive reliance on computers. And there are a lot of very complex questions. There are computer hookups where people at both ends have computers that can be programmed to move easily to 2000, but there's something in the connection in between which won't. So this is a very complicated problem.

Interestingly enough, we discussed it in some detail at the G-8 meeting in England recently, and I can tell you that we are working very hard on it. We're working very hard, first of all, to monitor the progress of every Government agency to see that they're ready, and some are doing better than others because some have more profound challenges than others. And secondly, we want to do what we can to be supportive of the private sector in the United States and their efforts to make these adjustments. But it is a very big problem.

And I would urge—since you’ve asked the question, I would urge everyone in America who hears this exchange to make sure that they have done everything they can do within their own business sectors to be ready for this.

And we also agreed, by the way, when I was in England, to work with other countries so that we can help share information and do everything we can do make sure that when the new millennium starts, it’s happy event and not a cyberspace headache.

President’s Trip to China

Q. Mr. President, over the weekend Republican leaders called on you to postpone your trip to China, or at the very least, not have a welcoming ceremony in Tiananmen Square. What will you do, sir?

The President. I think it would be a mistake to postpone the trip to China. Our partnership

with China has succeeded in persuading the Chinese not to transfer missile technology and other dangerous materials to nations that we believe should not have them. We have seen some advances on the human and political rights fronts recently. We have worked closely with them in North Korea. Today, we are working with them to try to diffuse the tension and prevent a new nuclear race in South Asia.

So I think we have a broad range of issues to deal with, and I think we have enough evidence now to justify the partnership that we’ve had. So I believe we ought to go forward.

NOTE: The President spoke at 11:32 a.m. in the Rose Garden at the White House. In his remarks, he referred to Jacob J. Lew, Acting Director, Office of Management and Budget.

Memorandum on Improving Financial Management

May 26, 1998

Memorandum for the Heads of Executive Departments and Agencies

Subject: Actions to Further Improve Financial Management

My Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Government Management Reform Act of 1994, the Federal Government has made substantial progress toward achieving our goals of fiscal discipline and reporting reliably to the American people on the Government’s operations and fiscal condition.

An important step in this direction has been the efforts of the Federal Accounting Standards Advisory Board to develop accounting standards for the Federal Government. This effort was consistent with the recommendations of the National Performance Review led by Vice President Gore. These standards formed the basis for the first ever government-wide financial statement of the Federal Government, issued on time on March 31, 1998.

While our financial management program has resulted in significant improvements, there are

several areas in which agencies must focus additional attention. Financial auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These specifically include practices related to the Government’s property, Federal credit programs, liabilities related to the disposal of hazardous waste and remediation of environmental contamination, Federal Government employment-related benefits liabilities, and transactions between Federal entities. My FY 1999 budget request to the Congress outlined my commitment to addressing these problems and obtaining an “unqualified audit opinion”—the highest opinion available from auditors—on the Government’s financial statements for FY 1999.

To achieve these goals, I am now directing the additional steps set forth below:

1. The Office of Management and Budget (OMB) shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.