

Remarks on the Midsession Review of the Budget and an Exchange With Reporters

June 26, 2000

The President. Good afternoon. This is a great day for America. First, we had the announcement of the sequencing of the human genome. Now I have just received a report from my Chief of Staff and the members of my economic team on our latest budget projections, and it's more good news.

In 1993, when I became President, the Federal budget deficit was \$290 billion. It was projected to rise to \$455 billion this year. The American people wanted a better future, and we offered a new economic course of fiscal discipline, expanded trade, and greater investment in our people and our future.

The result has been the longest economic expansion in history, a fiscal turnaround that is stronger, frankly, than any of us had imagined. In fact, in each year since 1993, both economic growth and Federal revenues have surpassed our forecasts. And this year is no exception.

Today, as required by law, I am releasing the midsession review of the budget that shows that our overall budget surplus this year will be \$211 billion, more than a \$700 billion improvement over where we projected to be in 1993. And we're forecasting a surplus for the next 10 years that is over a trillion dollars larger than was forecast just 4 months ago.

The American people should be very proud of this news. It's the result of their hard work and their support for fiscal discipline. It's proof that we can create a better future for ourselves when we put our minds to it, and it provides a tremendous new opportunity to build an even brighter future if we sustain our prosperity by maintaining our fiscal discipline.

These new surpluses put us in a position to achieve something that would have seemed unimaginable in 1993. As this chart shows, we can now pay down the debt completely by 2012, a year earlier than we projected just 4 months ago. This is my last drawing as President. [Laughter]

Now, why should we do this? Because by paying down the debt we can keep interest rates lower and free up more capital for private sector investment, creating more jobs and economic growth for years and years to come. We can

eliminate the burden of paying interest on the debt, which today takes up 12 cents of every Federal tax dollar. And we can use part of this savings, as I have suggested, to extend the solvency of Social Security to 2057 and of Medicare to 2030.

Now, think about what this means. A 6-year-old today—we may have some out here—is living in an America that is \$3.5 trillion in debt. If we follow the course I'm laying out, we can eliminate that debt by the time the child enters college. The economy will be stronger; his parents' incomes will be greater; the interest rates on college loans will be lower. And 12 years from now people of my generation will be entering retirement knowing that Social Security and Medicare will be there for them.

Quite simply, an economic plan that invests in our people and pays down the debt is the wisest choice we can make to honor our values and ensure a better future for our children.

To that end, I propose that we follow Vice President Gore's recommendation and lock away that portion of the surplus that comes from the Medicare taxes people pay. Medicare payroll taxes should not be used to finance tax cuts or other spending. They should be saved for Medicare, and Medicare alone. There is already broad bipartisan support for saving the Social Security surplus for debt reduction. It's time to do the same for Medicare by taking Medicare off budget. By protecting both the Social Security and Medicare surpluses, we can lock in \$2.7 trillion of debt reduction in just the next 10 years, enabling us to get the debt entirely gone by 2012.

Before we make any other major budget decisions this year, I ask Congress to come together across party lines to protect the Medicare surplus. Now, a lot of people are saying that because this is an election year, Congress won't get much done. It does not have to be that way. Today I called House Speaker Hastert and Senator Lott with a proposal to break the logjam and do what we all say we want to do.

We all say we want to provide prescription drug coverage to the millions of senior and disabled Americans on Medicare who currently

lack it. I have presented my plan; the Republicans have presented theirs. We all say we want to end the marriage penalty. I presented my plan; the Republicans have presented theirs. I believe their marriage penalty, standing on its own, and not part of an overall commitment to fiscal discipline, and also tilting, I believe, too much toward upper income Americans, is too big and not targeted toward those who need it most.

But if we can all agree to take Medicare off budget and not use Medicare money for tax cuts or for other spending, then I've told the Republican leaders I would like to make a simple offer: If Congress will pass a plan that gives real, voluntary Medicare prescription drug coverage, available and affordable to all seniors and consistent with the principles of my plan, costing roughly \$250 billion over 10 years, then I will sign a marriage penalty relief law, which also costs roughly \$250 billion over 10 years. This is a proposal for true compromise. It asks each party to accept some of the positions of the other party in the name of progress.

By adopting the Vice President's plan to save the Medicare surplus, we will achieve the most significant strengthening of Medicare since the proposal was created in 1965, and deliver the largest tax relief to families in decades. These are goals that both parties and all Americans agree on. It would be wrong to let politics keep us from seizing the opportunity to achieve them. We can take these actions and still have, according to our new budget projections, substantial resources left over for future budget priorities.

Now, I want to remind the people, however, that this is just a budget projection. It would not be prudent to commit every penny of a future surplus that is just a projection and, therefore, subject to change. Fiscal discipline helped to create these surpluses; fiscal discipline is what we should continue as we determine how best to use it.

In my midsession review, therefore, I propose to set aside a \$500 billion reserve for America's future, a fund that could eventually be used for any number of key priorities from retirement savings to tax cuts to investments in education, research, health care, and environmental protection, to further debt reduction.

We should set aside this reserve fund. At this late date in the fiscal year, with elections looming, it would be unrealistic and imprudent for those of us in Washington to decide what to

do with this money. That's something that should be debated in the coming months and decided on by the American people this fall. Our obligation is to move forward on those issues that have been fully debated, where there is bipartisan agreement for action.

So this summer let's set aside the Medicare surpluses and pay down the debt. Let's pass a voluntary prescription drug benefit for seniors and disabled Americans on Medicare, and marriage penalty tax relief for American families. When that's done, I hope we will also raise the minimum wage, pass a strong enforceable Patients' Bill of Rights, pass a juvenile justice bill that closes the gun show loophole, hate crimes legislation, and the new markets legislation, and make key investments in education, health care, and the environment.

Then in the election, let's have a vigorous debate about how the remainder of these new surpluses can best be used to advance our Nation. It's the right debate to have, and I think we can all agree that it's a debate we are very fortunate to be able to have.

How we use these surpluses in this moment of prosperity will determine America's future for decades to come. Nothing will more surely determine it than making the right choices, if we do the right things to keep our prosperity going, to extend its benefits to people in places not yet fully part of it, to help Americans balance the demands of work and family, to seize the remarkable potential and meet the challenges of globalization and the revolutions of science and information technology.

This is a good day for America. We ought to preserve it for the future and make the most of the moment.

Thank you very much.

Q. What did the Speaker and Mr. Lott have to say to you in response?

The President. I think they were interested in it, and obviously, I've also talked to the Democratic leaders, Senator Daschle and Representative Gephardt. And I told them that I would send the review up today and that, obviously, everybody needs time for their staffs to look at it to see what the options are. But I think this is a very good-faith offer where I want to meet them halfway. I want them to meet me halfway. We can clearly afford this, and we ought to do it.

Q. Mr. President, if in the course of 4 months these figures have changed a trillion dollars, how

realistic is it to believe that these are sound figures that are going to last?

The President. Well, first, I think that they are reliable in the same sense—I would just remind you, I've been here for 7½ years, and I have never yet overstated the numbers. So we've got a pretty good record on this. Now, this is what the numbers show. But as I said to you, I believe it would be a big mistake to commit this entire surplus to spending or to tax cuts.

That's one of the reasons I like the Vice President's suggestion so much. If you start by taking the Medicare taxes out, then you know you're going to have further debt reduction, and you've got a big incentive for fiscal discipline right there.

The projections could be wrong; they could be right. That's why we shouldn't spend it all now. And moreover, we're having a debate in which the two candidates have very different notions about what should be done with this moment of prosperity, and the American people ought to have some say in this. But I think that it's my duty to tell you what I think the numbers are now and my duty also to raise a little caution and say, let's don't go off and spend it.

If I asked you what your projected income is over the next 10 years, and you told me, and I said, "Okay, now I want you to spend it all right now," I doubt if you'd do it. So I don't think the American people should do it. But neither should we be blind to the fact that we have an enormous opportunity here to build the future of our dreams for our children, and that should inform what we do in this year's budget, and it should inform what we do, I believe, in making an agreement to get the right kind of Medicare prescription drug coverage in return for tax relief for American families.

Gasoline Prices

Q. Sir, even with this optimistic news, gas prices across the board continue to increase, threaten inflation, threaten to derail all of these projections. What can you do immediately to stop the spiraling cost of gasoline?

The President. Well, I think, for whatever reason, in places where it's highest, they seem to be dropping some. So I think that we need to keep up the pressure to make sure that there is no noneconomic basis for these price increases. And that's what the Federal Trade

Commission inquiry is all about. Then I think it is very, very important for us to accelerate our efforts to get high mileage cars on the road and to develop alternative fuel sources.

And let me say, I've been trying for years to get more money into Federal research on this. The United States Government has been very active in our administration, in the Partnership for the New Generation of Vehicles that the Vice President's headed, in trying to develop alternative fuels from agriculture and other sources. The Senate did pass a bill last week on a bipartisan basis which should help us in the development of more biofuels. But we're not far away from being able to develop very high mileage vehicles and dramatically different fuel options for the American people.

But I would say this: I have not had the same level of support on a bipartisan basis for this kind of Federal research and investment that we've had, for example, for the human genome project. But the principle is exactly the same. When you're breaking new ground, a lot of the basic research should be paid for by the American people as a whole, and then the industry should do its part. Just like we're doing with the human genome project, we need to do more here.

And I think that you will see—what we really need and, I think, what the American people want to know is that we've got a plan that will move them away from being subject to these kind of radical swings. And we do have a plan. And we know that we can get cars on the road soon that can get 60, 80, maybe more miles to the gallon. We know we can get cars on the road soon using alternative fuels, from fuel cells to biofuels to natural gas, that will cut the cost of transportation. That's what we need to be doing.

Q. Forgive me, sir, but the question was, what can you do immediately? Will you consider relaxing—

The President. What we are doing immediately—what we're doing immediately is continuing this investigation. If the prices are being set for noneconomic reasons, then we ought to do what we can to pressure them down. Now, if the Congress wants to consider some sort of relief on the Federal gas tax, it would be modest compared to the price increase, and they would have to be willing to defer substantial Federal highway projects. That's something they have to come to terms with.

But I think that it's clear, over the next 2 years you're going to have all these cars that will then be coming out that will basically make this problem go away as we know it, and we need to do everything we can to accelerate it.

Budget Surplus

Q. [Inaudible]

The President. I don't know the answer to that. They'll have to tell you that. But it's \$211 billion for this year.

Yes, sir.

2000 Election

Q. [Inaudible]—Republicans look at the \$500 billion fund as a goody bag for Vice President Gore to use throughout the campaign to make promises in programs. First of all, do you agree with that assessment? And second of all, is that the proper use for a surplus fund?

The President. Well, I think—let me say this: That's a \$500 billion fund; I'll tell you what I would do with it—later on, I may make some suggestions what I would do with it. But Vice President Gore will say what he thinks should be done. Governor Bush will say what he thinks should be done. The Republican leaders and candidates will say what they think should be done. The Democratic leaders and their candidate will say what they think should be done.

In other words, my position is that the Congress and I should not commit all this money. We should let the American people decide what to do by the judgments they make in the election and by the debates that they hear. I don't believe that—we're so close to the election. We have such an enormously crowded agenda of things that we can do that have been fully debated. I think the responsible thing to do is to let the American people hear from those who are running for office, who will be responsible for these decisions if they are elected, say what they should be doing.

So Vice President Gore has no more opportunity as a result of this proposal of mine than Governor Bush does. All candidates running for office can say this is what they think about the \$500 billion. They can also say that they disagree with some of the things we're recommending now, if they choose.

Yes.

President's Book on Race/Elián Gonzalez

Q. Mr. President, your time is ticking away, and we understand you're still working on your book on race. When are you anticipating having this book out, and what can we expect to be in it?

The President. You just have to wait to see it. *[Laughter]*

Q. Is Taylor Branch working with you on it?

The President. No.

Q. Mr. President, this week, probably by Wednesday, the legal case of Elián Gonzalez will probably come to an end. Do you feel the relations between your government and the government of Fidel Castro have gotten a little better because of this case—relations between Washington and Havana?

The President. I don't know. That's the honest answer. I don't know.

Let me just say one other thing about the race book. You asked me a question about Taylor Branch. I did—I have consulted with him on it. I've shown him some drafts, but he is not working with me on it. But I don't want to imply that I've never asked him to look at it. I did.

Q. When do you think the book is coming out, though?

Prime Minister Yoshiro Mori of Japan

Q. [Inaudible]

The President. The Japanese Ambassador was here today for the human genome announcement, and we had a brief conversation about it, and he said that he expected Prime Minister Mori to continue as Prime Minister and to host us at the G-8 Summit. And I expect that's what will happen.

Thank you very much.

NOTE: The President spoke at 12:40 p.m. in the Rose Garden at the White House. In his remarks, he referred to Gov. George W. Bush of Texas; Pulitzer Prize-winning author Taylor Branch; and Japanese Ambassador to the U.S. Shunji Yanai. A reporter referred to Cuban youth Elián Gonzalez, rescued off the coast of Florida on November 25, 1999, whose custody the Immigration and Naturalization Service decided in favor of his Cuban father; and President Fidel Castro of Cuba.