

I have been an abject failure in my 8 years as President. [Laughter] We are not against making it possible for farmers and small business people to pass their operations along so that their children do not have to sell the enterprise just to pay the estate tax. Everybody thinks that's wrong.

We are willing to work with you in good faith to modify this estate tax and to take a whole lot of people, including the majority of those now paying it, out from under it entirely if you're willing to work with us. But we are not willing to turn our backs on the rest of the American people who deserve tax relief, who have to have good schools, who have to have good health care, and most important of all, have to have a fiscal policy that keeps us paying the debt down, keeps interest rates low, and keeps the future bright.

And I will just leave you with this one last thought. We have a new study which shows that if we keep on our path and keep paying this debt down, instead of giving away all the projected surplus in tax cuts, it will keep interest

rates another percent a year lower for the next decade, which is worth another \$250 billion home mortgages, another \$30 billion in car payments, and another \$15 billion in college loan payments. That is a very big amount of relief to most people in this country.

So I ask the Republican Congress again, if you're serious about wanting to deal with the problems that estate tax presents, let's get after it and solve them. But we have to proceed on grounds of fiscal responsibility and fairness. And I will never be able to thank this fine farmer from South Dakota and this successful academic and businessman now from New York for giving us a picture of what America is really all about and what we ought to be building on for the new century.

Thank you very much.

NOTE: The President spoke at 2:39 p.m. in the East Room at the White House. In his remarks, he referred to farm owner John Sumption and his wife, Margaret; and Glottal Enterprises founder Martin Rothenberg and his daughter, Sandra.

Message to the House of Representatives Returning Without Approval Estate Tax Relief Legislation

August 31, 2000

To the House of Representatives:

I am returning herewith without my approval H.R. 8, legislation to phase out Federal estate, gift, and generation-skipping transfer taxes over a 10-year period. While I support and would sign targeted and fiscally responsible legislation that provides estate tax relief for small businesses, family farms, and principal residences along the lines proposed by House and Senate Democrats, this bill is fiscally irresponsible and provides a very expensive tax break for the best-off Americans while doing nothing for the vast majority of working families. Starting in 2010, H.R. 8 would drain more than \$50 billion annually to benefit only tens of thousands of families, taking resources that could have been used to strengthen Social Security and Medicare for tens of millions of families.

This repeal of the estate tax is the latest part in a tax plan that would cost over \$2 trillion, spending projected surpluses that may never

materialize and returning America to deficits. This would reverse the fiscal discipline that has helped make the American economy the strongest it has been in generations and would leave no resources to strengthen Social Security or Medicare, provide a voluntary Medicare prescription drug benefit, invest in key priorities like education, or pay off the debt held by the public by 2012. This tax plan would threaten our continued economic expansion by raising interest rates and choking off investment.

We should cut taxes this year, but they should be the right tax cuts, targeted to working families to help our economy grow—not tax breaks that will help only the wealthiest few while putting our prosperity at risk. Our tax cuts will help send our children to college, help families with members who need long-term care, help pay for child care, and help fund desperately needed school construction. Overall, my tax program will provide substantially more benefits to

middle-income American families than the tax cuts passed by the congressional tax-writing committees this year, at less than half the cost.

H.R. 8, in particular, suffers from several problems. The true cost of the bill is masked by the backloading of the tax cut. H.R. 8 would explode in cost from about \$100 billion from 2001–2010 to about \$750 billion from 2011–2020, just when the baby boom generation begins to retire and Social Security and Medicare come under strain.

Repeal would also be unwise because estate and gift taxes play an important role in the overall fairness and progressivity of our tax system. These taxes ensure that the portion of income that is not taxed during life (such as unrealized capital gains) is taxed at death. Estate tax repeal would benefit only about 2 percent of decedents, providing an average tax cut of \$800,000 to only 54,000 families in 2010. More than half of the benefits of repeal would go to one-tenth of one percent of families, just 3,000 families annually, with an average tax cut of \$7 million. Furthermore, research suggests that repeal of the estate and gift taxes is likely to reduce charitable giving by as much as \$6 billion per year.

In 1997, I signed legislation that reduced the estate tax for small businesses and family farms, but I believe that the estate tax is still burdensome to some family farms and small businesses. However, only a tiny fraction of the tax relief provided under H.R. 8 benefits these important sectors of our economy, and much of that relief would not be realized for a decade. In contrast, House and Senate Democrats have proposed alternatives that would provide significant, immediate tax relief to family-owned businesses and farms in a manner that is much more fiscally responsible than outright repeal. For example, the Senate Democratic alternative would take about two-thirds of families off the estate tax entirely, and could eliminate estate taxes for almost all small businesses and family farms. In contrast to H.R. 8—which waits until 2010 to

repeal the estate tax—most of the relief in the Democratic alternatives is offered immediately.

By providing more targeted and less costly relief, we preserve the resources necessary to provide a Medicare prescription drug benefit, extend the life of Social Security and Medicare, and pay down the debt by 2012. Maintaining fiscal discipline also would continue to provide the best kind of tax relief to all Americans, not just the wealthiest few, by reducing interest rates on home mortgages, student loans, and other essential investments.

This surplus comes from the hard work and ingenuity of the American people. We owe it to them—and to their children—to make the best use of it. This bill, in combination with the tax bills already passed and planned for next year, would squander the surplus—without providing the immediate estate tax relief that family farms, small businesses, and other estates could receive under the fiscally responsible alternatives rejected by the Congress. For that reason, I must veto this bill.

Since the adjournment of the Congress has prevented my return of H.R. 8 within the meaning of Article I, section 7, clause 2 of the Constitution, my withholding of approval from the bill precludes its becoming law. The Pocket Veto Case, 279 U.S. 655 (1929). In addition to withholding my signature and thereby invoking my constitutional power to “pocket veto” bills during an adjournment of the Congress, to avoid litigation, I am also sending H.R. 8 to the House of Representatives with my objections, to leave no possible doubt that I have vetoed the measure.

I continue to welcome the opportunity to work with the Congress on a bipartisan basis on tax legislation that is targeted, fiscally responsible, and geared towards continuing the economic strength we all have worked so hard to achieve.

WILLIAM J. CLINTON

The White House,
August 31, 2000.

Statement on the National Household Survey on Drug Abuse August 31, 2000

Today's 1999 national household survey demonstrates that we are continuing to move in the right direction on the problem of youth drug and tobacco use in America. The report released by Department of Health and Human Services Secretary Donna Shalala and Office of National Drug Control Policy Director Barry McCaffrey shows that last year illicit drug use by young people ages 12–17 declined for the third year in a row. Since 1997, overall youth drug use is down by more than 20 percent, and youth marijuana use has declined by over 25 percent. In addition, while today's report shows underage alcohol use is still at unacceptable levels, it also shows that tobacco use among young people is beginning to decline significantly, following a period of increases earlier in the 1990's.

These findings prove that we are successfully reversing dangerous trends and making important progress. However, none of us can afford

to let down our guard in the fight against drug, tobacco, and alcohol abuse—especially when it comes to our children. While we must continue to engage communities, parents, teachers, and young people in our efforts to drive youth drug and tobacco use down to even lower levels, Congress must also play an important role.

When Congress returns to Washington, I urge them to build on our success by fully funding my administration's substance abuse prevention and treatment initiatives, including the Youth Anti-Drug Media Campaign, which is sending a powerful message to young people across the nation about the dangers of drugs. Congress should also join Vice President Gore and me in making the health of our children a priority by rejecting the interests of big tobacco and letting the American taxpayers have their day in court. Working together, we can give our children healthy drug- and tobacco-free futures.

Remarks at Georgetown University September 1, 2000

Thank you very much. When you gave us such a warm welcome and then you applauded some of Dean Gallucci's early lines, I thought to myself, "I'm glad he can get this sort of reception, because I gave him a lot of thankless jobs to do in our administration where no one ever applauded." And he did them brilliantly. I'm delighted to see him here succeeding so well as the dean. And Provost Brown, thank you for welcoming me here.

I told them when I came in I was sort of glad Father O'Donovan wasn't here today, because I come so often, I know that at some point, if I keep doing this, he will tell me that he's going to send a bill to the U.S. Treasury for the Georgetown endowment. *[Laughter]*

I was thinking when we came out here and Bob talked about the beginning of the school year that it was 35 years ago when, as a sophomore, I was in charge of the freshman orientation. So I thought I should come and help this year's orientation of freshmen get off to a good

start. I also was thinking, I confess, after your rousing welcome, that if I were still a candidate for public office, I might get up and say hello and sit down and quit while I'm ahead. *[Laughter]*

For I came today to talk about a subject that is not fraught with applause lines but one that is very, very important to your future: the defense of our Nation. At this moment of unprecedented peace and prosperity, with no immediate threat to our security or our existence, with our democratic values ascendant and our alliances strong, with the great forces of our time, globalization and the revolution in information technology, so clearly beneficial to a society like ours with our diversity and our openness and our entrepreneurial spirit, at a time like this, it is tempting but wrong to believe there are no serious long-term challenges to our security. The rapid spread of technology across increasingly porous borders raises the specter that more