

Exchange With Reporters in Council Bluffs, Iowa
February 28, 2001

Earthquake in Washington State

Q. Mr. President, any reaction to the earthquake news?

The President. I talked to the FEMA Director. He is on top of it. He is gathering all the information. He is in touch with the officials in the State of Washington. I think the Governor is on an airplane now, but as soon as he lands, we'll be in touch. Then we will assess whatever damage, and we will provide whatever resources are necessary to help the people.

Q. When were you told?

The President. I was told in Omaha.

Q. Do you have a message for the people of Washington?

The President. Well, God bless, obviously. Anything we can do to help, we will do so.

Q. Can you talk about your contingency plan as part of your budget outline and how this—

The President. Well, we've got money set aside for emergencies such as these.

NOTE: The exchange began at approximately 2:35 p.m. at the Old Carnegie Library. In his remarks, the President referred to Gov. Gary Locke of Washington. A tape was not available for verification of the content of this exchange.

Remarks at a Leadership Forum in Council Bluffs
February 28, 2001

The President. Well, thank you, Bill, very much. I want to thank our panelists. It's kind of family day here. [Laughter] Speaker, it's good to see you, sir. I've enjoyed campaigning with you here. I've spent a lot of quality time here in the great State of Iowa, and I'm glad to be back.

I will say one thing as an aside, that I never met a more kind group of people than the good people of Iowa. Even if they weren't for you, they were kind. But I really—I have fond memories of traveling to your great State, and I want to thank the good citizens of Council Bluffs for welcoming me back here again.

Let me talk a little bit about the budget. Because in order to get a budget passed, the President must count on the people. My speech last night was really not to Members of the House and the Senate; my speech last night was to the people of America. It was a great opportunity for

me to go around, or through the process, however you want to look at it, and go directly to people who had an interest in their Government.

Before I begin, though, I'm also mindful that I'll get nothing done unless I get something through the House and the Senate. And we've got three House Members traveling with us today, people who I respect a lot: one, your current Congressman Greg Ganske; Tom Latham; and Jim Leach. They flew down and reminded me the entire way down how important the issues are to Iowa, issues like ethanol. [Laughter]

I said it—when I told them on the way down, when I said I support ethanol, I meant it. I supported it in the caucuses; I supported it in the general election; and I support the use of ethanol as the President of the United States. Now that we've gotten the ethanol issue straight, let me talk about the budget.

There's a lot of myths about the budget. One myth is, you can't have tax relief because somebody's not going to get their Social Security check, or you can't have tax relief because we'll never pay down debt. The facts are that if we have a fiscally sound approach to spending your money, we can meet priorities; we can pay down debt; we can set aside contingency funds for the unknown; and we can have tax relief. Those are the facts.

It starts with slowing down the rate of discretionary spending. In our budget, there are entitlement programs that are going to trigger spending, whether or not we—the Congress has no say, because people are entitled to money; they'll get the money. Social Security, for example, it set aside all the payroll tax for Social Security. Medicare is taken care of in the budget. We double the Medicare budget over the next 10 years. Discretionary spending like education, it will go up under my plans. *[Applause]* And it's right that it does go up. I'm glad to know there's a ground swell for support. *[Laughter]*

I want to tell you, though, even though I have a Washington address, I strongly believe in local control of schools. Of all States that understands local control of schools, Iowa is such a State. I believe we ought to pay our folks who wear the uniform in the military more money, and my budget does that. We've set aside priorities.

But instead of increasing the rate of growth in the budget, discretionary part of the budget, like they did in the last Congress, we slow it down to 4 percent—a rate greater than the rate of inflation, however. And as a result of being fiscally sound with money, it is amazing what we can do beyond just spending.

We can pay down \$2 trillion of debt over the next 10 years. My budget does so; I'm confident the Congress will support me to do so. People say, "Why don't you pay down more?" Because that's all the debt that's available to pay down in a 10-year period of time unless you want to prepay

debt, which will cost taxpayers money. That's the debt that becomes due in a 10-year period of time.

And so we set aside money for discretionary spending and priorities. We save and strengthen Social Security. We've got money for Medicare. We pay down debt, and we set aside \$1 trillion over 10 years for contingencies.

People say, "What do you mean by that?" Well, there's emergencies. Right now, for example, there is an earthquake in the State of Washington that may require emergency spending, and let us hope that it doesn't create much damage nor take anybody's life. But it's a serious earthquake. I just called the FEMA Director to stay in touch with the emergency office to make sure that we're on top of it, and we are.

The agricultural sector may need emergency spending or contingency spending. As we transition to a free market world, there are some transition costs, costs that we've been paying in the past. We may have to pay it again this year. As we reconfigure our military, we may require more spending. Medicare may require more spending to make sure it fully works properly.

But there's a contingency of a trillion dollars set aside. And there's still money left over. That's the thing a lot of the proponents for big Government don't want you to hear—that if we're wise and pay down debt and have a contingency, there's still money.

And the big debate is going to be what to do with it. I believe that once we set priorities and fund them, we ought to remember who pays the bills in the first place. This surplus is not the Government's money. It's not, we're going to spend money as if it's the Government's money. It's the people's money. And I believe we ought to listen to the people of America and share that money with the people who pay the bills.

And there's compelling reasons to do so at this point in our history. One, energy bills are high, and it's beginning to affect the pocketbooks of a lot of working people. Two, there's a lot of talk about national debt, and that's fine, but there's a lot of consumer debt in America. And we've got to worry about people being able to handle their own consumer debt. The energy crisis, coupled with consumer debt, may make it hard for a lot of the working people to meet their needs. And I'm worried about that.

I'm worried about Government debt. But I think it makes sense to worry about the debt on the people of America, as well. I'm worried about the fact that our economy is sputtering. Today, evidently, Alan Greenspan testified that the warning clouds on the horizon are getting darker and darker. I think what we need to have is good monetary policy coupled with good fiscal policy in order to make sure we recover. And part of good fiscal policy says, let's give people money back so they can spend it. They can manage their own budgets to help kick-start the economy.

So there's a compelling reason for tax relief at this point in our Nation's history. Not only can we afford it, it makes good policy sense to do so.

And finally, it gives us a chance to reform the Tax Code. The death tax is unfair. It's unfair to farmers; it is unfair to small-business people; it's unfair to people of accumulated assets, and we ought to eliminate the death tax. The marriage penalty is unfair—the marriage penalty is unfair. I think we ought to reduce all rates. There's a lot of talk in Washington, "Well, we will decide who gets tax relief"—it's called targeted tax cuts. My view is, Government ought not to try to target anybody in or target anybody out. The only fair thing to do is, to say if you pay taxes, you get relief.

We dropped the bottom rate from 15 percent to 10 percent, which makes the code more fair, particularly when you cou-

ple it with the fact that we're going to double the child credit from \$500 to \$1,000. It makes it easier for people who work hard to access the middle class. And that's important. The Tax Code should not penalize hard work. It ought to reward hard work, particularly for people who are struggling to get ahead.

It also drops the top rate from 39.6 to 33 percent, which ignites the great outcry of class warfare. One of the things I've worked hard to do is to try to change the tone in Washington, to change an attitude that tends to pit groups of people against each other. That's not the way to have a debate. The truth of the matter is, by dropping the top rate from 39.6 percent to 33 percent, we understand this fact: The role of Government is not to create wealth but an environment in which the entrepreneur or the small-business person can flourish.

Many small-business people are unincorporated. Many small-business people are Subchapter S type corporations and, therefore, pay the higher rate. And by dropping the top rate from 39 percent to 33 percent, we provide an environment for capital accumulation, particularly in the small-business sector of the United States. It makes sense.

And so, given the opportunity to make a case for the tax relief plan, as you can see, I'm going to grab it at every possible moment. It is important for me to travel the country, which I'm going to do, and make the case. I made it last night in the Congress. I'm going to make the case all across America. I did so today in Nebraska and Pennsylvania. I'm obviously doing so here in Iowa. I'm off to Arkansas after this, and then I'll be in Georgia tomorrow, because—and the reason I'm doing so is because this is the people's business. It's the people's business.

And if you are interested in helping effect change, then e-mail your Senators and Congressmen. *[Laughter]* I'm sure Ganske doesn't need to hear from me. I'm positive he'll be with me all the way. *[Laughter]*

But just in case—and so I'm not talking about you, Congressman Ganske, but somebody might get a little nervous out there—[*laughter*]—because they're listening too much to the people who want to grow the Federal Government.

And therefore, if you agree, and I hope you do, I would like your help. So Bill, thank you very much for giving me a chance to come and make my case to the good folks of Council Bluffs, and I would be glad to hear from you.

[At this point, moderator Bill Ballenger opened the forum.]

Jeff Ballenger. Mr. President, there also seems to be a public perception that the tax cuts that we're leaning towards will just benefit the wealthy. And this is a big-time, as you would say, serious misperception. [*Laughter*]

The President. It was actually my Vice President who said that. [*Laughter*]

Mr. Ballenger. Okay. My apologies.

The President. I said something worse. [*Laughter*]

Mr. Ballenger. Well, I'm sure this is one that you and the staff will have to work on to overcome, based on some of the pundits, what they're saying. But from a third-generation businessman who would like to continue on the family legacy, I would like to say—I would like to express my support for you with your debt reduction, your elimination of the death tax, and also your reduction of income tax.

The President. Well, I appreciate you saying that. I think that the class warfare debate has kind of worn itself out. I believe that. I think the American people are going to reject that debate, pitting so-called rich against poor. I hope so. We can have a much more constructive debate without trying to pit groups of people against each other. And so I hope that the dialog won't be—the truth of the matter is, the debate is bigger Government versus smaller Government, efficient Government versus big Government.

I want to tell you all something as people who have to run budgets in your business. At the end of the last session, there was over 5,000 one-time expenditures in the budget. It was like a bidding contest to see how you get out of town. The more money was spent, the earlier you got to leave, it seemed like. And it's going to require a different mentality to say, let's set priorities.

Small-business people, any type of businessperson understands the need to set priorities. And let's fund the priorities. And I know there's a lot of politics in the budget sometimes, but it's going to be important to me to keep the politics out of it and insert the people. And we're going to get it done, too, by the way.

Moderator. Donna, would you be willing to kind of enter into this discussion?

Donna Grote. Mr. President, approximately 14 years ago I had the privilege of having lunch with your mother when she was here in Council Bluffs.

The President. You had lunch with the A-team. [*Laughter*]

Ms. Grote. I very much admired her, and she was largely responsible for my votes for your father and for you.

[The forum continued.]

Ms. Grote. Mr. President, I have had a lot of children and grandchildren go through my house, and I know that if there are cookies left on the table, they will be eaten. [*Laughter*] If we leave any extra money in Washington, don't you think it will be spent? [*Laughter*]

The President. That's right. I appreciate that. I think I might start using that. [*Laughter*] Thank you very much.

[The forum continued.]

The President. Let me—a couple of points. One, the surest way to frighten people in any kind of budget debate is to say you're not going to get your Social Security check. Sometimes, that happens to creep into the language of a political campaign,

if you know what I mean. [Laughter] The facts are that both Republicans and Democrats agree that we're not going to touch the Social Security money for anything other than Social Security.

Now, as I mentioned last night, a very important part of the Social Security dialog is to be to figure out how to make sure it works in the future. People who have retired or near retirement are going to be in fine shape in the Social Security system. There's a lot of money in the Social Security Trust. The fundamental question is, what happens to younger workers, younger workers who have to pay enough in the system to take care of baby boomers like me and you?

And one of the things I proposed last night was to put a commission together to study alternatives. And one of the alternatives has got to be to allow younger workers, at their choice—at their choice—to take some of their own money through the payroll taxes and put it into safe investment vehicles that will earn a better rate of return than the current paltry 2 percent that the Social Security system earns today.

So I appreciate so very much your concern about making sure your mom and dad have got a safe retirement system. The fundamental question, however, is not your mom and dad; it is your sons and daughters, whether or not there will be a system available for them.

In terms of Medicare, that is a legitimate question for your mom and dad, and it's one that I ask, as well. And we double the Medicare budget over a 10-year period of time. But—or, and—we better make sure the system is responsive to the needs of Medicare recipients.

The old system, the system was designed for an old way of medicine, where people—where prescription drugs, for example, wasn't that important a part of the medical profession. Prescription drugs were around,

but they weren't the—didn't replace health care given by doctors, for example. Prescription drugs are an incredibly important part of satisfying seniors' needs today.

But the system hasn't changed, and therefore, what we need to do is modernize the system. And by that, I mean we've got to give seniors a variety of options from which to choose, all of which include prescription drugs.

And that's going to be an important part of the Medicare debate. So it's one thing to make sure there's money in the budget to take care of Medicare. The other question, though, is, are we going to have the will necessary to change the system to take care of seniors? And the fundamental choice is going to be, do we trust seniors to make decisions for themselves? Do we trust them to be able to go into the marketplace, if they so choose, and pick out a plan that meets their needs?

So those are two incredibly important debates. The opponents of any tax relief—responsible tax relief—are going to argue that somebody is going to suffer: a Medicare recipient will suffer; a Social Security recipient will suffer. It's just not the case.

And that's why I'm going to continue traveling the country making sure everybody hears that. And I appreciate you all giving me a chance to do so today.

[The forum continued.]

The President. Thank you all for coming. I look forward to thanking you in person.

NOTE: The President spoke at 4:04 p.m. at the Old Carnegie Library. In his remarks, he referred to Speaker of the House Brent Siegrist, Iowa General Assembly. Participants included Jeff Ballenger, local automotive dealer and son of the moderator, and Donna Grote, homemaker and small-business owner.