

And I appreciate those Members who are working with us on it.

NOTE: The President spoke at 10:45 a.m. at Grace Episcopal Church. In his remarks, he referred to Acting Gov. Donald T. DiFrancesco and Secretary of State DeFor-

est B. "Buster" Soaries, Jr., of New Jersey; Mayor Albert T. McWilliams of Plainfield, NJ; and Rev. LaVerne Ball, president, Plainfield Interfaith Neighborhood Council for Housing. A tape was not available for verification of the content of these remarks.

Remarks to the New Jersey Chamber of Commerce in East Brunswick,
New Jersey
March 14, 2001

Well, Governor, thank you very much. I appreciate your kind words, and I appreciate your friendship. I got to know Donny and his wife, and I respect them a lot. And I know the people of New Jersey do, as well.

It's good to see my friend the Speaker. I had him down to the Governor's Mansion in Texas, and I want you to know he didn't spill. [*Laughter*]

I'm honored to be traveling with members of the New Jersey congressional delegation today. We flew down on Air Force One. I am thrilled that Members of the House of Representatives came, Rodney Frelinghuysen and Marge Roukema, Jim Saxton, Chris Smith, Rush Holt, and the newly elected Mike Ferguson. And I want to thank you all very much.

I'm also very pleased that Senator Corzine and Senator Torricelli came, as well. I have been most pleased with the comments that Senator Torricelli has been making. It shows that—I don't want to single anybody out. [*Laughter*] Not one vote is more important than any other vote. But he has shown a lot of common sense, as far as I'm concerned.

I am thankful they're here; it gives me a chance to sing the praises of those in Congress who are joining my administration in changing the tone in Washington. We'll have a lot of debates on important issues. And we're in the middle of one that I want

to talk about today. But we're going to show, Senator Torricelli and me, Senator Corzine and me, Senator Holt and me, that Republicans and—I mean, Congressman Holt and me. [*Laughter*] Don't want to be rushing your career. [*Laughter*] But we can show that Republicans and Democrats can differ, but we can do so in a civil way. We can set a better example for people who look at our Government than the example that had been set in the past, that we can have disagreements.

So I like to tell people I'm beginning to see a culture of respect develop in our Nation's Capital, and also, by the way, a culture of achievement that I hope people will judge us based upon results, not how we say things. And recently, the Congress has shown their willingness to focus on results. The ergonomic regulation reform that took place shows a positive development and our willingness of people to get things done.

We got a good piece of legislation moving out of the Senate in terms of education, which I'll talk about in a little while. I mean, we're showing people around the country that it's possible to have a culture of positive achievement in the Nation's Capital, and for that I'm grateful. And I want to thank the Members of Congress who are willing to work together to get some positive things done on behalf of the people.

Joan, I want to thank you very much for inviting me, and I want to thank all the folks who worked so hard to put this event on. We didn't give you very much notice. [Laughter] But you responded, and I appreciate your hard work. And I appreciate those who spent hours over the weekend making sure that this event gave me a chance to come and talk about an incredibly important issue, and that's the people's budget.

I like to remind people it makes sense to have common sense in Washington, particularly when it comes to spending your money. And the first principle involved with budgeting is for our Government to remember whose money it is that we're spending. We're working with the taxpayers' money. It's not the Federal Government's money. I like to remind people that the surplus is the people's money, and we better be wise about how we spend it.

And it means setting priorities. It's important for the President to set priorities, to set clear priorities so that Congress doesn't overspend or get exuberant, in their attempts to get reelected, with your money. And so some of my priorities are these: Education is a priority; I think it's incredibly important. So we've increased the education budget by a significant amount of money.

But lest you forget where I came from, I also strongly believe in local control of schools. I believe we've got to trust the people in New Jersey to run the schools of New Jersey. I also believe, though, in return for Federal money, States and local jurisdictions should measure to determine whether or not children are learning to read and write and add and subtract.

I believe the cornerstone of reform is not only to insist upon local control of schools, which means flexibility and authority at the local level when it comes to spending Federal money, but it also means that if you receive help, you and the citizens of New Jersey must devise accountability systems to show us all whether or

not children are learning to read and write and add and subtract. And if so, the teachers need to be praised, and the principals and superintendents. But if not, if our society finds children trapped in schools that will not teach and will not change, instead of standing by and saying it's okay, good public policy demands something to challenge the status quo.

Oh, I've heard all the arguments about accountability. Some say, "Well, we can't measure. The Federal Government does not have a role in education and, therefore, should not insist upon results." I disagree. We're results-oriented people in this country. And in return for taxpayers' money, we ought to insist upon results.

Now, I don't believe in a national test, nor do I believe the Federal Government ought to tell New Jersey how to test its students. If you believe in local control of schools, you trust your Governor, and you trust the local folks. But I darn sure believe in asking the question, are the children learning?

I'm told some say, "Well, it's racist to test." It's racist not to test, because the people who generally are left behind in a system that does not measure are those who it's so much easier to quit on. It's so much easier to say that an inner-city child can't learn. "Let's just move him through. Let's have no accountability." It's so much easier to quit on a child whose parents may not speak English as a first language.

No, we need accountability in the public school system. We need results. And we'll herald success, and we need to be bold enough to blow the whistle on failure by giving parents different options if their children are trapped in failing schools.

A priority of mine is to keep the peace. And it starts with making sure the military is well paid and well housed. So in the budget I submitted to Congress, we increased the pay of the people who wear the uniform, and we've got a housing initiative to make sure they're well housed.

It's one thing to pay people well; it's another thing to make sure the mission is clearly defined. In order to increase morale in the military, we must have a clearly defined mission, which is to be able to fight and win war and, therefore, prevent war from happening in the first place.

A priority of mine is to make sure the retirement systems in the country work well, which basically means that all the money going into the Social Security System be spent only on one thing, and that is Social Security. There is universal agreement with Republicans and Democrats in the Congress that we're not going to use the payroll taxes for anything other than Social Security. And that makes sense.

It not only makes sense, good fiscal sense; it also makes sense because a substantive reform that I look forward to working with Congress on is to make sure the Social Security System is vibrant and strong, particularly as we head into the 21st century, which means not only will we guarantee payments to the seniors who rely upon Social Security today, but we need to think differently and let younger workers manage some of their own money in the private markets, to make sure there is a Social Security System around tomorrow.

Another priority is the health care system. And as an example, the budget I submitted to Congress doubles the Medicare payments over the next 10 years—got over 100-and-something million new dollars of spending in Medicare. And that makes sense, because we must fulfill the obligation to our seniors, meet the promise of a health care system that works for seniors. It's one thing to spend money, but the system also needs to be reformed. And we need to give seniors a variety of options from which to choose, all of which will include prescription drugs, in order to make sure the Medicare system works as we go into the 21st century.

So we're setting priorities. Community health centers is an incredibly important part of the health care mix in America.

It's a place where the poor or near-poor can find primary care. The budget I submitted doubles the number of people who will be served in community health centers over the next 5 years.

It's also a budget that understands the great role of faith programs in our society. I went to one today, run by Rev. LaVerne Ball of the Youth Entertainment Academy, housed in the basement of a church in Plainfield, New Jersey. It's a place that is staffed by people who have heard the universal call to love a neighbor like they would like to be loved themselves. I've expanded in my budget the amount of money for after-school programs and have said loud and clear: If you're a faith-based program, you ought to be able to access that money in order to provide after-care programs for children who are looking for something other than just the standard old way of conducting after-school programs, who are looking for somebody to put their arm around them and say, "I love you, and I care."

Now, this is a budget that meets priorities. We grow the discretionary spending in the budget by 4 percent. Now, that's where the friction is coming in Washington, because the discretionary spending at the end of last year grew at 8 percent. And when you're talking in terms of trillions, that's a huge amount of the increase of—the role of Federal Government.

So we say to the Congress, "There are not many workers in America who got a 4 percent pay raise last year. Surely, you can live within 4 percent discretionary spending. By focusing on priorities, surely the Members of Congress, both Republicans and Democrats, can live within a 4 percent increase of discretionary spending."

I have made it clear that debt reduction is a priority of this administration, and so we pay down, in the budget I submitted, \$2 trillion of debt over the next 10 years. That's all the available debt; that's all the debt that becomes available to pay off during that period of time. That's \$2 trillion;

that's the largest debt repayment of any nation at any time in any history.

So the budget sets priorities. It grows discretionary spending at 4 percent, considerably less than the spending orgy that took place last year but, nevertheless, enough to meet the needs. It pays down \$2 trillion of debt. It sets aside the payroll tax for Social Security. It doubles the Medicare budget. And there's also a trillion-dollar contingency fund, so there's another trillion over 10 years that's set aside for contingencies. It may be an agricultural issue that we need to deal with. We may need to bolster the payment of FEMA, the Federal Emergency Management Agency. There's money set aside. It makes common sense not to spend all the money, and so therefore, we've got money set aside. We pay down debt; we meet discretionary spending; and there's still money left over. And that's where the battle is. And the fundamental question is what to do with it.

My belief is that once we meet priorities, instead of increasing the size and the scope of the Federal Government, we better remember who pays the bills in America. We better remember the working people. We better remember who created this surplus in the first place.

And so I submitted a plan that says, instead of increasing discretionary spending, let's give people more of their own money back. And it makes sense to do so. It makes sense to do so. Our economy is beginning to sputter. I believe—I was asked about the markets today. I'm sorry people are losing value in their portfolios. That worries me, but with the right policies, I'm confident our economy will recover—the right policies, fiscal policies. And that means giving people money back, in plain language. Or better yet, don't take it in the first place.

And we're making good progress on this issue. We're making good progress. The House passed the cut on marginal rates, and I want to thank the Members of the

House who were with me on that. It makes sense.

Let me tell you the principles behind that part of the tax relief plan. I don't believe the proper role of Government is to try to pick and choose winners when it comes to tax relief. See, I don't think there's a right American or wrong American when it comes to those who pay taxes. I think, if we're going to have tax relief, all Americans ought to get tax relief.

So we reduced all the rates on everybody who pays taxes and simplified the code; reduced the rates from 5 to 4; we dropped the bottom rate from 15 percent to 10 percent. I'm asking Congress to increase the child credit from \$500 to \$1,000 per child, and let me give you the benefits.

The benefits of that are—is this: We have a Tax Code that is unfair for people who are trying to get ahead in life, people who are struggling on the outskirts of poverty. If you're a single mom raising your children, two children, for example, and you're making about \$22,000 a year, for every additional dollar you earn in working the toughest job in America, raising those kids—for every additional dollar you earn, you pay a higher marginal rate than a Wall Street banker. And that's the facts. As you begin to lose your earned-income tax credit and go in the 15 percent bracket and pay payroll taxes, the hardest dollar you earn is taxed at nearly 50 percent.

And folks, that isn't right. That's not what the American experience should be. It seems like, to me, the harder you work, the more money you ought to put in your pocket. And our Tax Code ought to reflect that, and that's why we dropped the bottom rate from 15 to 10 and increased the child credit.

But we also dropped the top rate, from 39.6 to 33 percent. And I know there's a lot of people that are hollering about that part of the tax package. First, if you pay taxes, you ought to get relief. But I want the Members of Congress to understand that part of this plan is to stimulate

the growth of small businesses and entrepreneurs, and that thousands of small-business owners in America are unincorporated or sole proprietors, or Subchapter S's, and pay taxes at the highest marginal rates. And by cutting the top rate, we stimulate the growth of small business in America.

Those who would like to leave your money in Washington try to make us feel bad about cutting the top rate. But I come from the school of thought that the American Dream must be alive and well. The role of Government is not to create wealth but an environment in which the entrepreneur can realize his or her dreams, in which the small-business owner can find capital in order to fuel an idea. And cutting that top rate is an infusion of capital for the small-business owner in America, and it makes good economic sense. And it makes good sense to reinforce the American Dream through good tax policy.

This Tax Code is not only unfair to people struggling to get ahead at the bottom end of the economic ladder; it sends the wrong signals. It doesn't make sense and it's unfair to tax marriage in America. We need to do something about the marriage penalty in the Tax Code. And it's unfair to tax a person's assets twice, and we ought to get rid of the death tax in the Tax Code, as well.

This plan is fiscally sound. It makes common sense. We meet priorities; we pay down debt; we set aside money for Social Security; but we also remember who pays the bills. It makes sense for our economy to give people their money back, and that's why I look forward to working with Congress to make sure this tax relief package is retroactive. Senator Corzine and I, on the plane, talked about how we'd make sure money gets in the economy as quickly as possible. And I appreciate his thoughts along those lines.

This is part of an economic recovery plan, but this plan is also good for American families. And the Dietrich family is with us today. Where are you? There you

go. Thank you for coming, Mark and Kim and Mark, Jr., and Christopher. And I've asked them to come because oftentimes during the course of these tax debates and budgets, all you hear are numbers. But it's important for me to remind people in America that there are lives affected by our discussions.

And there's a lot of focus, for example, on debt at the national level, and that's fine. That makes sense. But I also want the policymakers to understand there's debt at the local level, too, that a lot of hard-working Americans have got credit card debt. And when you couple credit card debt, for example, with high energy prices, it puts people in a bind. And good public policy frees Americans to be able to make more decisions for their families.

These good folks pay \$5,700 in Federal income taxes. When our plan is fully implemented, they will save \$2,000. Now, that may not sound like a lot—oh, I know, in this land of big numbers, \$2,000 may not sound like a lot, but it's a lot to them. It's a lot to a family who is worrying about high energy bills. It's a lot to a family who wants to put aside money for their children. It's a lot for moms and dads who are concerned about the future of their family. It's a lot. And my attitude is, once we made basic needs, I'd rather have these good people spending the \$2,000 than the United States Congress spending it.

It's a fundamental decision where we put our trust. And that's what I want this debate to focus on: Who do you trust? Oh, I love dealing with the Members of the Congress, and they're good folks. They care a lot about their country. But we ought to trust the people of America. We ought to trust them to spend their own money. We ought to trust them to make the right decisions for their families. We ought to have a limited and focused and energetic Federal Government that, when it's all said and done, holds the people up in our trust.

And after all, that's not only important for good economic policy; that's important

to make sure America fulfills its promise for everybody who is fortunate enough to live here. Because, you see, the great strength of the country really doesn't exist in the halls of our governments; the great strength of America is in the hearts and souls of the American citizens.

One of the biggest honors of my job is to be able to travel the country and say thanks to those social entrepreneurs who literally change America, one face at a time; people who don't wait for Government to act and who say to a neighbor in need, "What can I do to help? What can I do, brother or sister, to help you on your walk?" I think of Catholic Charities that provide such incredible service all around America. I think about homeless shelters staffed by volunteers who feel the need to help somebody in need. No, the great strength of this country, folks, exists in neighborhood after neighborhood after neighborhood, where people of religion and people who don't give a hoot about religion say, "What can I do to help a neighbor in need?"

My job is not only to argue good policy on behalf of the people and argue on your

behalf to make sure your money ends up in your pocket after needs are met; my job is also to lift the spirit of the country and to call upon the best, to work to unite our Nation, but always remember that the true strength of America is our people and the hearts of our people and the compassion of America.

I'm fortunate to be the President of the greatest land on the face of the Earth. It's an unimaginable honor. And I want to thank you all for giving me the chance to come and talk about a commonsense policy for the budget, but to remind you that if you see somebody in need, put your arm around them; tell them God loves them.

Godspeed to you all, and God bless.

NOTE: The President spoke at 12:35 p.m. in the ballroom at the East Brunswick Hilton. In his remarks, he referred to Acting Gov. Donald T. DiFrancesco of New Jersey and his wife, Diane; New Jersey State Assembly Speaker Jack Collins; and Joan Verplanck, president, New Jersey Chamber of Commerce.

Exchange With Reporters on Returning to the White House March 15, 2001

First Lady's Arrival

The President. Hey, look who's here.

The First Lady. Hi, everybody.

The President. Barney's back. [Laughter]

The First Lady. Barney had a really good trip.

The President. Hey, Spot, look who's here.

Q. Mrs. Bush, where are you coming from?

The First Lady. I'm coming from Texas. I've been at the ranch.

Meeting With Prime Minister Bertie Ahern of Ireland

Q. What do you expect out of your meeting with the Irish leaders?

The President. Pardon me?

Q. What do you expect out of your meeting with the Irish PM—Prime Minister?

The President. I had a good meeting, and I'll have one tomorrow, as well. Looking forward to it. We'll be discussing the Good Friday agreement, what I can do to help; be reaffirming our trade with Ireland. We had a good visit with him at lunch.