

fair. And the positive news is, in this town, people have come up with a fair solution that will treat people with respect and give them justice when they need it and, at the same time, hold people to account when they need to be held to account, without affecting our capacity to grow our economy. Fairness is all we ask for.

The scales of justice need to be balanced, and they're not balanced today. And so good people from around the country, including Walter and Larry, have come to the Halls of Congress to help balance those scales. And fortunately, there are good Senators and fair Congressmen who understand that all we seek is balance. And now is

the time for the United States Congress to balance the scales when it comes to class-action lawsuits, to do their duty to make this country as good a country as it can possibly be.

I want to thank our panelists for coming. I hope you've enjoyed this as much as I have. I'm honored that you would take time and stay over from getting back home to help explain the need for this country to act on this important issue.

Thank you for coming. God bless.

NOTE: The President spoke at 1:31 p.m. at the U.S. Department of Commerce.

Statement on a Supplemental Appropriations Request To Support the Areas Recovering From the Indian Ocean Earthquake and Tsunamis February 9, 2005

More than 6 weeks have passed since the tsunami took over 150,000 lives in one of the world's worst natural disasters. Thanks to the immediate and effective response of the U.S. military and the U.S. Agency for International Development, the United States, working with other members of the international community, was able to prevent additional loss of life and to deliver relief to those in need.

I will seek \$950 million as part of the supplemental appropriations request to support the areas recovering from the tsunami

and to cover the costs of relief efforts to date. This amount includes an additional \$600 million above my initial commitment of \$350 million. We will use these resources to provide assistance and to work with the affected nations on rebuilding vital infrastructure that reenergizes economies and strengthens societies.

I appreciate the efforts of former Presidents Bush and Clinton to raise private donations in the United States, and we are grateful to all of those who have donated money to help those in need.

Remarks in a Discussion on Strengthening Social Security in Raleigh, North Carolina February 10, 2005

The President. Thank you all for coming. Thanks for coming. Okay. Thanks for the warm welcome. We got a lot of work to do here. [Laughter]

Audience member. [Inaudible]

The President. Yes, thanks. Okay. Listen, we're here to talk about an important subject. And I want to thank some of our

fellow citizens for agreeing to join me up here on the stage. It's not easy, frankly, to go from kind of a quiet civilian life to agree to sit up here with the President and all the cameras. [Laughter] But I think you're going to find this to be a very interesting dialog about Social Security.

I've got some things I want to say before we talk about Social Security. First, I send greetings from Laura. On the way out she said, "When you get down to North Carolina, tell everybody hello, and make sure that the panelists get to talk." [Laughter] She knows me well. [Laughter]

I know that Elizabeth Dole helped set up this event. I am—she is staying back in Washington because there are crucial votes coming up. I believe that one of our—an important initiative, and that is to bring reasonable legal reform on class-action lawsuits, will pass. So she and Senator Burr are staying back to vote. I hope you excuse them. I certainly did. [Laughter]

I'm also pleased that a person who set an example of what it means to be a person who sticks to his principles and is a fine United States Senator has joined us, Senator Jesse Helms. Thank you for coming. Proud you're here. It sounds like to me they still remember you. [Laughter]

I want to thank the statewide officials who are here. They were bravely standing at the base of Air Force One when I arrived, and the wind was blowing hard, but they nevertheless stuck it out and greeted me. I want to thank you for being there. I want to thank the local folks who are here.

I met a fellow named Jim Van Strien. He's what I call a USA Freedom Corps volunteer. He works for the RSVP program. He's been helping to welcome U.S. service men and women home. He's the kind of fellow who—[applause]—let me finish, and then you can thank him. He's the kind of fellow who's taken time out of his day to volunteer to make somebody else's life better.

Now, the strength of this country is the fact that we've got millions of citizens who are willing to do so. The true strength of America is we've got people of open hearts and great spirit who are willing to make society a better place as a result of volunteering. If you're interested in serving our country, feed the hungry, find shelter for the homeless, put your arm around somebody who hurts and say, "I love you, Brother, or Sister."

Jim, thank you for setting such a good example, and welcome.

The world is getting more free, and therefore, a future generation of Americans and kids around the world is more likely to live in peace. I hope you are as enthused as I am about what has happened recently in the course of world events. Think about the elections in Afghanistan. Millions of people voted for the first time in ages for a President. And the first voter was a woman. And that's miles away from a time when people were tormented by ideologues of hatred called the Taliban. And the world is better off when a part of the world that has longed for freedom sees a free society emerge in Afghanistan.

And then there was an election in the Palestinian Territories. And I've been impressed by President Abbas's willingness to stand and say, "We must defeat terror and establish a democracy in order to achieve peace with our friend Israel." And I look forward to working toward peace in that part of the world.

And then we had the elections in the Ukraine, and—which are a beginning of a—a continuation of a democracy movement in a part of the world that hadn't known freedom for ages. And then of course, some—a week ago last Sunday, against all odds and defying all expectations, millions of Iraqi citizens said, "We will not be terrorized. We want to be free," and they went to the polls.

Freedom is on the march. And my job and the job of the United States of America, with our friends and allies, is to continue to promote free societies, because I understand freedom equals peace. And I believe we have an obligation, as we protect our homeland from terrorist thugs, to make the world a more peaceful place for generations to come. And I'm looking forward to the challenge. I'm looking forward to going to Europe in a couple of weeks to say, "Listen, we share a lot of values. We believe in human dignity, human rights. Most of all, we believe that every soul should be free."

I laid out in my Inauguration Address what I think is a noble goal for generations to come, to end tyranny in our world. And the United States of America, working with friends and allies, over time has got the capacity to do so.

One of the challenges we face is how to make sure this economy of ours continues to grow. The national unemployment rate is down to 5.2 percent. The unemployment rate here in North Carolina is lower than the national unemployment rate. That's all good. But we must continue to make sure that we advance reasonable economic policy so the entrepreneurial spirit is strong, small businesses can flourish, and most importantly, people can find work.

I'm looking forward to working with Congress to put reasonable plans in place to make that happen. One of the most important things that I've done in the new term is to submit a budget that says, "Let's address the deficit." I've heard from business leaders, entrepreneurs, small-business owners, Republicans, Democrats, Congressmen, Senators—all say we got an issue with the deficit. I said, "Fine. I have a responsibility to submit a budget." I did. It's lean. It's focused. It sets priorities, and it says if we've got programs that aren't working, let's get rid of them for the sake of the taxpayer.

And I'm looking forward to the deliberations, and I'm looking forward to working

with people on both sides of the aisle to get a lean budget out. That's what the American people expect, and that's what I'm going to sign.

I'm looking forward to working with Congress to continue to make sure health care is available and affordable. One of the ways to do that is, we need medical liability reform out of the United States Senate. It's important for people to receive justice when they're harmed, but it's important for the scales of justice to be balanced. And the scales of justice are not balanced. Too many doctors are getting sued by frivolous lawsuits, which is running up the cost of medicine, which is costing taxpayers money, which is driving good doctors out of business. It is time for the United States Congress to pass national medical liability reform.

I'm looking forward to working with Congress to get an energy bill out. We've been debating energy for 4 years. We don't need any more words on energy. It's time for them to get a bill to my desk. I have laid out a blueprint on how to get there. It encourages conservation. It encourages the use of renewable sources of energy. It says, "Let's—why don't we be wise about the use of nuclear power." I believe we can expand safe nuclear energy. I know we ought to be exploring in environmentally friendly ways for natural gas here in the continental and in the State of Alaska. All of this is aimed to make us less dependent on foreign sources of energy. And Congress needs to act and get a bill to my desk.

On taxes, I'm looking forward to getting the bipartisan commission's report to me on how to simplify the code. But in the meantime, I know this: We got to make the tax relief we passed permanent. We ought not to be running up taxes on entrepreneurs.

I look forward to working with Congress on education matters. I will not let the United States Congress roll back the reforms of the No Child Left Behind Act.

The No Child Left Behind Act is challenging the soft bigotry of low expectations. We're raising standards. We believe every child can learn, and we expect every school to teach. And we want to know, in return for our money, whether or not schools are meeting expectations.

And I know you've got a fantastic community college system here in North Carolina. And I intend to make sure that the workforce programs utilize this fantastic community college system so people are able to get the skills necessary to fill the jobs of the 21st century. And so we'll continue to work with Congress on education matters.

But I'm here to talk about an issue that is going to be an interesting experience in dealing with the Congress. [Laughter] And that is Social Security, formerly known as the third rail of American politics. [Laughter] That meant if you touched it, there would be certain political death. I believe the job of a President is to confront problems and not pass them on to future Presidents and future generations. That's what I believe. [Applause] Thank you. Thank you all. Okay, thank you. Thank you for the warm welcome.

I see a problem, and I want to discuss with you why I see a problem. For those who got to worry about the politics of Social Security, let me just give you my perspective. I ran on it twice. [Laughter] I said, "Elect me, and I will do the best I can to work with Congress to strengthen the system for all. Give me a chance to be the President, and I will take the issue head on." I did so in the 2000 campaign. Obviously, the issue wasn't solved, and so I did it again in 2004. I believe candidates are rewarded, not punished, for taking on tough issues. I say that to give assurance to the Members of Congress who may feel somewhat fearful of taking on the issue.

Secondly, I intend to campaign on this issue around the country. This is one of two stops today. Right after my State of the Union speech I went to five States,

and I'm going to keep traveling the country talking about the problem of Social Security, assuring seniors that nothing changes and saying I'm willing to discuss all options with Members of the United States Congress. And I'm looking forward to it. I like to get out of Washington. I like to talk to people. But I also know that when the people speak, people in the Congress listen. So I'm kind of sharing with you a little bit of my strategy about how to move this issue forward.

So what's the problem? The problem is, is that Social Security—the basic assumptions of Social Security are shifting dramatically from when Social Security was founded. In 1950, there were 16 workers per one putting money into the system, which means that when somebody retired, there's 16 workers contributing to that person's retirement. Today, there's 3.3 workers contributing for each beneficiary. And when youngsters retire, it's going to be 2.1—2 workers per beneficiary. In other words, the burden of paying for retirees is increasing on workers. That's part of the equation.

The second thing that has changed is, is that life expectancy has changed. It used to be 60 years was life expectancy; today, it's 77. I suspect over the next decade, it will continue to increase. I certainly hope so. [Laughter] As well baby boomers are getting ready to retire. That's me and you. [Laughter] And do you realize, today, for example, there are 37 million people receiving Social Security benefits; in the year 2031, there will be 71 million people. Those are baby boomers. Baby boomers are living longer. And more people are retiring. So part of the equation is, more people will be receiving benefits longer than anticipated when the system was first set up.

Thirdly, benefits promised to people like me are dramatically higher than benefits given to today's retirees. Politicians, over time, say, "We'll just—elect me, I'll increase the benefits."

So when you think about it, when you add up the equation, you've got more people living longer, receiving greater benefits, being supported by fewer people. And to me, that says we got a problem. And as a matter of fact, the numbers say that. There is a chart over here that says "Cost of Inaction," because in 2018, the system goes red. That means there's more money going out of the system than coming into the system. The leading edge of baby boomers are retiring; they're living longer; benefit structures are bigger; fewer people paying in; the system goes negative.

Now, some of you probably think there is a kind of—a bank, a Social Security trust bank. But that's not what's happened over time. Every dollar that goes into Social Security has been paid out, either to retirees or Government programs. It is a pay-as-you-go system. It is a flow-through system. There is no kind of—[inaudible]. There are empty promises, but there's no pile of money that you thought was there when you retired. That's not the way the system works.

To make matters worse, as more baby boomers retire, as people live longer, as more benefits kick in, the cash deficit increases. So for example, in 2027, the Government is going to have to come up with \$200 billion more to meet the promises that we've made, above and beyond payroll taxes. Every year from 2018 to when the system goes broke in 2042, the cash deficits required to meet promises increase. That says to me we've got a problem.

Now, I know 13 years doesn't sound like a lot—2018—it may seem like a lot to people whose perspective is maybe 2 years. But as I told you, I think we've got to anticipate problems, particularly on this issue, because the longer we wait, the more difficult the solutions become. That's just a fact.

And so step one of my strategy is to continue saying to the American people, "We have got a serious problem." In other words, sometimes they say, "Is it serious?"

Is it a crisis?" Look, whatever you want to call it, just look at the chart, and you come up with the conclusions. It is serious because if Congress says no to the President, we're not going the move forward on this. Imagine what the solutions will be when the 200 billion hits, or the 210 billion a year, or the 300 billion. I mean, you're looking at either major tax increases, major cuts in benefits, major cuts in other Government programs, or massive debt. And so now is the time to move, and that's what I'm saying to the Congress.

The second goal of mine is to make sure our people who have retired, our senior citizens, and people who were born before 1950 know that nothing changes. That's important for you to understand. I fully understand a lot of people are very dependent upon their Social Security check. And when they hear somebody like me saying we're going to strengthen the system, their immediate reaction in some cases is to go, "Oh, that means I'm not going to get my check." You might remember those campaigns around, which I'm sure you've seen them in States where people say, "Elect somebody, and he's going to take away your check." That happened to me, for example. They said, "Old George W. gets in; you're not going to get your check." Fortunately, they got their check after I got in, so they kind of rung hollow in 2004.

You'll hear the same kind of thing being put out there, that seniors need to worry about this. And I'm going to spend a lot of time assuring people who've retired or near-retired that nothing changes. The system—when we talk about insolvency, the insolvency issue doesn't relate to you. It relates to your grandchildren. And that's the issue we're confronted with: What do we do about the retirees' grandchildren? As I said in my State of the Union, we have an obligation to do what others have done for my generation, and that's to leave a better world behind. And that's why I was willing to dedicate as many words as I did in the State of the Union to what

used to be the third rail of American politics, Social Security.

Now, it's one thing to define the problem; it's another thing to be a part of the solution. And I have an obligation as the President not just to define the problem but to encourage dialog by putting out some ideas of my own. I stood up in front of the Congress and said, "In order to truly fix it, in order to have a permanent solution, all options are on the table, except for running up payroll taxes."

And that means a lot of different things. Democrats, like Senator Moynihan, who Senator Helms served with, had some really constructive ideas as to how to address the root cause of a—of the problems with Social Security. President Clinton had some ideas; former Democrat Congressman Tim Penny. And the ideas range from raising the retirement age to delaying benefits to calculating benefits not based upon wage increase but price increase. A little esoteric here, but in other words, there's some serious ideas on the table to how to permanently fix Social Security.

And that's why I said to the Congress, "All ideas are on the table, and if you got a good idea, bring it forward." Now is the time for people from both sides of the aisle to address the problem. And I'm willing to listen to anybody's idea. And I'm looking forward to a good, constructive dialog about how to seriously address the problem, making sure that those who've retired have nothing to worry about and, at the same time, making sure there's a Social Security system for younger people coming up.

I put out some ideas, and I want to talk about one of them that I hope you find interesting. I certainly did, otherwise I wouldn't have put it out. *[Laughter]* And that is, as a way to allow younger workers to more nearly—or come closer to the promises that have been made but can't be fulfilled, we should allow younger workers to take some of their own money, their own payroll taxes, and set it aside as a personal retirement account. This is a novel

idea for Social Security, but it's not—it's a novel idea for Social Security. It is not a novel idea for Federal employees. There is such a thing that's called a Thrift Savings Plan, which allows Federal employees to take some of their own money and invest it in stocks and bonds so as to increase their retirement benefits.

And why does that happen? Because when you're able to get a rate of return on money invested, over time that money grows, that money accumulates, that money expands. And so I believe younger workers ought to be allowed to set up a personal account and invest in stocks and bonds so that their money can increase faster, at a faster rate than that which their money increases in the Social Security system. That's what I believe ought to happen.

And so—that's called the compounding rate of interest—just trying to show off a little bit, kind of—*[laughter]*—not bad for a history major. *[Laughter]* Let me give you an example of what I'm talking about. By the way, our plan is one where I believe we ought to phase in the accounts so they're more affordable, so that the transition costs are more manageable to get to such accounts. I believe ultimately a worker ought to be allowed to put 4 percent of the payroll tax aside as a—4 percent of the 12—as a—in the personal account. So money stays in the system, but money also would be allowed to grow with interest. Your option, by the way. Younger workers shouldn't be forced to do this. Younger workers—if you're interested in this, you can do so.

Now, if you're a worker who earns \$35 [\$35,000]* a year over your lifetime, and this system were in effect where you could put 4 percent of your payroll taxes in a personal account, and you start at age 20, by the time you retire, your personal account would grow to \$250,000. That's compounding rate of interest.

* White House correction.

A couple of guidelines that need to be—I mean, you just got to understand there will be guidelines, like there are for the employee thrift—Federal employee Thrift Savings Plan. There's got to be—you can't say, let's have a good retirement system, and let somebody take their money down to the lottery and invest it. That's not a wise investment, with all due respect to the lottery players. In other words, there's got to be a—certain guidelines, a conservative mix of stocks and bonds. We don't want people taking their money and investing in high-fliers. There's a way to manage risk and get a better return than that which is in the Social Security trust. I mean, there's all kinds of people that are expert at this.

As a matter of fact, that's what the Thrift Savings Plan does, is says, "Here are some options for you, easy-to-understand options," which will defy those who say certain people aren't capable of investing—a concept which I totally reject, by the way. The person with the \$250,000 account couldn't take it all out the moment he retires or she retires and spend it. In other words, there's a—there would be a—guidelines for a drawdown.

You see, the money coming out of the personal account is to complement the Social Security money, however much is still available after the congressional reforms. So it's a complement to Social Security. It is to mirror. It's to help out. It's to enable you to retire.

There's other benefits, however, to a personal account, besides growing faster than the money if it were to stay with the Federal Government. One, it's your money. And that's an interesting idea, isn't it? It's your money to begin with, and it's your money at the end. And you can do with it what you want. You can't take it to the lottery. You can't gamble. You can't try to increase it with silly investments, and you can't pull it all out at once. In other words, you have to use it for retirement. On the other hand, if you choose not to spend

it, you can pass it on to somebody you choose.

Obviously, I didn't listen to Laura. [Laughter] I've got some other things to say real quick.

The current system today—think about this—if you work for 30 years and you start at age 20 and you're putting money in the Social Security system and you die, that money that you put in the system, if your survivors are over 18 years old, goes away. I think it makes sense to try to encourage people, particularly for the security of their families, to be able to have something to pass on beyond other things they're going to pass on.

I like the idea of having an account where people say, "I own this," and are able to look at a quarterly statement to watch their own asset base grow. And I like people being able to say, "I've got an account that the Government cannot take away. It's mine."

Some people say, "Well, you can't afford to do this." My answer is, you can't afford not to do it, if you look at the chart. And I'm looking forward to working with the Congress. I've done my part. I've laid it out there. I'm going to work hard. I'm going to spend a lot of time talking to the people about this issue. And I've put out some interesting ideas. And I'm looking forward to people assuming leadership in the House and the Senate on both sides of the aisle. And I'm willing to listen to their ideas. For the sake of the country, for the sake of a younger generation of Americans, we must act.

Andrew Biggs. We are here with one Andrew Biggs, a fine lad, as you can see. [Laughter] What do you do? Work for me, of course. [Laughter] Tell them what you do, Andrew, please—Andrew and I have done this before, see, so I'm used to needing him. [Laughter]

Andrew Biggs. My name is Andrew Biggs, and I'm Associate Commissioner for Retirement Policy at the Social Security Administration, which in short language

means I think about Social Security reform quite a bit. The good news on Social Security, even if it seems very complex—

The President. Andrew has a Ph.D., by the way. [Laughter] Which—it's an interesting lesson for those of you who are worried about your college career. Andrew has a Ph.D., and I got a C. [Laughter] And look who's working for who. Anyway—[laughter]—

Dr. Biggs. All those years of effort gone to waste, I guess.

The President. It's a cheap shot, Andrew, I know. Do we have a problem with Social Security? You look at it; you analyze it.

Dr. Biggs. Sure, we do. The good news is, you don't need a Ph.D. to understand how this works. [Laughter] The biggest misunderstanding people have—

The President. I'll let it pass, Andrew. [Laughter]

[At this point, Dr. Biggs made further remarks.]

The President. Good job, didn't he? Fine job.

All right, Noel—Noel Council. Where do you live, Noel?

Noel Council. I live right here in Raleigh, born and raised right here in Raleigh.

The President. There you go. Did you stay up late last night watching a little basketball? [Laughter]

Mr. Council. No, but—

The President. Never mind. Kind of old, us kind of baby boomers, isn't it, to stay up late. Anyway.

Mr. Council. Yes. I did watch Karl Rove, though, on the FOX channel. [Laughter]

[Mr. Council, retired senior citizen, Raleigh, NC, made further remarks.]

The President. Well, I appreciate the spirit. Look, I mean, the key statement that I heard him say is it's not going to change for him. So, evidently, the message has gotten to some—[laughter]—and we got to keep getting it out. Senior citizens must hear the truth, which is that the Social Se-

curity system will take care of them, and they need not fear a discussion about how the children—a system that works for our children and grandchildren will cause them not to get the promises the Government made. And that's just important, and I appreciate you bringing that up.

I also love the spirit of somebody saying, "I'm not worried about me; I'm worried about somebody else." And we really need to be. We really need to be. I mean, it just would be, I think, a dereliction of duty not to take on the tough task now. Of course, some of them are saying, "He's not going to be around but for 4 more years," but I can assure you of this: For the next 4 years, we're going to be taking on the tough problems like Social Security.

Dawn Baldwin. Are you ready to go?

Dawn Baldwin. I'm ready, Mr. President.

The President. All right. Where do you live?

Ms. Baldwin. I live in Merritt, North Carolina, down in eastern North Carolina.

The President. Fabulous, yes. Wish I could say I knew where it was—I'll play like it is. [Laughter]

Ms. Baldwin. We'll have you come down there sometime.

The President. How far away from here is Merritt, roughly?

Ms. Baldwin. About 2½ hours due east of here.

The President. Well, fantastic. Thanks for coming.

Ms. Baldwin. It's good to be here.

The President. You're a mom.

Ms. Baldwin. I am a single mom, and I do want to say quickly, though, that I thank you for mentioning the community college system, because I am a part of the community college system. I teach at Lenoir Community College in Kinston.

The President. What's your subject matter?

Ms. Baldwin. English.

The President. English, yes. Some say I could use a little extra work. [Laughter]

[*Ms. Baldwin, teacher, Lenoir Community College, Merritt, NC, made further remarks.*]

The President. Is this your first home?

Ms. Baldwin. This is my very first home.

The President. Imagine, “Welcome to my home.” That’s fantastic.

You know, I was talking with Dawn, and she was talking about a 401(k). It’s an interesting concept. Many of you know what a 401(k) is. Thirty years ago, no one would have known what a 401(k)—maybe they would have. I don’t think so. I think 401(k)s are a relatively new invention—401(k)—you’ve got one?

Ms. Baldwin. I do. And I’ll tell you, Mr. President, it was a kind of scary situation when I first started at a community college system and was asked whether I wanted a 401(k). I had never gotten involved with stocks, bonds, didn’t really know what it was about, but I can tell you that it is very nice every quarter getting those reports to see how well my investment is doing.

The President. So you get advice?

Ms. Baldwin. I do.

The President. Yes, see, she gets advice. In other words, it’s a little nervous at first.

Ms. Baldwin. But it pays off well.

The President. Yes. [*Laughter*] And you get your—you see your statement quarterly?

Ms. Baldwin. I do.

The President. Watch your asset base grow, which—

Ms. Baldwin. And it is another sense of ownership.

The President. Yes.

Ms. Baldwin. And it makes you proud to be an American.

The President. Well, it’s an interesting—I think one of the—I hope people take away—one of the things that I find so attractive about enabling people to save some of their own money is the sense of participation in the system, I guess is one way to say it. It’s—as you said, it makes you

proud, but it’s your asset base. And your little guy, 13-year-old son—some day, if you choose, it becomes a part of his asset base. And the capacity to pass property from one generation to the next is more than just passing a piece of land—which is a fabulous story, by the way. But there’s other assets you can pass on. And I think it stabilizes society. I think it makes society more hopeful when people say, “This is what I own, and I’m going to choose to pass it on to whomever I want.”

And I—and it’s got—by the way, that concept must spread throughout all society. It should not be confined to just one segment of society. This isn’t a Wall Street phenomena anymore. This is a phenomena of people being able to own and manage their own money all throughout the country, and it seems like it makes sense for us to give a younger generation of Americans the same opportunity to do so through the Social Security system.

You did a great job. Welcome.

Cyndi Godfrey.

Cyndi Godfrey. Yes, sir. [*Laughter*]

The President. You live?

Mrs. Godfrey. In Statesville, North Carolina. I have some friends here.

The President. Half the town came. [*Laughter*] How many people in Statesville?

Mrs. Godfrey. How many live in—

The President. Yes, how many live there?

Mrs. Godfrey. I think about 23,000—

The President. That’s good, yes. It’s big, bigger than it sounds.

Mrs. Godfrey. Might not want to quote me on that. [*Laughter*]

The President. How many children you got?

Mrs. Godfrey. I have two little girls. One is 4, and one is 6.

The President. Fabulous.

Mrs. Godfrey. We call them the Princess and the Bulldozer. [*Laughter*]

The President. Sounds like kind of like my mother used to talk. Anyway—[*laughter*—you’re sitting up here on the stage.

Here's your chance to tell me. First of all, you work?

Mrs. Godfrey. I do work. I believe that the world is run by those who show up. So I showed up today on behalf of my friends and my family and about 80 employees at Godfrey Lumber. It's a small, family-owned business started by my late father-in-law, Woodrow Wilson Godfrey. You would have loved him. It's actually—

The President. Woodrow Wilson?

Mrs. Godfrey. Woodrow Wilson.

The President. Yes.

Mrs. Godfrey. His mother was a staunch Democrat.

The President. Yes. [Laughter] Guy is a heck of a businessman, though. [Laughter] Anyway, Godfrey Lumber.

[*Mrs. Godfrey made further remarks.*]

The President. I kind of took your regulation statement there—I'm kind of trying to read between the lines. Are you saying to me that you're worried about the system I'm talking about will cause you to have more regulations on you, a little bit? Maybe, in other words, small businesses are burdened by regulations, and there's a concern I've heard.

Mrs. Godfrey. I would very much like to know if this is going—if your plan, if your proposed plan is going to help the small business, because we need all the help we can get.

The President. She doesn't want to be managing the personal accounts, is what she's saying; she doesn't need any more Government telling her what to do. And the answer is absolutely not. It will not burden small businesses. And that's important for small-business owners to understand. This is not an added regulation on top.

By the way, my suggestion is what needs to be part of an overall plan. I just want to make sure that I disabuse people of the notion, personal accounts alone won't permanently solve the problem. That's what people have got to understand. It's a part

of an overall solution. It just will mean that the younger workers will get a better deal when the solution is finally decided upon.

Go ahead. Here's your chance to get people to buy a little lumber. [Laughter]

[*Mrs. Godfrey made further remarks.*]

The President. That's good. I appreciate you saying that. The concept of people managing their own money has changed dramatically. I promise you, when I was most of the panelists' age, we weren't sitting around wondering whether or not Social Security would be there. When I was 30 years old—is that what you—

Mrs. Godfrey. Twenty-nine.

The President. Yes, when I was 29—[laughter]—we didn't have forums where people came and said, "Gosh, I wonder if Social Security is going to be around when I retire." That never entered a baby boomer's mind. Nor did the concept of people—more and more people being able to manage their own money in the different kinds of retirement systems, Roth IRAs and all the different retirement funds that are now available for people to invest in. The world has changed; Social Security hasn't yet.

And so I find it incredibly interesting to hear younger folks talk about life the way it is, workers being able to manage their own account, saving something for my son.

Skip Long, he's here. He's got some ideas and thoughts. You can see he's a young-looking guy—

Matthew "Skip" Long. Actually, young chronologically, too.

The President. You live in Raleigh?

Mr. Long. I live here in Raleigh. Most of my time has been spent in southeast Raleigh.

The President. Good.

Mr. Long. And I want to say my wife and son—my wife is there, and my 10-year-old son—

The President. Oh, yes, looking forward to seeing you afterwards. What do you do? Thanks for coming.

[*Mr. Long, president and chief executive officer, National Jobs Partnership, Raleigh, NC, made brief remarks.*]

The President. Before we get to Social Security, I think one of the most important initiatives of this administration is to encourage faith-based and community-based organizations to help find people help they need. You're a faith-based man.

Mr. Long. Thank you.

The President. I can't think of a better organization than one founded on the principle, you shall love your neighbor just like you love yourself, in order to help somebody coming out of the prison system find proper job training and get the skills and comfort necessary to know that he or she can take on life's tough problems.

All right. So I'm going to keep pushing the faith-based initiative, is my point. Back to Social Security.

[*Mr. Long made further remarks.*]

The President. There you go. How about that? Great job.

The system can be designed so that people can learn what it means to invest. And that's important for people to know. I've heard some people say, "Well, you know, there are certain people in society that just aren't capable." Forget it. Why do we want that kind of attitude in America, "Certain people can, and certain people can't?" We've got to believe everybody—everybody—should be allowed to take their own money and, under certain guidelines, make wise choices. And that's going to happen. There's a cultural change that needs to take place, obviously, in some quarters of society.

And I love the spirit you're talking about. Because if you own something, you have a vital stake in the future of your country. And that's exactly one of the key points behind this notion about allowing people

to take some of their own money and investing it.

I think the panelists did one heck of a job up here. I want to thank you all. I'm getting kind of old, so I need to stand up. Let me take some questions, a few questions. And then I've got to head on over to Pennsylvania to continue the dialog.

Yes, sir.

Extending the Age for Benefits/Citizens' Influence on the Process

Q. My main concern is, you said during your State of the Union that all options was on the table. And I support your plan to strengthen Social Security, but one thing I'm concerned about is extending the age in order to be able to fund it. I would like to receive my benefits—my money that I paid into it, into my own personal account as soon as possible.

The President. Well, I appreciate you saying that. One way to make sure people affect policy, with all options on the table is to—first of all, let me say, I'm not taking options off the table until Congress comes to the table and starts discussing. And secondly, if a lot of people, younger workers are concerned about that option, you ought to let the people know. And you're just letting me know, and I appreciate it. Yes, I'll sign that book too. It's a fine book. If you're interested in getting some sleep, read Chapter Five. [*Laughter*]

Q. Mr. President, on behalf of northeastern North Carolina, thank you, thank you, thank you for what you do for our country.

The President. Thank you, sir.

Q. God bless George W. and Laura Bush.

The President. Thank you, sir.

Expanding Benefits

Q. Here's my question: In your effort to strengthen Social Security for the 21st century, will you be able to use your bully pulpit in perhaps persuading our own Congress, who does a great job but also has

a generous retirement system, take a look at that system, itself, in an effort to make, possibly, the retirement system for everyone in this room and throughout the country a little more generous?

The President. Yes, I appreciate that. See, what he's saying is, is that there is a go-by. In other words, this is a—I haven't invented this; it's already happened. Federal employees get to do this. I said in my State of the Union, younger workers ought to have the same option of ownership, decisionmaking, better rate of return, that the Federal employees have. And you bet I will.

You're right. I mean, this is—again, I repeat to you, this is going to be an issue that's going to require good, close cooperation. And it's not going to happen unless people of good will come forward and say, "Let's get in this—get after this issue together." It used to be that people would feel like they were lured out on the issue and then all of a sudden had to pay a political price. What I'm saying to the Members of Congress, "We're all in this deal together." We're all going to—we're going to be blamed together, or we're going to be praised together.

But I will do my part—I will do my part, initially, of not only putting the issue out there for people to hear, which I did in the State of the Union, but I'm going to travel our country, State after State after State, conducting discussions just like we had here, as open and frank as we can be, talking about the problems, talking about the assurances, and assuring Congress it is now time to act. That is my duty. I look forward to doing that. It also gets me out of Washington.

Preserving Current Benefits

Q. [Inaudible]

The President. Yes, sir.

Q. [Inaudible]

The President. We're not going to take away your Social Security check, for starters. Go ahead.

Q. [Inaudible]

The President. Absolutely. [Laughter] I tell you what, that guy right there I'm delegating. [Laughter]

Q. God bless you, Mr. President!

Q. Unfortunately, I don't have a letter for you to read, Mr. President, but I just want to say it's such an honor to be speaking with you. I'm very happy to be here.

The President. Thank you.

Benefits for Younger Americans

Q. I just wanted to let you know that as a young person, I think it's very inspiring and encouraging to see how much confidence you have in my generation's ability to make decisions. And I think that your plan to strengthen Social Security is just another reflection of your high level of trust and respect for the American people, and I wanted to thank you for that.

The President. Thank you very much. You know, it's interesting—I appreciate you saying that. Somebody was telling me the other day—I also had Congress men and women come into the White House, the Oval Office there—actually, the Cabinet Room, in this case—and I'm sitting down with them individually and talking about, just like we're talking here. And a person said—he read an interesting poll; he said that a lot of younger workers felt like they're more likely to see a UFO than get a Social Security check. [Laughter] It's an interesting dynamic, isn't it, when you think about it. There are a lot of young people, when they analyze Social Security and think about it, that they just don't think the Government can fulfill the promise, which is a powerful—it's powerful leverage for Members of Congress to listen to.

In other words, the dynamic has shifted. The reason people are comfortable about taking on the Social Security issue, in the political sense—I believe it must be done. That's the nature of the job; that's the nature of the Presidency. But in a political sense, it's because people are beginning to

realize that once seniors understand nothing changes, there's a lot of folks out there who are demanding change for their sake. They're saying, "What are you going to do about saving the system for me? I'm coming up. I have a better chance of seeing a UFO than getting a check from the Government. What are you and the Government going to do to make sure I get my check?" That's the dynamic that's happening.

And that's why I'm optimistic something is going to get done, because people are beginning to speak out. Younger Americans who understand the math and know the reality are beginning to say to those of us who have been elected, "What are you going to do about it? You're up there in Washington, DC. Do more than just occupy the office. Solve problems, and do your job."

Survivor Benefits

Q. Thank you, Mr. President. First of all, I just wanted to thank you for your service to our country.

The President. Thank you, sir.

Q. Thank you. I have a question about Social Security benefits that relate to things other than retirement, which is what you've put a lot of focus on. In 2001, I lost my father, and he left behind my mother to raise three kids, all under 18, and pay for everything that they needed and support them financially. By the year 2042, this pay-as-you-go situation is going to be pretty much exhausted. If that happens to someone after that point, they're going to pretty much be depending upon this small percentage that the Government is allowing them to put into their nest egg fund. At that point they have to pull out of funds early. Their index funds they'll have to pull out of early, which won't get to grow very much, and their long-term bonds won't mature. So how does your plan really—

The President. On survivor benefits? Are you talking about survivor benefits under the current system?

Q. Yes. Yes, sir.

The President. First of all, the plan is only addressed to the retirees, not to the disabled and survivor benefits. In other words, we're focused on the retirement aspect of Social Security. Secondly, the notion that a personal account—frankly, we haven't got to the emergency withdrawal aspects of the personal account. The idea, though, is not to let people—the main principle is not to let people withdraw money, who've retired, from the personal account because it needs to be used for retirement. In other words, you can't just lump-sum it out. This is a complement to Social Security.

As to whether or not you, a young worker—I mean, a survivor of a worker that passes on an account, whether you can draw it all out at once, that's something we just got to work out with Congress. But remember this, is that a plan that says you've been able to inherit something other than survivor benefits, a chunk of assets, is I think better—will be better than the current system.

Q. Yes, sir, I completely agree. From what I've seen of the system, I absolutely love it so far. I just hadn't heard you talk to that point yet.

The President. No, I appreciate that.

Q. Thank you.

The President. So you lived on—your mom and you lived on the survivor benefits of your dad?

Q. We didn't live on it completely.

The President. I mean, it helped you—helped you.

Q. Helped make ends meet, absolutely.

The President. Yes, well, there's survivor benefits in the current system if you are younger than 18 or your siblings are younger than 18 years old. If you're over 18, there are no survivor benefits for the kids. There will be a permanent survivor benefit if there's an asset that's been accumulated to be able to pass on. Whether or not you can take it out or not to solve a family

emergency after the person who accumulated the assets moves on, is something we just got to work out with the Congress.

Q. Yes, sir. One more thing, I just wanted to introduce myself so that I can say that I met you. My name is Bart Thornberg.

The President. Good job.

Yes, sir.

Q. Mr. President, Thomas Stith, Durham city councilman—

The President. Welcome.

Q. Good to be here.

The President. Thanks for serving.

Q. Thank you. More importantly, I'm a husband and a father of three young daughters. And first of all, I want to say thank you for bringing faith back to the White House.

The President. Thank you. Appreciate that. Thank you.

Addressing the Problem

Q. My question is simple. Certainly, we are very energized here today, supportive. The system is clearly broken. What can we do once you leave here today to ensure—

The President. Yes.

Q. —that we can assist you in helping to fix this system?

The President. No, I appreciate you saying that. And part of my reason to travel the country is to explain to people that there is a problem. The Honorable got it—there is a problem. What we can do to help you fix it? First step is to make it clear to people there is a problem, because if the people in Congress say, "There's not a big enough problem. Let's just move it on," nothing will happen. In other words, there has to be a sense of—in your voice, as you pointed out—urgency. And it's going to take me a while to convince people of the urgency to act.

I believe that once Members of Congress—and therefore, step one is to convince people there's a problem, of both political parties. And once people—once it gets in their mind that there is a problem,

the followup question is, "Okay, now you see the problem. Now what are you going to do about it?" And we haven't got quite to the "What are you going to do about it" stage yet.

We're going to continue—and I want to thank you for that. When—write, talk—when you see people who say, "Well, there's really not a problem," just—the facts speak for themselves. Again, this is not a political issue. This is policy at its most pure, I think. And the facts are clear. And the facts say it's time to get something done. But I readily concede there's a—we need a little more—I need to spend more time convincing people that we're going to—we got the problem.

And then once we get to there, sir, it is—and I try to stimulate discussion or at least prepare the way for a good discussion by saying, "I'm willing to listen." And if you put an idea on the table, you won't get—it won't be used to club you over the head politically with it. In other words, there needs to be an honest, open dialog. You deal with problems at your level, and the best way to deal with it is for there to be an honest discussion about different solutions without fear of political reprisal. And that's my—one of my pledges to the Members of the United States Congress and the Senate.

And that—and so, but when the time comes, the other thing you can do is assure people that nothing changes. Again, I just know—there are people out there who rely upon Social Security who are very worried when they hear political people like me talking about reform. They—the concept of reform means, "I'm not going to get my check," or "I'm not going to get all my check," or "I'm not going to get enough of my check." And we just have to continue to assure older citizens in Durham, North Carolina, and around the country that nothing will change—nothing will change. And once that assurance is fully understood, then I'm confident the dynamic of younger workers saying—or younger folks saying,

“What are you going to do about me,” becomes a much more viable—becomes a driving force for reform of the Social Security system.

I’m probably talking too much strategy and tactics, but I think it’s—people who are interested in the subject, you got to know how I think this issue is going to unfold. And—so thanks for your great comment.

One thing about faith: It’s very important for this country to always remember that our strength, as opposed to some of these ideologues of hate that we deal with, our strength is the fact that you can worship or not worship and be equally patriotic. And if you choose to worship, you’re equally patriotic if you’re a Christian or a Jew or a Muslim or a Hindu. That is the wonderful thing about the United States of America. And regardless of what you believe and your beliefs, we must always jealously guard that great freedom of ours.

Yes, ma’am. I hate to tell you—we could be here all day—but I am headed toward Pennsylvania. Last question. I know you’re disappointed.

Age for Opting Into a New Social Security System

Q. Mr. President, an honor, sir. I thank you for your perfect segue into my question to you. I think the constituency most skeptical about reform appears to be those 55 and older. And I think the part of your program that’s most appealing to that skepticism is that part that talks about opting in. Can you address more specifically the age in which you are allowed to opt in or not?

The President. People born from—after 1950. That’s a pretty easy question to answer. [Laughter] And that would not be me.

Listen, I am so honored you all came. What a fantastic setting. I appreciate your time. I want to thank our panelists again for coming.

God bless you all. Thank you.

NOTE: The President spoke at 11:12 a.m. at the BTI Center for the Performing Arts. In his remarks, he referred to former Senator Jesse Helms of North Carolina; President Hamid Karzai of Afghanistan; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; and former Representative Timothy J. Penny of Minnesota.

Remarks in a Discussion on Strengthening Social Security in Blue Bell, Pennsylvania February 10, 2005

The President. Thank you all. Please be seated. Thank you. Thanks a lot. Senator Santorum read that just like I wrote it. [Laughter] Thanks for coming. I appreciate Rick—I call him Rick—for coming over from Washington. Today the United States Senate did something constructive. They voted to reform class-action lawsuits so that frivolous lawsuits won’t drive up the cost of doing business in America and so that

people—and I want to thank you for your leadership on that issue, Rick.

I appreciate so very much Karen Stout, the president of Montgomery County Community College, for having us. I want to thank all the professors and students who are here. If you’re a younger student here at Montgomery Community College, this is a really interesting conversation for you to hear. I mean, it’s important that you listen.