

also released a Spanish language transcript of this address.

Remarks on Strengthening Social Security in Columbia, South Carolina *April 18, 2005*

Thank you all very much. Mr. Speaker, thank you for that kind and short introduction. *[Laughter]* I appreciate Governor Sanford being here. I want to thank the Lieutenant Governor. I appreciate President Pro Tem McConnell, Majority Leader Leatherman, members of the South Carolina legislature.

I appreciate my traveling party from Washington. Hope you appreciate them, too. That would be Senator Lindsey Graham, Senator DeMint, Members of the United States House of Representatives from the great State of South Carolina.

I appreciate the justices of the South Carolina Supreme Court being here. I thank those of you who have taken time to come and listen. I appreciate your warm welcome.

It is an honor to be speaking in this chamber. It is great to be back in the capital of South Carolina. The last time I came to this city, I gave the commencement speech at USC. I was proud to have received an honorary degree. When I told Laura about it, she said, "I thought your first degree was honorary." *[Laughter]* She sends her best, and she sends her love. She's, by the way, a fabulous First Lady. She is—*[applause]*.

I appreciate our escort committee. I told the Members that this is the first time I have spoken to a legislative body, State legislative body since I was the Governor of Texas. So thank you for having me. It's—there's some differences, of course. There are a lot of cowboy hats back in Austin. *[Laughter]* And I'll be honest with you, a lot of us didn't know anything about dancing the shag. *[Laughter]* And I imagine we

could have a pretty good debate about which of our States has the best barbecue. *[Laughter]* Now is not the time. *[Laughter]*

But one thing is, no matter whether you serve at the Federal level or the State level, we share serious responsibilities. See, our constituents have put us into office to solve problems now. That's what they've done. They said, "We've elected you to go to your statehouse"—or in my case, Washington, DC—"to solve problems." The people expect us to confront problems without illusion. They expect us to lead with conviction and confidence, not by reading the latest poll or listening to the latest focus group, and above all, they expect us to deliver results.

And here in South Carolina, you've delivered results. You've faced serious challenges, especially in your economy. Listen, we've had a stock market decline. We've had a recession. We've had corporate scandals. We had a terrorist attack on September the 11th, 2001. We've had the demands of war. And all these have tested our Nation's economy, and they hit particularly hard here in your State. South Carolina's economic growth slowed. Small businesses moved out or shut down. Workers lost their jobs, and State finances were headed toward a free fall.

The people of South Carolina looked to you and they looked to your Governor for leadership. And you delivered. You set clear priorities for your budget, and you made hard decisions when it came to spending. To rein in the rising costs of health care, you became one of the first States in the Nation to offer health savings accounts to State employees. To reward hard-working

families and job creators, you refused to raise taxes on the working people of South Carolina. You've focused bipartisan actions. You've lifted your State out of fiscal crisis. You've erased a \$155 million deficit, and you've done it 2 years ahead of schedule. Today, South Carolina families are planning for the future with confidence.

I found this to be an interesting statistic about your State: More than 76 percent of the people in your State own their own home, one of the highest rates in the United States. Small businesses are investing and expanding. Exports are on the rise. Thanks to your leadership, thanks to your hard work, thanks to your willingness to set aside partisan differences, jobs are coming back to the great State of South Carolina.

In Washington, we're moving forward with an ambitious agenda to keep this country safe, prosperous, and free. The war on terror goes on. There are still ruthless enemies that would like to do harm to our people. We will continue to keep the pressure on these folks. We'll work with our friends and allies to be unrelenting in our search to bring them to justice. We will not rest until America is safe.

We'll continue to work to improve security here at home, but in the long term, in the long run, the best way to protect America and to keep the peace is to change the conditions that give rise to hopelessness and extremism. And the best way to do that is to spread freedom around the world. I don't believe freedom is America's gift to the world. I believe freedom is the Almighty God's gift to each man and woman in this world.

And that is why the United States of America will stand strongly with people in Afghanistan to Iraq to Lebanon to the Ukraine, because we understand that as freedom advances, the American people will be more secure, and we'll be able to achieve the peace that we all want.

My administration will continue to pursue progrowth policies to ensure that

America is the best place in the world to do business. To keep the economy growing and create jobs, we will keep the taxes low. We'll continue to confront the problems of junk lawsuits by pushing for meaningful asbestos and medical liability reform. We'll work with Congress to pass an energy bill that will make America less dependent on foreign sources of energy.

I sent to Congress a disciplined Federal budget, and both the House and the Senate have passed budget resolutions. And now they need to work out their differences and send me a budget that meets America's priorities, that restrains Federal spending, and that keeps us on track to cut the deficit in half by 2009. In Washington and in Columbia, South Carolina, government needs to follow a straightforward principle: A taxpayer's dollar must be spent wisely or not spent at all.

Strong leadership means rising to the challenges of the day. It also means looking down the road. There will always be problems that arise unexpectedly, yet problems—some problems are completely predictable. And as leaders, you and I have a responsibility to confront those problems today and not pass them on to future generations.

Over the past few weeks, I've been traveling around the country talking about one of the most serious and most predictable challenges which face our Nation, and that is the long-term fiscal health of Social Security. Social Security has been a great success. Franklin Roosevelt did a really smart thing in setting up the Social Security system. It has provided an important safety net for millions of Americans.

Seniors in South Carolina and seniors across this country depend on their monthly checks as an important part of their lives, as an important source of income for their retirement. And today I have a message for every senior in South Carolina and every senior across this country: Do not pay attention to the propaganda and scare ads. If you're receiving a Social Security

check this month, you will continue receiving a Social Security next month and the month after that and every month for the rest of your life.

There are other Americans who are now approaching retirement and have been paying into Social Security throughout their lives. These workers are counting on Social Security as part of their retirement plans, and there's money in the system for them. If you were born prior to 1950, America will honor the promise of Social Security for you. The problem is that the Government is making promises for younger Americans that it cannot pay for. In other words, there's a hole in the safety net for younger Americans.

See, Social Security is a pay-as-you-go system. You pay, and we go ahead and spend here in Washington. [Laughter] We spend on—to provide benefits for current retirees, and with money left over, we have spent your payroll taxes on Government programs. Some people think there's a Social Security trust, where the Government is holding your money in an account with your name on it. It just doesn't work that way. That's not the way the system works. There is no vault holding your cash, waiting for you to retire. Instead, because we spend Social Security taxes on current retirees and other Government programs, all that is left over in the so-called security trust is a bunch of filing cabinets with IOUs in them.

As a matter of fact, I went to West Virginia the other day to look at the filing cabinets, to make sure the IOUs were there—paper, and it's there. And it's frankly not a very encouraging sight. It's not encouraging especially when you consider that times are changing in America, that the math for Social Security is changing significantly. By "the math" I mean this: In 1950, there were about 16 workers paying taxes for every beneficiary—16 workers for beneficiary. And today, there's 3.3 workers for every beneficiary. By the time our children and grandchildren are ready to re-

tire, there will only be 2 workers paying for every beneficiary in the system.

That's only part of the problem. To compound the problem, the first baby boomers will soon start retiring. I happen to be one of them. As a matter of fact, I'm eligible to start collecting benefits in 2008, which happens to be a convenient year for me. [Laughter] The retirement of the baby boomer generation is going to have a huge impact on Social Security, because my generation is about 50 percent larger than my parents' generation. Today, there are about 40 million retirees receiving benefits. By the time all the baby boomers have retired, there will be more than 72 million retirees receiving benefits. And thanks to advances in modern medicine, these retirees will live longer and collect benefits over longer retirements than the previous generation.

And to compound the problem even further, Congress has ensured that benefits to my generation will grow faster than our economy or the rate of inflation. In other words, people went around the country saying, "Vote for me. I'll make sure your benefits are higher." And so this sets up an enormous fiscal challenge facing Social Security. With each passing year, there will be fewer workers paying ever-higher benefits to a larger number of retirees who are living longer.

And so here's the result: 3 years from now, when the first baby boomers start collecting Social Security benefits, the system will start heading toward the red. Less than a decade later, in 2017, Social Security will go negative. And by that I mean it will be paying out more in benefits than it collects in payroll taxes, more money going out than coming in. And every year after that, the shortfall will get worse.

In the year 2027, the Government will somehow have to come up with an extra \$200 billion to fund the system—\$200 billion more going out than coming in through payroll taxes. In 2034, the annual shortfall will be more than \$300 billion a year. And by the year 2041, the entire system will

be bankrupt. Now, think about that. If we don't do something to fix the system now, the students graduating this spring from the University of South Carolina or, in deference to the Speaker, Clemson—[*laughter*—will spend their entire careers paying Social Security taxes only to see the system go bankrupt a few years before they retire.

And I don't care if you're a Republican or Democrat, these are the facts. And the question is, do we have the will to do something about them? Now, in South Carolina, you know that once you're in the red, the options of getting out are never very appealing. If we allow Social Security to continue on its current path toward bankruptcy, we will leave our children and grandchildren with only a few drastic options to keep the system afloat. In other words, the longer you wait, the longer we don't do anything in Washington, the more drastic the solutions become.

For example, some estimate if we don't do anything, the payroll tax will get up to 18 percent. Is that a legacy we want to leave on younger generations of Americans? I don't think so. Or we're going to have to dramatically slash benefits or cut other Federal programs. The Social Security trust reported this—they said, "Every year we wait to fix the system will add an additional \$600 billion to the cost of reform."

I understand why some in Washington don't want to take on this issue. I guess they calculate there's a political cost when dealing with a tough issue. I think there's a political cost for not dealing with the issue. And so I've been traveling this country of ours, making it absolutely clear what the problems are. See, my strategy is pretty simple: Take the message to the people and define the facts of the problem, and let the people draw their own conclusions. I've been to 22 States to explain the facts. I've been to those States to explain the urgent need for the United States Congress to work with the administration to get something done now. And more and more

Americans are beginning to hear the message.

I'm just starting. I'm just warming up. As a matter of fact, I like getting out of Washington, DC. I like coming to places like South Carolina to put the facts on the table so the people can make their own mind about what's happening in Social Security.

I don't know if you've ever heard of Dutch Fork High School in Irmo. I met a very innovative teacher who assigned her students this assignment: Why don't you write letters to the editor about their impressions of Social Security? Here's what one of her students wrote: "By the time my generation gets to the age to draw Social Security, there will be no money left for us to draw on." This is a young high school student writing that. This isn't a professor in economics. This is a high school student. He said, "I don't know about other people, but I don't like the sound of that." People are beginning to get the message that there is a problem in Social Security.

Today I met an 80-year-old—80-year-old "young" woman from Silverstreet named Shirley. She said she's counting on Social Security. She gets a Social Security check every month, and she's confident she'll keep getting her checks. And there's no doubt in her mind she's going to get her checks, but there's a doubt in her mind as to whether or not her granddaughters are going to have comfort in their retirement, whether or not the safety net will be there for them. Here's what she said: She said, "I don't know what I would do without it. It's my granddaughters that I'm worried about, and I want to do whatever is possible to fix the system for them."

Folks, we're talking about a generational issue here in America. The grandfolks are going to get their checks, and the fundamental question is, do we have the will in Washington, DC, to make sure the system works for the grandchildren of America? And that's what I'm here talking about.

I believe I have a duty to ask people to bring ideas forward. I brought a few myself, and I appreciate the response of Senator Lindsey Graham. He's brought some ideas forward, as has Senator Jim DeMint, as has your Governor. These men have been leaders in the debate. They've stepped up and said, "Here are some ideas I'd like you to consider." But they're not the only ones who have set up good ideas. Former Congressman Tim Penny, a Democrat from Minnesota, has suggested tying Social Security benefits to prices rather than wages. My predecessor, Bill Clinton, had time—had meetings all around the country on Social Security, and he spoke of increasing the retirement age at one time.

I put together a Commission of Republicans and Democrats, headed by the late Senator Daniel Patrick Moynihan of New York, and they did fine work. They recommended changing the way benefits are calculated. In other words, people are putting ideas on the table. An interesting idea was put forward by a Democrat Social Security expert named Robert Pozen, who has proposed a progressive way of structuring benefits that will be more generous to low-income workers. And that's an important idea.

In other words, all these ideas are on the table, but they have one thing in common. They all require us to act now. Saving Social Security is not a Republican goal. It is not a Democrat goal. It is a vital goal to all our country, and people of both political parties need to get the job done now.

There are some basic principles that must guide our efforts to fix Social Security. We should not raise the payroll tax rate. That would hurt the economy and cost jobs. We must ensure that Social Security continues to provide dignity and peace of mind for Americans in retirement and include extra protections for those with low incomes. We must reject temporary meas-

ures that put off Social Security problems for another day.

You need to be skeptical about any talk that talks about a 75-year fix. Back in 1983, Republicans and Democrats came together on what they thought was a 75-year fix. You know, I like the spirit of people of both parties coming together, and that was great. President Reagan and Speaker O'Neill said, "We got a problem. Let's come together to fix it." But they thought it was a 75-year fix; here we are, 22 years later. It's time to come up with a permanent solution. When people bring forth their ideas in Congress, I will insist that we not have a bandaid approach to Social Security, that we have a permanent fix. And I'm optimistic about the chances for meaningful Social Security reform.

You know, a few weeks ago the United States Senate voted on a resolution guaranteeing that any Social Security fix must be permanent. The vote has the agreement of the two Senators from South Carolina, the two Senators from Texas, the two Senators from Massachusetts. Any time that happens, you've got yourself a bipartisan agreement. [*Laughter*] In fact, the vote in Congress was unanimous. Think about that. Every single United States Senator is on the record supporting a permanent fix. Now those Senators need to keep their word and make Social Security solvent once and for all.

Bringing permanent solvency to Social Security is an important start, but it's only part of our duty. Preserving Social Security should not mean preserving its problems. Today, we have an opportunity to offer younger Americans a better deal than the current system. Today, we can give every American the chance to tap into the power of compound interest, so they can get a higher rate of return on their money than the current system allows. You might notice I said "their money." See, we're not spending the Government's money. The payroll taxes are the people's money. It's coming from hard-working people.

We can build this opportunity into Social Security by giving younger workers the option to set aside some of their own money in a personal retirement account. The account would be a conservative mix of bonds and stocks that grows over time and can deliver a greater return than the Social Security system does. That would be a good deal for younger workers.

Since 1983, since that reform took place, stock investments have returned about 9 percent more than inflation per year, while the real return on Social Security is about 2 percent a year. That means that a dollar invested in the market in 1983 would be worth \$11 today—one dollar would grow to 11—while the same dollar would be worth about 3 if it had been put in Social Security. Every young American should have the opportunity to take advantage of the compounding rate of interest to earn a better return on his or her own money.

Personal accounts would be completely voluntary. Younger workers could choose to join or choose not to join. That seems to make sense, for Government to provide opportunities of choice for individual Americans. Workers opting to open an account would be able to put about a third of their payroll taxes in investments instead of sending their money to Washington. For example, a younger worker earning an average of \$35,000 a year over a career, because of the growth of money, would be able to retire with a nest egg of nearly a quarter-million dollars. That would be a nice addition to the other Social Security benefits.

These voluntary accounts would come with strict guidelines to make sure they're secure. You couldn't take—put them in the lottery—sorry to say, Speaker. *[Laughter]* You could make sure the earnings aren't eaten up by hidden Wall Street fees. We'll make sure there are good options to protect investments from sudden market swings on the eve of retirement. You won't be able to withdraw all your money and take it to the racetrack. These accounts will offer

straightforward investment choices that are easy to understand.

By the way, this concept isn't new. After all, in South Carolina, all State employees can choose to put part of their retirement savings in a traditional retirement plan or in a conservative mix of bonds and stocks that can deliver a better rate of return. So when I talk about personal accounts available for younger workers, you know what I'm talking about right here in South Carolina. You've already made that decision for people who are serving the State.

I don't know if you know this or not, but Federal employees have that same opportunity to watch their money grow, through a program called the Thrift Savings Plan. It's a plan that allows Members of the United States Congress and the United States Senate to set aside some of their own money, if they so choose to do so, in a conservative mix of bonds and stocks. It seems fair to me that if setting up a personal savings account is good enough for a Member of the United States Congress, it is good enough for workers all across America.

By giving younger workers an option to set up a personal savings account, we have an opportunity to modernize and strengthen a great American program. We have a chance to bring the Social Security system into the 21st century.

The reason I say that is, today, young people are comfortable investing in bonds and stocks. Millions of workers now choose to plan for retirement with their own savings accounts through programs like 401(k)s. I don't remember growing up hearing the word "401(k)." I don't think you remember that. You're old enough to be around when they didn't have 401(k)s—*[laughter]*—or IRAs. We're not talking about a new culture. We're talking about a culture that's already taken hold in our society, where workers from all walks of life are watching their money grow and making decisions on behalf of their families with where they invest.

See, telling younger workers they have to save money in a 1930s retirement system is like telling them that they have to use a cell phone with a rotary dial. [Laughter] If young people are confident they can improve their retirement by investing in a conservative mix of bonds and stocks, the Government should not stand in their way.

Creating these accounts will also give our children and grandchildren a chance to replace a burden of uncertainty with a new opportunity. Instead of leaving their full retirement in the hands of future politicians, younger workers will be able to take part of their retirement into their own hands. Instead of sending all the payroll taxes to Washington, younger workers would be able to transfer part of their money directly into an account they own and that the Government can never take away. Instead of forfeiting years of Social Security contributions if they die before retirement, younger workers would have peace of mind that their personal accounts could be passed on to a loved one.

Young people are learning more about the opportunity to own part of their retirement, and they're making their opinion pretty clear. I met Philip Meador today. He's a graduating senior from The Citadel. He told me he's going to be starting a new job in June. He knows he's going to start paying Social Security taxes. What he's not sure about is whether or not he'll ever be seeing a Social Security check. He certainly will be paying in; he's not so sure what's going to be coming out. He likes the idea of keeping part of his money in an account that he controls. He said, "I like the options. You choose what to put in. You choose the investments. It depends on what you're looking for. I think every individual should be able to choose a plan that fits them."

A lot of young people are beginning to say that. A lot of young people want this United States Government to come together and make sure there's not a huge burden when they grow up. A lot of young

people want the Government to give them the option of making choices with their own money.

And I know you all feel the same way in this chamber. That's why you passed resolutions calling on the United States Congress to strengthen this important program, Social Security, and to give younger workers the option of voluntary personal retirement accounts. You recognize that a Social Security system that includes personal accounts will give all Americans, not just a few but all Americans, a stake in the greatest creator of wealth the world has ever known. You recognize that personal accounts will bring the security and independence of ownership to millions of our citizens. And you recognize that personal accounts are critical to building an ownership society, a more optimistic and more hopeful America in which more people own their own homes, more people own their own businesses, more people have ownership in a retirement account, more people have an asset base they call their own that they can pass on to whomever they choose.

You see, owning assets ought not to be confined to a few people in our society. Owning an asset and being able to pass it on to your son or daughter ought not to be the purview of a few. In this great land, it ought to be spread—ownership ought to be spread to everybody who is lucky enough to be an American. You recognize that when people own something, they have a vital stake in the future of our country, and that personal accounts will help give every citizen the chance, the opportunity to realize the dreams of this land.

The legislature of this great State of South Carolina has shown leadership on this important issue, and now the United States Congress needs to do the same. I understand that Social Security is a tough issue, but Congress has tackled tough issues before. We've seen in the past how leaders from both parties can rise above partisan politics to meet great responsibilities. And now is the time for them to do so again.

I am confident that Members of Congress will come together to reach a permanent solution. And when they do, our children and grandchildren will one day look back and be grateful that our generation made the difficult choices and the necessary choices to renew the great promise of the Social Security system for the 21st century.

I want to thank you all for the invitation to come to your great State. I appreciate you giving me a chance to come and visit. It's an honor to talk about such an important topic with those who have been willing

to serve. May God bless you in your efforts, and may God bless your families, and may God continue to bless the United States of America.

NOTE: The President spoke at 12:17 p.m. at the South Carolina Statehouse. In his remarks, he referred to David H. Wilkins, speaker, South Carolina State House of Representatives; Gov. Mark Sanford and Lt. Gov. Andre Bauer of South Carolina; and Glenn F. McConnell, president pro tempore, and Hugh K. Leatherman, Sr., majority leader, South Carolina State Senate.

Interview With the Lebanese Broadcasting Corporation April 18, 2005

Q. Thank you for your time, Mr. President.

The President. My honor, thank you.

U.S. Support for Lebanese Freedom

Q. Recently there isn't a day that passes by without you mentioning Lebanon. Why now, this country that was under occupation for almost 30 years, became so important for the United States?

The President. Well, there's a movement toward freedom around the world. And the Lebanese people have made it clear that they want to be free of Syrian influence; they want there to be free elections. And the United States of America stands squarely with the people of Lebanon.

Syrian Withdrawal From Lebanon

Q. Are you concerned, Mr. President, that your calls for freedom in Lebanon, for free elections, and for the Syrians to be out of Lebanon could be seen as interfering in Lebanon's internal affairs?

The President. No, I don't think so. I think people will see that the United States is consistent in working with the people so that they can have a free voice, and so they get to decide the Government. The

people of Lebanon will decide who is in their Government, not the United States. But the United States can join with the rest of the world, like we've done, and say to Syria, "Get out—not only get out with your military forces, but get out with your intelligence services too. Get completely out of Lebanon, so Lebanon can be free and the people can be free."

Q. Do you have any doubts that Syria will be out by end of April?

The President. I am pleased that they're beginning to get out. And we expect them to be completely out, and I mean not only the troops but the people that have had—that have been embedded in parts of Government, some of the intelligence services that have been embedded in Government and others. They need to get completely out of Lebanon so the people of Lebanon can decide the fate of the country, not another Government, not agents of another Government, but the people.

And Lebanon is a great country, and Lebanon has had a fantastic history. It's also had some difficult days. But I think there is a better day ahead for the people of Lebanon, and I think people, no matter