

Unlike the Republican plan, which would make them wait 10 years to get the full benefits, so as to disguise the real cost of a total repeal of the estate tax, the Democratic plans provide immediate relief. The Democratic proposal in the Senate actually eliminated two-thirds of the families from paying the estate tax, covering virtually every so-called small business and family farm in the country, and leaving the people that Martin talked about, for which the estate tax was designed. The House plan left a few more families in the estate tax, but cut the rate for everybody, on the grounds that other rates had been cut in recent years.

The point I want to make is that our party is not against reasonable estate tax relief, nor do we think that people should use all claim for making a fairness case to their government just because they're in upper income levels. But this bill is wrong. It is wrong on grounds of fairness; it is wrong on grounds of fiscal responsibility. It shows a sense of priorities that I believe got us in trouble in the first place in the 1980's and that, if we go back to those priorities, will get us in trouble again.

So I say again to our friends in the Republican Party, John Sumption and Martin Rothenberg made a lot of sense today. They spoke for the best of America. We are not against wealth, and we are not against opportunity. If I were against creating millionaires, I have been an abject failure in my 8 years as President. *[Laughter]* We are not against making it possible for farmers and small business people to pass their operations along so that their children do not have to sell the enterprise just to pay the estate tax. Everybody thinks that's wrong.

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

And I will just leave you with this one last thought. We have a new study which shows that if we keep on our path and keep paying this debt down, instead of giving away all the projected surplus in tax cuts, it will keep interest rates another percent a year lower for the next decade, which is worth another \$250 billion home mortgages, another \$30 billion in car payments, and another \$15 billion in college loan payments. That is a very big amount of relief to most people in this country.

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

Thank you very much.

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

Message to the House of Representatives Returning Without Approval the Death Tax Elimination Act of 2000

August 31, 2000

To the House of Representatives:

I am returning herewith without my approval H.R. 8, legislation to phase out Federal estate, gift, and generation-skipping transfer taxes over a 10-year period. While I support and would sign targeted and fiscally responsible legislation that provides estate tax relief for small businesses, family farms, and principal residences along the lines proposed by House and Senate Democrats, this bill is fiscally irresponsible and provides a very expensive tax break for the best-off Americans while doing nothing for the vast majority of working families. Starting in

2010, H.R. 8 would drain more than \$50 billion annually to benefit only tens of thousands of families, taking resources that could have been used to strengthen Social Security and Medicare for tens of millions of families.

This repeal of the estate tax is the latest part in a tax plan that would cost over \$2 trillion, spending projected surpluses that may never materialize and returning America to deficits. This would reverse the fiscal discipline that has helped make the American economy the strongest it has been in generations and would leave no resources to strengthen Social Security or Medicare, provide a voluntary Medicare prescription drug benefit, invest in key priorities like education, or pay off the debt held by the public by 2012. This tax plan would threaten our continued economic expansion by raising interest rates and choking off investment.

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

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

Repeal would also be unwise because estate and gift taxes play an important role in the overall fairness and progressivity of our tax system. These taxes ensure that the portion of income that is not taxed during life (such as unrealized capital gains) is taxed at death. Estate tax repeal would benefit only about 2 percent of decedents, providing an average tax cut of \$800,000 to only 54,000 families in 2010. More than half of the benefits of repeal would go to one-tenth of one

percent of families, just 3,000 families annually, with an average tax cut of \$7 million. Furthermore, research suggests that repeal of the estate and gift taxes is likely to reduce charitable giving by as much as \$6 billion per year.

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

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

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

Since the adjournment of the Congress has prevented my return of H.R. 8 within the

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

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

William J. Clinton

The White House,
August 31, 2000.

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

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

These findings prove that we are successfully reversing dangerous trends and making important progress. However, none of us can afford to let down our guard in the fight against drug, tobacco, and alcohol abuse—especially when it comes to our children. While we must continue to engage communities, parents, teachers, and young people

in our efforts to drive youth drug and tobacco use down to even lower levels, Congress must also play an important role.

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

**Proclamation 7336—America Goes
Back to School, 2000**

August 31, 2000

*By the President of the United States
of America*

A Proclamation

For America’s students, the new school year is a time for learning lessons, making friends, and setting goals. For America’s parents, it is a time to focus on the role education plays in their children’s lives and future. And for our Nation, it is a time to strengthen our efforts to improve the quality of education and to make America’s schools safe, nurturing places where children can reach their full potential.

This year a record 53 million young people will fill our schools—the highest enrollment in our Nation’s history—and communities across the country are struggling to provide adequate classroom space and to hire qualified teachers to meet students’ needs. To assist local school districts in meeting these critical challenges, my Administration’s proposed education budget for fiscal 2001 includes tax credits and loans to help communities build and modernize 6,000 schools and to make emergency repairs to another 25,000. We have also requested an additional \$1.75 billion to meet our goal of hiring 100,000 qualified teachers to reduce class size in the early grades and \$1 billion in new