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I have today nominated Charlene Barshefsky to be the next United States Trade Representative. She has done an outstanding job as Deputy United States Trade Representative since 1993 and as Acting United States Trade Representative for the last 9 months. I am confident she will make an excellent United States Trade Representative. I urge the Congress to take prompt and favorable action on this legislation.

WILLIAM J. CLINTON

The White House,
January 8, 1997.

## Remarks on Receiving a Report on Student Loan Default Rates and an Exchange With Reporters

*January 9, 1997*

*The President.* Thank you very much, Fiona. And I want to thank all the young people for coming here and for representing the best in our country and the best of our future. I also want to thank Secretary Riley for this report and for the work that he and the good people at the Department of Education have done every day for the last 4 years.

When I ran for this office in 1992, at every stop along the way, I always said one of the most important things for me to do in the next 4 years was to open the doors of college education wider by passing a loan program that would allow people to pay their college loans back as a percentage of their income, to have more options to pay their college loans back so no young person need ever fear going to college because of the crushing burden of debt on them in the early years after they got out, but that at the same time, we had to have more responsibility by dramatically lowering the student default rate.

I went to law school and college on scholarships and loans and jobs, and I felt very strongly that it ought to be easier for people to go but that it ought to be harder to evade your obligation to repay the debt. And we have worked very, very hard to achieve those objectives. And that's why we've worked hard to expand college loans and lower their costs through the direct loan program. I'm glad that Fiona is a direct-loan student. We've seen the results of that throughout the country, and we believe that when those loans start to be repaid, they will lower the default rate even more.

We expanded Pell grants and work-study programs in the last session of Congress to their highest level in history. We had the biggest increase in Pell grants in 20 years, and we added 200,000 more work-study slots. AmeriCorps was created, and it lets young people, obviously, earn money for a college education by serving in their communities.

And in addition to that, as this report points out, we have strengthened the basic bargain. There has been more opportunity, but there is more responsibility. The default rate on student loans that is being announced today is the lowest in the history of America. It has dropped 40 percent since I took office. It is now below 11 percent. We want it to go lower still, but we can be proud of the fact that more young people who go to college are showing that, along with everything else, they have learned the important lesson of their responsibility to pay the loan back. And that means savings of hundreds of millions of dollars to our taxpayers, savings which will make it easier for us to balance the budget and easier for us to invest more in education.

We have done our part by placing tough sanctions on schools that didn't do their part to prevent defaults, and in some cases, we actually took away eligibility for Federal loan programs. When necessary, we have tracked down defaulters and made them pay. Frankly, a stronger economy has also helped to produce today's good news. More young people who get out of college can get good jobs and repay their loans more easily, and that's very, very important.

But the bottomline is that this report shows that our strategy of opportunity and responsibility is working. It's working because of the steps that have been taken to improve student loans

and strengthen the economy. It's working because of the changes that were made in the loan program by Congress a few years ago. And it's working because more and more young people are taking advantage of a college education and then taking the opportunity to be responsible in paying their loans back.

Now, as we begin this second term, I just want to reiterate my commitment to ensuring that every person in this country has the tools that he or she needs to make the most of their own lives, that we open the doors of college education to everyone. The core of my second term efforts to build a bridge to the 21st century will be dramatic advancements in education. The fact is that some people who want to go to college still can't get there, so our first step should be to provide more opportunity. We can do that through the HOPE Scholarships tax cuts that I have proposed. They would allow Americans to deduct from their tax bill, dollar for dollar, the cost of the typical community college tuition for up to 2 years, to make the first 2 years of college as universal as a high school diploma is today. They would allow the typical family to deduct up to $10,000 a year from their taxes for the cost of any college tuition. They would allow a family—I mean more families, many more families to save through IRA's and then to withdraw from those IRA's penalty-free if the money is being used to finance a college education.

Especially now that more and more students are taking responsibility for their own education, we simply have to do more to open the doors wider. The HOPE Scholarship tax cuts would make college affordable for every person in this country willing to work for it, especially when you couple that with the availability of the loans and the work-studies. America needs these tax cuts to help America pay for college, and I hope Congress will help us to pass them into law.

Let me also point out one of our other proposals that I've had on the table in Congress for 4 years now, which I am determined to get passed in this next Congress, is the "GI bill" for America's workers. A lot of people in the work force need to go back to school. There are now scores of different training programs that we propose to consolidate and send a skills grant to people who lose their jobs or people who are dramatically unemployed and let them make the decision to use this skills grant in the same way, to finance a college education.

And let me finally say that while we can make sure that everyone can go to college, it's also important that everyone be prepared to go. We have to set the highest standards for public education in this country so that highly trained teachers demand peak performance from students. We should require that students pass tests that actually test whether they learn what the standards say they're supposed to know before they go on from grade to grade. We should reward teachers who do well and make it possible for local schools to remove those who do not. We should expand public school choice and improve and expand on charter schools run by teachers and parents that survive only if they produce results. We should make sure every child can read independently by the third grade, and I hope that we'll have another 100,000 young people helping in that million-person brigade of volunteers we're going to need to teach our young people to read. And we should finish the job of connecting every classroom to the Internet by the year 2000.

If every 8-year-old can read, every 12-year-old can log on to the Internet, and every 18-year-old can go to college, America will enter the 21st century with every person able to have the skills that he or she needs to succeed in building a good life.

So let me say that these young people here—they're a shining example of opportunity and responsibility—give me the hope that we will succeed. And I thank you, Fiona, and I thank all the others and all of them like you all across America today who will be watching this and who will be building our future.

Thank you, and thank you, Mr. Secretary.

*Legislative Agenda*

*Q.* What do you think is the chance of getting these through Congress?

*The President.* Well, I think they'll be very good. You know, we've worked very hard on our budget, and our OMB Director, Frank Raines, has begun conversations with Members of Congress already. I have spoken, obviously, on many occasions with Senator Lott and Senator Daschle, Speaker Gingrich and Leader Gephardt. And if the atmosphere—I can now only add to what I've already said—if the atmosphere of this Congress reflects what happened in the last 2 months of the last Congress, I

think the American people will get their balanced budget; they will get these education tax cuts; they will get the next step of welfare reform to create jobs for people who are going to be moving from welfare to work; and it will be a very, very good time. The atmosphere so far feels good to me, and if we just keep working on it, I think we can get there.

*Q.* Mr. President, have you made all of your final budget decisions? And is there any possibility of your reopening any of those decisions, specifically on Medicare?

*The President.* Well, let me answer you this way. I have completed sometime ago the work on the budget. We still have to work around the edges from time to time. It is a good budget; it is a credible budget. I also am pleased that the OMB and the Congressional Budget Office have been working together to try to narrow the gaps between them in all these assumptions they have for the budget. And I'm confident that we can produce one that will bring balance under either set of assumptions, and I intend to do that. And the budget will reflect the priorities I laid before the American people in the campaign and will be consistent with what I have said over the last 4 or 5 years about this.

Now, I also expect there to be a negotiating process with the Congress, and I will work with them in good faith, as I have said all along. But I think this budget will show that I am making a clear effort to reach out to them, to meet them halfway, and to get this job done.

*Q.* In what year will the budget you present in February actually reach a balanced budget?

*The President.* In 2002, the same year we——

*Q.* The same year.

*The President.* ——all along.

*Q.* Does that mean that on Medicare you are going to go for raising the premiums and so forth? And you spoke in generalities, but is there anything you can——

*The President.* Well, it means I don't want to remove all the suspense from my budget presentation. [*Laughter*]

Thank you very much.

NOTE: The President spoke at 10:31 a.m. in the Oval Office at the White House. In his remarks, he referred to Fiona Rose, University of Michigan student who introduced the President.

## Remarks on Presenting the Arts and Humanities Awards

*January 9, 1997*

Thank you very much. When Hillary said that, I was so hoping that there wouldn't be even one loud stage whisper saying, "I wish he had made that choice." [*Laughter*]

I am so delighted to be here to honor the 1996 recipients of the National Medal of the Arts and the Charles Frankel Prize. They are men and women whose accomplishments speak to the breadth and depth of our creative and intellectual genius.

I want to begin by thanking Jane Alexander, Sheldon Hackney, Diane Frankel, and John Brademas for their energetic and wise leadership in promoting the arts and humanities across our country. I thank them for what they have done. This cold day is a rather apt metaphor for a lot of what they have labored through the last couple of years, and we are all in their debt for standing firm.

I thank the United States Marine Band for being here. I'm always so proud of them and the work they do for our country. I thank the magnificent Harlem Boys Choir for their wonderful music and for being here. All of you who are supporters of the arts who are here, I thank you for being here, supporters of the humanities. I see Secretary and Mrs. Riley and Congressman Dicks and Congressman Rangel. There may be other Members here; I apologize for not introducing you, but for those of you in other positions of public responsibility, in particular, I thank you for standing up for the arts and humanities.

Each year this ceremony gives us an opportunity to celebrate the extraordinary contributions of individual American artists, writers, and thinkers, to reflect on the role of the arts and humanities in our own lives and in the life of our great democracy. We are a nation whose