

Teleconference Remarks During a Discussion on Social Security March 21, 1998

The President. Thank you. I'd also like to thank Rebecca Rimel. And I'm delighted to join The Pew Charitable Trusts and all of you for this important discussion of Social Security. The Pew Trust has done a great service to the country for making this possible. We have to discuss how we can ensure that one of the greatest achievements of this 20th century continues to serve our people very well into the next.

Before I start, let me tell you about—a little bit about my upcoming visit to Africa, because tomorrow I'm going to embark on the most extensive trip ever taken to that continent by an American President, where I hope to introduce Americans to a new Africa, a place where democracy and free markets are taking hold. I hope all of you will follow my travels closely.

These are good times for America. We have 15 million new jobs, the lowest unemployment in 24 years, the lowest core inflation in 30 years, the highest homeownership in our history. Last month I was pleased to present the first balanced budget in a generation. Indeed, we can now look forward to \$1 trillion of surpluses over the next decade. But I don't believe we should spend a penny of this surplus until we have saved Social Security first for the 21st century.

I am very pleased with the strong support the American people have shown for this meeting and for meeting this challenge. I thank Americans Discuss Social Security for leading the way. For 60 years, Social Security has meant more than a monthly check in the mail. It reflects our deepest values, our respect for our parents, our belief that all Americans deserve to retire with dignity.

We can't break this solemn compact between the generations. And if we act soon and responsibly, we can strengthen Social Security in ways that won't unfairly burden any generation. So I challenge my own generation to act now to protect our children, to ensure that Social Security will be there for them after a lifetime of hard work. And I challenge young people to do their part, as well, to get involved in our national effort to strengthen Social Security for the 21st century.

In the coming months, the Vice President and I will attend a series of nonpartisan forums to

help reach a national consensus on how to go forward. In December I'll convene a White House Conference on Social Security, with a view to early 1999, when I hope and believe we can craft historic, bipartisan legislation to save Social Security.

In the darkest days of the Great Depression, Americans had the courage to commit to a daring plan whose impact would not be fully known for a generation. In the midst of these prosperous times, we must strengthen that commitment for generations yet to come. Your views will be vital to our work here in Washington, and I look forward to hearing your comments.

Thank you very much.

[*At this point, the discussion began.*]

The President. Let me try to respond a little bit to what all the folks said. Obviously, I don't know in the previous meetings exactly how much information was out there and how much not. And we're in the process, as I said, of a year-long dialog. But let me just offer a couple of observations.

In 1983, there was a bipartisan commission to deal with the problem in Social Security. And they came up with a whole set of changes which included, very slowly over a period of years, raising the retirement age to 67 for people drawing full Social Security benefits, which will happen sometime in the next century, because the average life expectancy is much longer. When Social Security was enacted and the retirement age was 65, the average American did not live to be 65 years old. So that happened. Then there was an increase in the payroll tax back in '83, and it was estimated that for a period of time Social Security would bring in more money than it paid out and that the money could safely be pledged, in effect, to buy Government bonds, to finance the deficit. And that's what has essentially happened.

Now, I've done my best to try to turn that situation around by getting us back to balance and now moving us into surplus so that we can recover some of these funds in the future to deal with the long-term challenge of Social Security.

But here's the basic problem, which I'm sure you understand. In 2029, all the baby boomers

will be 65 or over. Most of them will be in the retirement system. At that time, if we continue to work at present rates, retire at present rates, and grow our population at present rates, there will be only about two people working for every one person drawing. Even today, very few people can actually live on only their Social Security income. But it's important to remember that, if we didn't have Social Security income, nearly half the seniors in this country would not be above the poverty line.

So the trick is how to make this system last beyond 2029 without having undue new tax burdens on younger people who are trying to raise their children. What options are out there for doing that, and how can we also make it easier, as many of you said, to save for your own retirement? The one thing I think is very important is that young people understand especially what the realities are. I mean, I saw a survey the other day that said that some people—a lot of people in their twenties thought it was more likely that they would see a UFO than that they would ever draw Social Security. Now, that's not accurate. We can easily save this system. And we may be able to do a number of things, including some of the things that some of you suggested that would give a higher rate of return on the investment.

But under presently conceivable circumstances, no matter what we do with the Social Security system, Americans should be saving more for their own retirement. So we're working very hard right now to make it easier, for example, for more people in small businesses and more self-employed people to take out 401(k) plans, to take those plans with them when they move jobs, to have a system that would guarantee the security of that kind of retirement savings. And we've done a number of things in the last 2 years; there is some more legislation before Congress now. And some of you in these hearings may have even greater ideas about what we can do to make it easier for people to save for their own retirement.

But I always tell people that we actually have two things we have to do. We have to secure the safety, the soundness, and the salvation of Social Security into the 21st century and look at all the options that have been raised here by you. But we also have to educate the American people that they must save more for their

own retirement, and then we have to make it easier for them to do so and to succeed in doing so.

The last point I'd like to make is this: Because of the reductions in the deficit, the reduction in interest rates, we may have already added a few years to the life of the Social Security Trust Fund. We can put a lot of years on the life of the Fund; we can stabilize the Fund. And now that we've eliminated these chronic, huge deficits of the last decade and a half, we can set this thing right. And if we can act now, meaning early next year, with the support of the American people across party lines and regional lines and income lines, we can make modest changes today that will have a huge impact in the next century.

So the last thing I'd like to say to all of you is, one of you said that you wanted us to do what we needed to do in a hurry and in a nonpartisan, fair way. That's the message I think that all of us need to hear, all the Members of Congress, all the members of our administration. We do not need to put this off. Many people are afraid that anything you do to Social Security is political dynamite. I think it's worse dynamite to walk away from a problem when we can solve it with disciplined, modest, far-sighted actions now, that will have a huge impact 20 and 30 years from now.

So I thank you. I was profoundly impressed by what you had to say, and I wish I had more time to go through all your questions. I know now, in 2 hours, Ken Apfel, our Social Security Administrator, will be on this program, and he'll be able maybe to pick up some of the more specific questions you asked me and others that you doubtless will have for him.

And again let me thank The Pew Charitable Trusts. This is a wonderful public service.

NOTE: The President spoke at 12:05 p.m. by satellite from Room 459 of the Old Executive Office Building, in a 10-city interactive video teleconference and webcast held as part of Americans Discuss Social Security (ADSS), a project of The Pew Charitable Trusts. In his remarks, he referred to Rebecca W. Rimel, president, The Pew Charitable Trusts.