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to be serious that said that Americans in their twenties thought it was more likely they would see a UFO than that they would ever draw Social Security. [*Laughter*] That skepticism may have been well founded in the past, but just as we put our fiscal house in order, we can and must put Social Security in order.

And above all, to my fellow baby boomers, let me say that none of us wants our own retirement to be a burden to our children and to their efforts to raise our grandchildren. It would be unconscionable if we failed to act, and act now, as one nation renewing the ties that bind us across the generations.

Thank you very much.

NOTE: The President spoke at 11:25 a.m. in the gymnasium at Penn Valley Community College. In his remarks, he referred to Gov. Mel Carnahan of Missouri; Jay Nixon, Missouri State attorney general; Clyde D. Graeber, Kansas State treasurer; Kathleen Sebelius, Kansas State insurance commissioner; Mayor Emanuel Cleaver II of Kansas City, MO; Mayor Carol Marinovich of Kansas City, KS; Horace B. Deets, executive director, American Association of Retired Persons (AARP); and Martha Phillips, executive director, Concord Coalition. The forum was sponsored by the AARP and Concord Coalition.

Teleconference Remarks From Kansas City to Regional Social Security Forums

April 7, 1998

The President. Good afternoon. Thank you, Ken. As Ken said, I'm speaking to you from Kansas City, where we're talking about what we must do as a nation to strengthen Social Security for the 21st century, and I'm looking forward to continuing to talk with you today.

Let me begin by thanking Representatives Bob Borski, Ben Cardin, Nancy Johnson, Jim Kolbe, and Jerry Weller for holding these town meetings across our Nation. For each of you lawmakers, these forums are not the only way you've worked to strengthen Social Security. Representatives Borski and Cardin are cosponsors of key legislation to establish the "Save Social Security First Reserve Fund." Representative Borski supports saving any budgetary surplus for investment in Social Security, and I know Representative Cardin does as well.

Now, Representative Johnson has been a strong advocate for Social Security beneficiaries. She has urged her fellow Members of Congress to continue to act with fiscal restraint as they debate what to do with the budget surplus. Representative Kolbe is one of our foremost experts on retirement and pension policy and is the sponsor of a resolution to establish a joint commission on Social Security reform. And Representative Weller has been a powerful voice for protecting the Social Security Trust Fund and was an original cosponsor of the "Social Security Preservation Act."

Together, all of you are proving that we can work in a bipartisan way to make sure that Social Security is as solid for our children as it was for our parents, and I thank you for that.

As you know, this year, working together with Congress, we'll be balancing the budget for the first time in 30 years. We have a right to be proud of that achievement, but we must also build on it. In the State of the Union, I called on Congress to set aside every penny of any budget surplus until we save Social Security first. Social Security is deeply woven into our Nation's social fabric. For 60 years, it's meant more than an ID number on a tax form, even more than a monthly check in the mail. It reflects our deepest values and the duties we owe to one another.

Today, 44 million Americans depend upon Social Security. For two-thirds of our seniors, it's the main source of income, and one in three beneficiaries are nonretirees. Social Security is life insurance and disability benefits as well as a rock-solid foundation of retirement security.

Today, Social Security is sound, but a demographic crisis looms if we fail to act. For over the next 30 years, 76 million baby boomers will retire. By 2030 there will be twice as many elderly Americans as there are today. If we don't

act now, by then payroll contributions will only cover 75 percent of benefits. That's why I've challenged our Nation to act now to strengthen Social Security for the 21st century.

Here are the principles I want to follow for meeting this challenge. First, any reform should strengthen and protect Social Security for the 21st century. We can't abandon the basic core program that's been one of the great successes of our Nation's history.

Second, we must maintain the universality and the fairness of Social Security. For a half-century this program has been a progressive guarantee for citizens. We have to keep it that way.

Third, Social Security must provide a benefit people can count on. Regardless of the ups and downs of the economy or the financial markets, we must make certain that Social Security will provide a foundation of retirement security.

Fourth, Social Security must continue to provide financial security for disabled and low-income beneficiaries. We can never forget the one out of three Social Security beneficiaries who aren't retirees.

And fifth, any strengthening of Social Security must maintain America's hard-won fiscal discipline, one of the main reasons we're enjoying our prosperity today.

These are the five principles that will guide me on Social Security, principles by which I'll judge all possible proposals. They're principles I believe can and should guide us all as we work to forge a national consensus for reform.

Above all, I know that we can strengthen Social Security only if we reach across the lines of party, philosophy, and generation with open minds and generous spirits. For too long, politicians have called Social Security the "third rail" of American politics. That's Washington language for "You can't really discuss any changes seriously." This year we have to prove them wrong.

I know that on the political calendar, 1998 is an election year. But on the Social Security calendar, let's all resolve to make 1998 an education year, a year we come to grips with the problems of the system and come together to find the answers. These forums are a very hopeful beginning, and I'm pleased to have had this chance to start this vitally important dialog with all of you today. This December we'll host a White House Conference on Social Security, and in January I'll convene the leaders of Congress to draft a plan to save Social Security for the 21st century.

I'm confident we'll meet this challenge as Americans always do, by working together, honoring our values, and preserving the solemn compact between generations that helped to build our Nation.

Now I'd like to turn the discussion over to Congressman Borski. Bob, take it away.

[*At this point, Representatives hosting the regional forums each made brief remarks.*]

The President. Thank you very much, Congressmen. Let me try to go back over some of what all of you said.

First of all, Congressman Cardin talked about the need to increase private saving; some others did. Congressman Borski talked about the fact that there were still some people on Social Security living in poverty. Let me try to address those things together, along with some of the other concerns which were mentioned. It is true that there are still about 11 percent of our elderly people in America living in poverty. But it's important to recognize that that's a lower percentage than in the overall population in America, and that it's just been since 1985 that the poverty rate among seniors was lower than the overall poverty rate.

Now, what can we do to make it better? There have to be other sources of income. There have to be other sources of private savings. And that is—of course, the possibility that some part of that could come out of Social Security reform is one of the things we're discussing.

But over and above that, I'd like to point out that Congress has done a lot of work with our administration over the last 5 years, first of all, to save 8½ million pensions that were under water when I took office, to stabilize 40 million others, and to make it increasingly more attractive for employees on modest wages and for small business employers to take out 401(k) plans, and then to make it easier for people to move from job to job and take their 401(k) with them. We've also dramatically expanded the availability of IRA's.

So we've tried to do some things already to help increase the ability and the attractiveness of saving, over and above Social Security. I don't think—no matter what we do with Social Security, the American people are going to have to be sensitized, the younger generation is, to do more to save for their own retirement.

On the other hand, I think it would be a great mistake, even for the youngest members of these audiences today, to believe that we shouldn't preserve Social Security as a universal guarantee. Because without Social Security today, almost half the seniors in America would be living in poverty, even though most seniors have income over and above that. So the trick is to save Social Security but also to have more income coming to people from private savings.

Now, let me mention just one or two other things. Nancy Johnson talked about wanting—made one Medicare statement about annual physicals. I believe that more and more, as people live to older ages and are healthier, we'll have to do more preventive care within the Medicare program. Nancy, you know, we've worked hard to deal with—to have more mammographies, for example. We're doing other preventive screening now. I think the more of that we do, the more we're going to save over the long run. And more importantly, we'll improve the length and the quality of life.

And she said, "People want to know whether the seniors can count on Social Security." The answer to that is, absolutely, yes. The Social Security Trust Fund, according to Mr. Apfel, who has got a legal responsibility to tell the truth about it, is stable until 2029. In 2029, shortly thereafter, the taxes coming in will only cover about 75 percent of our obligations. One of the reasons we want to move now is that by making relatively modest changes now we can extend the life of the Social Security Trust way out beyond 2029.

Can young people, the high school students here, look forward to drawing Social Security? The answer to that is, they certainly can if we do our jobs here in the next several months. You know, a few years ago, I can understand your skepticism because we were running huge deficits; we were projected to have $300-billion-a-year deficits as far as the eye can see. Now we're going to have a balanced budget sometime in the next year, and it's projected we'll have a trillion dollars in surpluses over the next decade—more than enough money if we do some other things to fix the Social Security system for the younger people listening here today. But I want to say again, no matter what we do to Social Security, those of you who are 16, 17, 20, and 21, I know it's hard to think about the end of your life, your later years, when you're that age, but you will have to do more, through your employer, through your own individual efforts, to save for your own retirement over and above Social Security if you want to maintain your standard of living when you retire.

Now, Mr. Kolbe asked a couple of questions about raising the retirement age, and then Mr. Weller asked about specific plans. Let me say, I don't want to dodge any of that, but I think all those proposals should be out there on the table. And I think that the most important thing now is, if I advocate a specific plan right now, then all the debate will be about that. The first thing we've got to do is to get the American people solidly lined up behind change. Let's stick with these basic principles I've outlined, and I want to encourage other people to come forward with their ideas. In December we'll all sit down, come up with our—we'll all put our various ideas on the table, and we'll begin hammering out a plan that we can present in January.

I still hear some new ideas almost every week coming from Democratic and Republican Members of Congress and private citizens that I think should be aired. If I put a specific plan on the table now, it will undermine and weaken debate, not strengthen it.

I do agree with those of you who say it ought to be possible for us to save Social Security without a payroll tax increase. I don't think we ought to automatically rule out any ideas over the next 30 to 50 years, as some would do, but I think that we plainly know that we can do this and provide for increased strength of the system without a payroll tax increase, given current assumptions. So I believe that will be possible.

Now, let me just answer one last question. You asked about raiding the Social Security Fund. Let me say that that just depends on how you look at it. The Social Security Trust Fund is basically a guarantee that certain obligations will be paid out to retirees, including the COLA, as well as to the disabled and to those who are the survivors who are eligible to be paid under it.

Now, in 1983, when the Social Security reforms were passed, it is true that the Government was collecting more in Social Security taxes than were needed in any given year to pay for that. So rather than raise other taxes to pay for other governmental expenses, the rest of the Government borrowed and gave a bond to the Social Security Trust Fund, with the full

faith and credit of the United States behind it, a legal obligation to pay back the money with interest to the Social Security Trust Fund when it was needed to pay out. And so there is no reason to believe that all the money that's been taken out since 1983 will not be paid back in as soon as it's needed to meet the legal obligations of the Social Security Trust Fund.

By doing that, by borrowing that money and paying it back, we didn't do anything to affect the obligations of the Fund to pay Social Security recipients in the future. But we did keep the Government from borrowing more money out in the private sector, competing with the private sector for money, and running interest rates up. So I think, on balance, it's been a safe and sound thing to do, and I do not believe that the raid has occurred on the Social Security Trust Fund. It would be a raid if the money were not paid back when it's due to be paid to you, but the money will be paid back when it's due to be paid to you.

And that's one of the things that we have to make sure is never interfered with, the legal obligation of the United States Government to replenish that Trust Fund and pay back the money when it's needed for the recipients.

Thank you very much.

NOTE: The President spoke at 1:20 p.m. by satellite from Room 5 at Penn Valley Community College to regional forums in Columbia, MD; New Britain, CT; Philadelphia, PA; Sierra Vista, AZ; and South Holland, IL. In his remarks, he referred to Commissioner of Social Security Kenneth S. Apfel.

Remarks in a Panel Discussion at a National Forum on Social Security in Kansas City

April 7, 1998

[*Moderator Gwen Ifill, NBC News, introduced the panelists and asked the President if proposals to privatize Social Security were a slippery slope or a cure.*]

The President. Well, I don't think it's necessarily a slippery slope. I think the issue is, if you start with certain basic principles and you start with certain basic facts, then I think there are any number of options that can be chosen that both fit the facts—because if you start—you get in trouble in life if you start denying the facts. The facts are what we talked about this morning, the population trends, the financial problems of the system. I think it's important to keep a system that's universal, that's fair, that has a benefit certain as a baseline, and that deals with the problems of the disabled and the low-income people that are presently helped.

If you do all that, could you construct some system which also made allowance for private accounts? I think you could, yes. But could you—would I favor totally privatizing the system? No, because then you couldn't have a universal system that was fair that had a benefit certain.

Let me just back up and say, people are always saying, "Well, so what's your plan?" And what I'm attempting to do here is to avoid announcing a plan while we go through this period first of educating the whole electorate, all of our citizens, on what the facts are, and then eliciting ideas from people to get the broadest range of ideas. Because if I come out and say, "Well, here's exactly what I think ought to be done," then that forecloses debate when I'm trying to broaden debate. I want all of you to have your say, and I want us to wind up getting the best possible ideas.

But I think the important thing that you need to know about me and my position is, what are the principles I intend to follow, and are we prepared to do this? And I think I've answered those questions today.

But I think it would be a real mistake to rule out—what I think we all would like to see—let me go back to what Senator Santorum said in his opening remarks about the problems with the rate of return and what Senator Kerrey said in his opening remarks about the need to give all people some wealth-generating capacity. I think we'd all like to see a higher rate of return on the system, on the investments. The