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strong, effective leader for the Department of Homeland Security.

Two years ago, we created this new Department to ensure a comprehensive, unified effort to protect the American people against new dangers. Since that time, the employees of the Department have carried out the largest reorganization of the Government in a half a century. Under the direction of Secretary Tom Ridge, the Department of Homeland Security has improved airline security, enhanced the protection of our borders and ports of entry, and taken vital steps to safeguard the Nation's critical infrastructure. Tom Ridge has the gratitude of our entire Nation. I thank him for his leadership. I appreciate his hard work.

The Department of Homeland Security will also continue working to reduce the Nation's vulnerabilities to weapons of mass destruction and cyberterrorism. We are engaged in a daily mission to prepare effective responses to any future attack and to closely coordinate homeland security efforts with State and local officials. Our Nation is still at war. We're focused. We're taking decisive actions on the homefront that are critical to winning this war.

When Mike is confirmed by the Senate, the Department of Homeland Security will be led by a practical organizer, a skilled manager, and a brilliant thinker. As head of the Criminal Division and as a U.S. Attorney in New Jersey, Mike built an impressive record of cutting through redtape and moving organizations into action. He's worked cooperatively with the Federal and State and local law enforcement officials. He will always be a friend to America's first-responders.

Mike is a strong and decent man. As an attorney, he has prosecuted organized crime and corporate fraud. He stood against racial profiling. He's worked with the NAACP Legal Defense Fund to represent poor inmates on death row. He's earned the respect of lawyers of many backgrounds and of politicians on both sides of the aisle. This is the third time I've asked Mike to serve our Nation, and I'm grateful he's agreed. I'm also grateful to Meryl, Mike's wife, and his family. I urge the Senate to promptly confirm this outstanding nominee as America's second Secretary of Homeland Security.

Congratulations, Mike.

NOTE: The President spoke at 10:03 a.m. in the Roosevelt Room at the White House. In his remarks, he referred to Meryl Chertoff, wife of Secretary-designate Chertoff. The transcript released by the Office of the Press Secretary also included the remarks of Secretary-designate Chertoff. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Remarks in a Discussion on Social Security Reform
January 11, 2005

The President. Thank you all. Please be seated. Listen, thanks for coming today. As you can see, I am joined by some fellow citizens here on the stage who have come to talk about one of the great causes of our generation, and that is how to strengthen and save Social Security for generations to come.

I know this is an issue that some would rather not be talking about. It's an issue that is kind of—I think some think has got too much political danger attached to it, and so therefore let's just kind of, maybe, move it down to the next group of people coming to Washington, or maybe things will get better by ignoring it. That's

not what I think. And today I want to talk about why we have an issue with Social Security, why I believe those of us who have been elected to office have an obligation to do something about it, and then I want—and give some ideas, some constructive ideas to Congress as to how to deal with the issue, and then I want others to share with me their ideas.

And we've got some people who have come a long way—flown all the way to Washington, DC, to share some thoughts with the President. And I think you'll find their stories interesting. I certainly did when we had a little discussion a little bit ago.

First, let me tell you how much, I understand, Social Security has meant for generations of Americans. I mean, Franklin Roosevelt, in thinking boldly, envisioned a Social Security system where Social Security would help seniors with their retirement. And the system worked for a lot of people. And it's been a—an incredible achievement, if you think about a piece of legislation being relevant for nearly 70 years.

The problem is, is that times have changed since 1935. Then, most women did not work outside the house, and the average life expectancy was about 60 years old, which, for a guy 58 years old, must have been a little discouraging. [*Laughter*] Today, Americans, fortunately, are living longer and longer. I mean, we're living way beyond 60 years old, and most women are working outside the house. Things have shifted.

The Social Security system is not a personal savings account. The Social Security system is not an account where money is earned. The Social Security system is an account where money comes out to pay for retirees and is put in the system by people who are working. And that's changed. More and more retirees have taken out money relative to the number of people putting money in. In the fifties, there were 16 workers for every beneficiary, so the system was in pretty good shape. Today, there's three workers for every beneficiary. Relatively quickly, there's going to be two workers for every beneficiary. And that's a problem. And that's a problem because in the year 2018, in order to take care of baby boomers like me and—[*laughter*]—some others I see out there—[*laughter*]—the money going out is going to exceed the money coming in.

That's not a good thing. It means that you're either going to have to raise the taxes of people or reduce the benefits. And the longer you wait, the more severe the pain is going to be to fulfill the promise for a younger generation of workers coming up. As a matter of fact, by the time today's workers who are in their mid-twenties begin to retire, the system will be bankrupt. So if you're 20 years old, in your mid-twenties, and you're beginning to work, I want you to think about a Social Security system that will be flat bust, bankrupt, unless the United States Congress has got the willingness to act now. And that's what we're here to talk about, a system that will be bankrupt.

Now, I readily concede some would say, "Well, it's not bankrupt yet. Why don't we wait until it's bankrupt?" The problem with that notion is that the longer you wait, the more difficult it is to fix. You realize that this system of ours is going to be short the difference between obligations and money coming in by about $11 trillion, unless we act. And that's an issue. That's trillion with a "T." That's a lot of money, even for this town.

And so I'm looking forward to working with Congress to act. We've got an expert from the Social Security system that will talk about "the problem." And I'm going to talk about "the problem." You know, "the problem" is that some in Congress don't see it as "the problem." They just kind of think that maybe things will be okay. But the structure of Social Security is such that you can't avoid the fact that there is a problem. And now is the time to get something done.

Now, I've talked about this, and I want the people to clearly understand, if you're a senior receiving your Social Security check, nothing is going to change. Those days of politicizing Social Security, I hope, are in the past. A lot of people who ran for office and if they even mentioned the word Social Security, there would be TV ads and fliers and people knocking on doors saying, "So-and-so is going to ruin Social Security for you." There is plenty of money in the system today to take care of those who have retired or near retirement. The issue really is for younger folks.

That's why we've got some younger folks up here. Not all of us are younger folks, are we? [*Laughter*] Most of them are younger folks. I no longer qualify. [*Laughter*] But younger people are listening to this issue. You know, I've traveled a lot. I campaigned on this issue of Social Security and the need to strengthen it and reform it. I didn't shy away from it in 2000. I certainly didn't shy away from it in 2004. I laid it out there for the people to hear. I said, "Vote for me, and I'm going to work with Congress, see if we can't get something done to solve the system."

This is part of what—this is part of fulfilling a campaign pledge. I wouldn't be sitting here if the people said, "We don't want anybody to touch it. We think it's okay." Most younger people in America think they'll never see a dime. That's probably an exaggeration to a certain extent, but a lot of people who are young, who understand how Social Security works, really do wonder whether they'll see anything. My attitude is, once we assure the seniors who are—receive Social Security today that everything is fine, I think we've got a shot to get something done, because younger Americans really want to see some leadership.

I said we're not going to run up the payroll taxes. I think running up payroll taxes will slow down economic growth. This economy is beginning to kick in. It's beginning to make sense. I think we can solve the problem without increasing payroll taxes.

I also threw out another interesting idea—it's certainly not my idea, because others have talked about it—and that is to allow younger workers, on a voluntary basis, to take some of their own money and set it aside in the form of a personal savings account, a personal savings account which is their own, a personal savings account which would earn a better rate of return than the money—their money currently held within the Social Security trust, a personal savings account which will compound over time and grow over time, a personal savings account which can't be used to bet on the lottery or a dice game or the track. In other words, there will be guidelines. There will be certain—you won't be allowed just to take that money and dump it somewhere. In other words, there will be a safe way to invest, to be able to realize the compounding rate of interest.

I've heard some say, "Well, this is risky to allow people to invest their own money." It's risky to let people—say, "You can take your money that's supposed to be for a retirement account and put it on the lottery." I realize that. But it's not risky. Federal employees—the Thrift Savings Plans invest under certain guidelines, and I don't hear them screaming, "It's risky." It makes sense to try to get a better rate of return on your money, if you expect there to be a Social Security system which is going broke. And that's what we're talking about.

Owning your own personal savings account does two other things. One, it allows you to pass on your savings to whoever you choose. You can't do that in Social Security today. If you pass away earlier than expected, that money that you put in the system is gone. And at the same time that you manage your own account, you own your own account. I love promoting ownership in America. I like the idea of encouraging more people to say, "I own my own home. I own my own business.

I own and manage my health accounts, and now I own a significant part of my retirement account." Promoting ownership in America makes sense to me to make sure people continue to have a vital stake in the future of our country.

And so I want to thank you all for coming today to give me a chance to address the Social Security issue. I plan on talking about it a lot. This isn't the first time I've talked about it since the campaign is over, and it's certainly not going to be the last, because I believe it is a vital issue. And I know that if we don't address the problem now, it will only get worse with time. And I believe there is a fundamental duty, for those of us who have been given the honor of serving the American people, to solve problems before they become acute and not to pass them on to future Presidents and future generations.

Now, I want to talk to Andrew Biggs. He is the Associate Commissioner for Retirement Policy at the Social Security Administration. To me, that says expert. [*Laughter*] I don't know if that's fair to call you an expert or not.

[*At this point, Andrew Biggs made brief remarks.*]

The President. Yes, that's good. How old are you?

Mr. Biggs. I'm 37.

The President. Man, I wish I was 37—[*laughter*]—37, talking to the President. That's great. [*Laughter*] You ought to be concerned. I mean, you're one of these people—yes, good. Well, I appreciate you helping.

You see, what he just said is, "There is a problem." I happen to believe people who have been elected to office who ignore problems will face the price at the ballot box. See, I think more and more people recognize we have a problem. We've got a 37-year-old person here describing a problem. More and more people understand we have a problem. And the more people see it, the more it's expected we do something about it. And as Andrew said, he said, "We better start now." That's why it's important that we have this dialog. And that's why I'm going to continue dialoging and talking to the leadership in Congress about, "Let's solve it now. Let's do our duty."

Let me talk to Scott Ballard. He is from the great State of Washington. That's a long way away.

Scott Ballard. That's right.

The President. Brought your lads with you, I noticed.

Mr. Ballard. Yes.

The President. Your sons. Yes, they had never been to Washington. I said, "Have you ever been to Washington?" The guy said, "I live in Washington." [*Laughter*]

Mr. Ballard. Yes. [*Laughter*]

The President. Pretty good line, you know? I meant the District of Columbia, Washington. So what do you do, Scott?

Mr. Ballard. Well, my brother and I own and operate a private ambulance service. It was started by our parents in 1967. And my brother and I purchased it from them in 1986.

The President. And why are you here, besides to bring your lads to the other Washington?

[*Mr. Ballard, co-owner, Ballard Ambulance, Wenatchee, WA, made brief remarks.*]

The President. So, like, if they were here, what would your younger employees say about Social Security? Do they ever talk about it? Do they ever think about it? Do they ever——

[*Mr. Ballard made further remarks.*]

The President. That's kind of an interesting thought, isn't it—when you see on paper the value of something, you begin to actually pay attention to what causes values to go up, good policies that enhance growth. And what Scott just said is, he talked about the first change in retirement in America was the movement toward defined contribution plans, like 401(k)s, which

really has promoted an ownership society, hasn't it? I mean, people wake up, and they look at their account and say, "I'm so sure this person's policies are beneficial to my being able to earn a better rate of return." People pay attention because it's their own money. That's kind of one of the benefits of a personal account in Social Security.

[*Mr. Ballard made further remarks.*]

The President. Right. Good. I appreciate you sharing that. Yes, make sure you tell your customers—tell your customers nothing changes with Social Security for them. And tell your younger workers they can do something about it. They can write their Senators; they can write their Congresspeople. You can let them know you expect the Members of the United States Congress to hear the fact that there's a problem and then to do something about it. That's what they can do.

We've got with us Bob McFadden. Looking sharp. [*Laughter*] I didn't come close, I know. [*Laughter*] Thanks for coming. I appreciate you taking time to be here. You are from Medford, New Jersey.

Robert McFadden. Yes, sir.

The President. And why have you come from Medford, New Jersey, to share some thoughts?

[*Mr. McFadden, solutions executive, IMS Health, Medford, NJ, made brief remarks.*]

The President. The 1 or 2 percent that the money inside the Social Security trust now earns—is that right? Is he right at 1—is it even as high as 1 percent?

Mr. Biggs. No, it's—right now it is low because interest rates are low. Over the long term, we're looking at around 3 percent. So you still do have a——

The President. So it's more than double. But right now, it's like——

Mr. Biggs. Oh boy.

The President. Yes, never mind. [*Laughter*]

Mr. Biggs. You caught me. [*Laughter*]

The President. Don't worry about it. [*Laughter*] You can still keep your job. [*Laughter*] Go ahead. Seven and a half percent since 1924—that's a great rate of return. Imagine if you're 50 years old and you start—if you start—if you hold that money for 50 years at that rate, it compounds and grows and ends up being a lot of money, is what you're saying.

Mr. McFadden. Yes, sir.

The President. Yes, okay. I'm glad I invited you. [*Laughter*]

[*Mr. McFadden made further remarks.*]

The President. Let me say this. You brought up a very interesting point. There's kind of an assumption that only a certain group of people at a certain income can manage an account. It's as if you've got to have a net worth of X before savings becomes a real part of your life. I reject that. Bob rejects that.

Secondly, the interesting—there's a—African American males die sooner than other males do, which means the system is inherently unfair to a certain group of people. And that needs to be fixed. It's not a—[*applause*].

Mr. McFadden. I agree, Mr. President, because from the minimal research that I've done, the average African American male right now is—the life expectancy is 69, and I may be off a little bit. But if you're telling me that it's 69 and the age is going to go to 67, you do the math. [*Laughter*]

The President. Right.

Mr. McFadden. I mean, that's 2 years, so—[*laughter*].

The President. Glad you came. Thanks. Welcome, girls. Glad you all came.

Okay, I thought we would try to find somebody who represents the youth movement. I'm not saying you all are old, but we did find us a dairy farmer from the great State of Utah, Josh Wright. Welcome, Josh. Thanks for coming. He asked me if I could fix the BCS. [*Laughter*] I said no, I'm not going there, Josh. I'm staying on

Social Security. It may be a little easier to fix, anyway. [*Laughter*]

Josh Wright. But he said that they wouldn't be able to take Texas, and——

The President. Wait a minute. You don't need to talk about private conversations. [*Laughter*] Okay, you're a dairy farmer?

Mr. Wright. That's correct.

The President. Good. Milking those cows.

Mr. Wright. Yes. Not today, obviously. I made my dad stay home and do it. But we have a dairy farm in central Utah, and you can fit the whole town in this building here.

The President. Kind of like Crawford.

Mr. Wright. There's a lot more cows than there are people at my place, so I spend a lot of time talking to animals. [*Laughter*] And I hear——

The President. Are they talking back yet? [*Laughter*] When they start talking back, give me a call. [*Laughter*]

Mr. Wright. Not when I have a stick in my hand, they don't say a lot. [*Laughter*]

The President. That's right.

[*Mr. Wright, dairy farmer, Millard County, UT, made brief remarks, concluding with a mention of his grandfather.*]

The President. Do you think he's listening? Have they got C–SPAN out there in Utah?

Mr. Wright. I don't know. [*Laughter*]

The President. See that red dot?

Mr. Wright. Yes, I see it now.

The President. That's him, if he's listening.

Mr. Wright. He's probably watching the horse channel. He loves that channel. [*Laughter*]

The President. I appreciate you coming.

Mr. Wright. Thank you for letting me.

The President. If nothing happens, at your age it will be bust by the time it comes time for you to retire. That's why we have a person in the mid-twenties here, besides the fact the guy's got a pretty good sense of humor. [*Laughter*] If nothing takes place, if Congress says, "Oh, don't worry. We'll just push it down the road. Why do we need to deal with it. There's no crisis"—if nothing happens and we don't start moving on it now, by the time Josh gets to retirement age, the system will be flat broke.

And that's not right, it doesn't seem like to me. It seems like people who have been elected to office must say, "We want it to be wholesome and healthy, like it has been for other generations." Oh, I know there's a lot of politics here in Washington, and people are—some are afraid to touch it. Some don't want to touch it. Some provide excuses not to touch it. I know, I've heard it before. But I believe that the President has a responsibility for setting the agenda, and I believe people who have been elected to the House of Representatives and the United States Senate has an obligation to confront problems head on.

By the way, tell the old man 1946 was a great year.

Mr. Wright. It was a great year.

The President. Yes, you wouldn't be sitting here if it wasn't, you know. Anyway. [*Laughter*]

We've got a mom and her daughter with us. I'm so glad you both came. Thanks for being here. Sonya is the daughter. Rhode is the mom. And I want the Stone women to talk about their lives and how it relates to Social Security. If you don't mind, Sonya, why don't you start? What do you do?

[*Sonya Stone, CFO partner, Tatum Partners, Vienna, VA, made brief remarks.*]

The President. Good. A CFO, like, you know something about numbers?

Sonya Stone. I know a little bit about numbers, and I——

The President. I presume you've looked at the numbers.

[*Sonya Stone made further remarks.*]

The President. Sure. I think it's important for people to understand compounding rate of interest. In other words, if you take a

dollar, set it aside, and it grows at 3 percent over 30 years or 40 years and compare that to the same dollar that grows at 7 percent on an average basis over 30 years, there is a huge difference in money.

So it matters how much money—how much interest or how much rate of return your money earns. We're kind of throwing around these words as if everybody understands compounding rate of interest and rate of return, but what people need to understand is that the money that's now—your money in the Government is earning much less than it's capable of generating under safe conditions. "Safe conditions," I think that's what you're saying.

[*Sonya Stone made further remarks.*]

The President. Good, thanks. Well done. Now what about your—introduce your mom.

Sonya Stone. I would like to introduce my mom. This is my mother, Rhode Stone. And she is grandmother of three and originally from Helsinki, Finland, and has been here over 40 years.

The President. Fantastic. Same age as my mother.

Sonya Stone. Just turned 80.

The President. Is she still giving you instructions?

Sonya Stone. Every day, and I do my best.

The President. It never stops, does it? [*Laughter*] No.

Rhode Stone. It shouldn't stop.

The President. That's right. [*Laughter*] Let her rip.

[*Rhode Stone made brief remarks.*]

The President. Thank you for saying that. Good job.

Yes, I think one of the interesting things that Rhode talked about is the need for people to understand that Social Security is a part of retirement income. That's why it was created, and therefore, the idea of developing the habits early—necessary to make sure you've got that which is necessary to live on, such as saving money, is important. I happen to believe that once personal savings accounts are part of the Social Security system, that it will encourage other savings to take place as well. People will be able to see the benefits of savings, understand how important it is as a dad to save for two beautiful little girls, to start setting aside money for college education is a way to save, not necessarily for retirement in this case, but to be a good dad and do your duty as a father.

And so I appreciate that point. In other words, it's a point that says that people have got to understand you have a responsibility to set aside money so that you can live comfortably. And it worked in your case. Thankfully you had a wise husband.

Rhode Stone. I wish we would have had a chance to put——

The President. As additional—as addition to the savings you set aside out of the personal savings accounts. I agree.

And that's—so it's a—this is a—I hope you have come away with a better understanding of the importance of this issue. I mean, we've got people of all generations here, people who say, "Look, this is an issue." And the fundamental question confronting the people elected to the United States Congress is, will they act? I will assure you, I'm going to ask them to act. I think that one of the reasons I'm sitting here is because I said to the people of the country, "We have an issue with Social Security. We have a problem. I think it's important to be a problem-solver. Give me 4 more years, and I intend to work with people of both parties and solve problems, and there is a problem with Social Security."

I see a problem. I also see a solution. And I realize that it's going to require bipartisan cooperation. And I look forward to working with members of both political parties in both Houses to come together and do our duty. I realize it's not going to be easy. This isn't easy. If it were easy, it would have already been done. It kind

of makes it fun, though, isn't it—take on the tough jobs.

Members who will work—constructively work with us will be able to look back and say, "I did my duty. I came to Washington to be more than just a placeholder. I came to Washington to analyze a problem, to deal with a problem, and to leave a legacy behind of fixing the problem." And so I'm looking forward to working with the Members of Congress.

I want to thank our panelists who are here. I want to thank our audience for coming. May God bless you all.

NOTE: The President spoke at 10:50 a.m. at the Andrew W. Mellon Auditorium. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Remarks at J.E.B. Stuart High School in Falls Church, Virginia
January 12, 2005

Thanks for the warm welcome. Dr. Riddile, thank you for inviting me and Laura to come to your great school. He said, "We're not very far from the White House." I said, "Fine. I'll just drive over." It turns out, I didn't see any traffic. [*Laughter*]

I want to thank all the students who are here today. Thank you for coming to let an old guy speak to you. Dr. Riddile said, "Make one thing—make sure you do one thing, Mr. President." I said, "What is that?" He said, "Keep the speech short. Students can't wait to get back into class." [*Laughter*] Here we go.

I also want to thank the folks that Laura and I got to meet earlier—teachers and superintendent, a parent. They explained to us why their school is so good. And we're here because this is a great school. I'll talk a little bit about that later on. But one thing for certain is that the philosophy of this school needs to be the philosophy of every school, and that is, you believe in the best for every student and you do what is necessary to make sure that every child—not groups of children but every child—can read and write and add and subtract and every child has got the potential to achieve his or her dreams in America.

The first thing I want to do is congratulate the leadership of this school, the principal, the teachers, and the involved parents for a job well done.

I want to thank Laura for traveling with me today. She's been traveling with me for a long time. [*Laughter*] And for a public school librarian, the highway has been a little bumpier than she probably thought. But she is—she shares the same passion I do, and that is to put systems in place to encourage every child to learn to read. And so thank you for coming, looking forward to working with you on education matters during the next 4 years.

I want to thank Rod Paige, who's joined us. Rod is the outgoing Secretary of Education. Four years ago when I was looking at the Cabinet, I decided to pick somebody who had been on the frontlines of educational excellence. Rod was the former superintendent of schools in the Houston Independent School District. That's the frontlines, and the results of his hard work are noticeable in Houston. And I want to thank you, Rod, for not only serving in Houston but coming from the great State of Texas to serve our country for 4 years.

I don't know whether the Senators will think this is breaking protocol, but Margaret Spellings is traveling with me today. Let's just say she is my domestic policy adviser and, if the Senate so decides, will succeed Rod as the Secretary of Education.