

on the line to advance the cause of freedom and protect the American people.

Like every one of the men and women in uniform who have served in Operation Iraqi Freedom, Sergeant Paul Smith was a volunteer. We thank his family for the father, husband, and son and brother who can never be replaced. We recall with appreciation the fellow soldiers whose lives he saved and the many more he inspired. And we express our gratitude for a new generation of Americans, every bit as selfless and dedicated to liberty as any that has gone on before, a dedication exempli-

fied by the sacrifice and valor of Sergeant First Class Paul Ray Smith.

And now if his family would join me, please. Lieutenant Commander, please read the citation.

NOTE: The President spoke at 3:07 p.m. in the East Room at the White House. In his remarks, he referred to Paul Ray Smith's son, David A. Smith, and daughter, Jessica M. Smith; and Maj. Gen. David Hicks, USA, Army Chief of Chaplains. Following the President's remarks, Lt. Cmdr. Keith B. Davids, Navy Aide to the President, read the citation.

## Remarks Following a Tour of the Bureau of the Public Debt in Parkersburg, West Virginia April 5, 2005

*The President.* See, what's interesting is a lot of people believe that the Social Security trust is—the Government takes a person's money, invests it, and then pays it back to them upon retirement. It doesn't work that way.

*Susan Chapman.* That's right. That's exactly right.

*The President.* This is what exists. And it's very important, then, to make sure that in the future that there's real assets for retirees.

But I want to thank you all for having me come. I want to thank all the workers here for representing the mighty United States. I'm proud to work with you. I thank you for what you do. And my message here in town is that we have an obligation to

take the system that Franklin Roosevelt created and make it work for a younger generation of Americans. I'm looking forward to working with Congress to do that. That's what the American people expect. They expect us to modernize the system.

Anyway, thanks for having us.

*Ms. Chapman.* Well, thank you for coming. We're proud to have you visit us.

*The President.* Thanks.

NOTE: The President spoke at 10 a.m. Participating in the tour was Susan Chapman, Director, Division of Federal Investments, Bureau of the Public Debt. A tape was not available for verification of the content of these remarks.

## Remarks on Strengthening Social Security in Parkersburg April 5, 2005

Thank you all. Please be seated. Thank you all. It is nice to be back in Parkersburg.

Thanks for having me. It just seems like yesterday that I was here. [Laughter] It's

great to be back in West Virginia as well. I'm struck by the—every time I come here I'm struck by the beauty of this State. And of course, you put on a beautiful day, for which I'm grateful.

One of these days I'm going to bring my mountain bike. I love to exercise. I'm doing it to make sure that I do the job you expect me to do, and I'm doing it to set an example as well. I think people need to get out all around our country, walk every day or ride your mountain bike every day, get a little exercise every day, stay fit and healthy.

Speaking about staying fit and healthy, that's what we need to make sure we do for our Social Security system too. I'm here to remind the good folks of West Virginia that we have a problem, and we have a duty to renew one of great—America's great institutions, and that's the Social Security system.

I've now traveled to 20 States to talk about Social Security, 20 States in 2 months, all aimed at making sure that the American people understand the situation with Social Security. And more and more Americans understand there is a problem, and I hear from more and more Americans that they expect those of us who are honored to serve in Washington to fix the problem.

I have just come from the Bureau of Public Debt. I want to thank Van Zeck, Keith Rake, and Susan Chapman. Susan was the tour guide there at the Bureau of Public Debt. I went there because I'm trying to make a point about the Social Security trust. You see, a lot of people in America think there's a trust, in this sense, that we take your money through payroll taxes, and then we hold it for you, and then when you retire, we give it back to you. But that's not the way it works.

There is no trust fund, just IOUs that I saw firsthand, that future generations will pay. They will pay for them in either higher taxes or reduced benefits or cuts to other critical Government programs.

The office here in Parkersburg stores those IOUs. They're stacked in a filing cabinet. Imagine, the retirement security for future generations is sitting in a filing cabinet. It's time to strengthen and modernize Social Security for future generations with growing assets that you can control, that you call your own, assets that the Government cannot take away.

I'm sorry that Laura is not traveling with me today. She's doing great. She and I will be taking off tomorrow morning to pay our country's respects to a great world leader in His Holiness. He shows that one man can make an enormous difference. And I look forward to honoring the memory of Pope John Paul II. So, she's packing her bags. *[Laughter]*

I want to thank the President of West Virginia University at Parkersburg. Madam President, I'm sorry I missed your inauguration. *[Laughter]* But thank you for serving. Dr. Marie Gnage is with us. I appreciate you letting us use this facility.

Before coming out here, I had the honor of saying hello to a lot of folks who are involved with the community college system of West Virginia. I'm a strong believer in the community college system around our country, because I understand that the community college system is a—provides a great opportunity for many of our young and for many of our workers to gain the skills necessary to fill the jobs of the 21st century. The community college system provides a wonderful opportunity for States and communities to say to potential employers, we have got a fantastic asset in our midst to make sure that the workers can fill the jobs that you desire. And so for those of you involved in the community college system around the State of West Virginia, thanks for being here and thanks for what you're doing.

I want to thank the secretary of State, Betty Ireland, for joining us. I'm proud you're here, Madam Secretary. Thanks for taking time. I want to thank Mayor Jimmy Colombo for joining us. Mr. Mayor—there

he is. Thank you, Jimmy. I appreciate the way the mayor approaches his office. He doesn't care whether I'm a Republican or Democrat or independent; he just—he's a hospitable fellow. [*Laughter*] Every time I come to this part of the world, he says, "Welcome." And I appreciate you, Mr. Mayor, and I appreciate you being here today. Thanks for coming.

I want to thank all the State and local officials for joining us today. When I landed, I met June Roberts. She's a volunteer with the Retired and Senior Volunteer Program. We call it RSVP. They exist all around the country. In 2001, she founded Senior Stitchers. Listen to what these good folks do: They prepare sewing and craft projects, including wheelchair pads, blankets for local child service agencies, senior centers, and hospitals. These are good folks. They're taking time out of their lives. June and her buddies—I think she said there's eight or nine of them—take time out of their day to volunteer to help make somebody's life better.

Let me tell you one way you can help the good folks in Parkersburg. A way to serve our country is to find somebody who hurts, take time out of your life, surround them with love, feed the hungry, find shelter for the homeless, listen to that universal call to love a neighbor just like you'd like to be loved yourself, and you'll be serving America.

So where is June? I think June is here somewhere. June, thanks for coming. Thank you for setting such a good example.

On my trips around this country, I have made it as clear as I possibly can that the Government will keep its promise to those who have retired or near retirement, and that's very important for a lot of people to hear. I understand how important the Social Security check is to a lot of our citizens. A lot of people depend on that Social Security check. And therefore, I understand that when it comes time to talking about making sure the system is strong for a younger generation, sometimes the mes-

sage can get confused. In other words, when a senior hears the President talking about Social Security, he or she may be concerned about whether or not that check that they're getting today is going to continue to come tomorrow. I understand that.

And I can understand why people are sometimes confused because there's a lot of propaganda in the mix. In other words, people are saying things that simply aren't true. They're saying, "Well, if you try to reform the system for a younger generation of Americans, then you may not get your check."

I'm here to tell you, those who've retired are going to get their check. Those who are near retirement are going to get their check. The system will not change in any way for people who have been born prior to 1950. And I'm going to keep saying it over and over again.

The problem is that the Government is making promises to younger Americans that it cannot keep, and that's important for folks to hear. You see, Social Security was designed as a pay-as-you-go system, not as a trust system. Pay-as-you-go, the—you know, the workers will pay into Social Security through the payroll taxes, and then it immediately gets paid out. It gets paid out to pay for benefits, and if there's any money left over, it pays for a lot of other Government programs. What goes in, goes out. Right now, more money is coming into the Social Security system than going out. And that's how we help fund the programs. A lot of people in West Virginia don't understand that, that the system is a pay-as-you-go system. And this works fine, so long as you got enough workers paying for the benefits of those who've retired.

In 1950, there were 16 workers paying into the system for every beneficiary. In other words, the Government promised you your retirement check, and there's 16 people paying for that check. That kind of keeps the load relatively light. Today, there are three workers paying for each beneficiary. In other words, one of the things

that's happened for the Social Security system that people must understand is that there are fewer people paying into the system per beneficiary. In a relatively short order, there will be two workers paying into the system for every beneficiary.

Now, that's just only half of the equation. And here's the other half: Americans are living longer and enjoying longer retirements. Life expectancy has increased. They're collecting benefits for longer periods of time. In other words, if you've retired and you're living longer, the system must pay your benefits longer—fewer people paying into the system, and people are living longer, collecting their benefits longer. So you're beginning to get a sense to where the bind is coming.

And not only that, there's a lot of us who are getting ready to retire. We are called the baby boomers. There's a big bulge of baby boomers, when you look at the charts. I know; I'm one. As a matter of fact, my retirement age—or when I become eligible for retirement benefits is 2008. That's when I turn 62. It's quite a convenient date in my case. [Laughter] And to compound the issue even further, a lot of people running for office in the past have said, "Vote for me; I will increase your Social Security benefits." And so my generation has been promised greater benefits than the previous generation. So you've got a lot of people living longer, getting greater benefits, with fewer people paying into the system.

And when I start drawing out and when my generation starts drawing out of the system instead of paying in the system, the stresses on the system will really begin to grow. And that's important for you to understand. In other words, when you start thinking about whether or not the system is solvent for younger Americans, think about this: In each passing year, we'll have fewer workers paying even higher benefits to a larger number of retirees, and therein lies the problem.

Social Security is going to be fine for those of you who have received your check. It's going to be fine for people who have retired or who will retire and your birth date is prior to 1950. You're—nothing is going to change. The system is in good shape for you. It is not going to be fine for younger workers coming up. In 2017, the Social Security system will go into the red. That means more money will be going out of the system than coming in. In other words, baby boomers will be retiring, start to living longer, greater benefits promised to us, and the pay-as-you-go system goes negative. More money will be going out than coming in through payroll taxes. And every year after that, the shortfall gets worse. In other words, it's an accelerating problem.

As a matter of fact, according to the Social Security trustees, waiting just one year adds \$600 billion to the cost of fixing Social Security. The longer we wait, the more the problem becomes severe. In 2027, there will be \$200 billion going out more than coming in. Somebody is going to have to pay for that. Somewhere there's got to be a give in the system. We have a real problem.

The good news is more and more Americans are beginning to understand we have a real problem. And more and more Americans who are receiving a Social Security check are being reassured that nothing will change. And when that happens, there's a fundamental question that's being asked. A lot of grandparents are now starting to ask, "What are you going to do for my grandchildren?" I believe this is a generational issue. This is an issue where, once folks understand nothing is going to change and they understand we have a problem, the logical question to people like me and others in Washington, DC, is, "How are you going to take care of my grandchildren?" It's a natural inclination for grandparents to start worrying about their grandchildren. And it's a legitimate concern.

I met with Betty Earl coming in. She's lived in Parkersburg for about 40 years—or the area for 40 years. She has two daughters in their thirties. She doesn't think the Social Security system will be there when they retire. She represents the attitude of a lot of folks, now that this issue is becoming clarified. She said, "It doesn't take an Einstein to see where Social Security is headed." And she doesn't want Congress to wait until Social Security goes bust before starting to fix it.

I appreciate that understanding. I appreciate Betty Earl. I doubt she's got a Ph.D. in economics. Maybe she does. But it doesn't retire—doesn't require much education and brilliance to figure out we've got a serious problem, when you think about the math: More people living longer, with greater benefits, and fewer people paying into the system.

And so Betty wants to know, like a lot of other people want to know, "What are you going to do about it?" And I'm here to tell you, I'm willing to listen to any idea. This isn't a Republican problem or a Democrat problem; this is a problem for the United States of America. And I think now is the time for people in Congress to stop playing politics with the issue and come to the table with how they think it ought to be fixed.

I recently traveled the country on some stops with former Democrat Congressman Tim Penny, a Democrat from Minnesota, who has some good ideas. As a matter of fact, I mentioned his name, I think, in my State of the Union Address. I mentioned former President Clinton's name in the State of the Union Address, because when he was President, he put forward some interesting ideas as what we ought to consider as to how to fix this issue permanently. He spoke of increasing the retirement age. Then he talked about tying Social Security benefits to prices rather than wages.

In 2001, I put together a Commission in anticipation of Social Security becoming

a greater issue. As a matter of fact, I campaigned on the issue in 2000. And I asked the Democratic—former Democrat Senator Daniel Patrick Moynihan of New York to chair the Commission. He's a thoughtful fellow. He—I put Republicans and Democrats on the Commission. I said, "Why don't you all come together and make some recommendations," which they did, all aimed at strengthening Social Security for a younger generation and permanently fixing the problem.

And there's some basic principles that ought to guide our efforts. First, we should not raise the payroll tax rates, in order to make sure that—the reason I say that is that it would cost our economy jobs. One of the things, when we put policy in place, we ought to make sure that policy encourages economic vitality and growth and that we're stimulating the small-business sector of our economy. We must make sure that Social Security continues to provide dignity and peace of mind for low-income Americans. In other words, the system ought to be structured so low-income Americans are—have got dignity in retirement.

Americans must reject temporary measures. In other words, you'll hear people in Washington say, "Well, we got a 75-year fix, for example." You know, in 1983, the issue came to focus, and President Reagan and Speaker Foley as well as other Republicans and Democrats set aside their partisan differences and said, "Look, we have an obligation to act on behalf of the country." And they came together and put what they thought was a 75-year fix to the problem. The problem is that the 75-year fix wasn't a 75-year fix, because here we are, 22 years later, talking about it again. See, that's a misnomer.

What was—I like the spirit of them coming together, trying to work it out. But they didn't permanently solve the problem. See, the job of the President is to fix problems, not pass them on to future Presidents and future Congresses.

And so I'm going to continue to call upon Congress and say, "One, I'm going to work with you. I'm interested in your ideas, and when we get together, let's permanently fix the problem. Let's do our duty. Let's do that which the American people expect of us."

The Senate, I thought, passed an interesting resolution the other day. On a 100-to-nothing vote, they called for a permanent fix. That was constructive. [Laughter] That was step one. [Laughter] Step two is, now let's just follow through and deliver one.

As we make Social Security permanently solvent for a younger generation—senior citizens are receiving their check today, going to get their check, nothing will change. People, baby boomers, like me, are—born prior to 1950, the system is strong enough to take care of us. We must worry about a younger generation of Americans. And as we work to make the system permanently reformed, we need to make it a better deal for our younger workers too. And here's an idea that I think people ought to consider.

I think people ought to have a—given an opportunity to have more control over their own retirement funds, the chance to tap into the power of compound interest, the ability, if they so choose, to watch their money grow in an account, a savings account of bonds and stocks. That's why I proposed that Congress consider allowing younger workers to set aside part of their Social Security contributions in a voluntary personal retirement account.

A voluntary account—you notice I keep saying "voluntary." I mean, doesn't it make sense for Government to say to a younger worker, "If you so choose, you should be allowed to take this option"? Nobody is saying, "You must take the option," or "you can't take the option." What we're saying is, "If you decide to, you should be allowed the opportunity to invest about a third of your payroll taxes in a conservative mix of bonds and stocks." The money would grow

over time. It could provide a better rate of return than anything the current Social Security system can provide. And that's important. It's that difference between what the current system provides and what you can earn in a conservative mix that makes a big difference about what you have when it comes time for you to retire.

A younger worker earning an average of \$35,000 a year over a career could retire with a nest egg, under this plan, of nearly a quarter million dollars, a nice addition to that worker's Social Security check. You see, the savings account is in addition to, a part of the retirement plan, not the retirement plan; it's a part of a Social Security retirement plan.

Since 1983, the last time Congress tried to reform stock investments—tried to reform, the stock investments on average have returned more than a thousand percent. That's how your money grows. Notice I said "conservative mix." You can't take your money and put it in the lottery or take it to the track. I mean, there's a conservative mix. When I say "conservative mix," I mean conservative mix. But a conservative mix will get you a better return on your money than the current system. And it's that differential, that rate differential which grows over time to enable a younger worker who only makes 35,000 over his or her lifetime to end up with a nest egg of \$250,000 as part of a retirement package. And that's your money.

Again, I repeat, younger workers can choose to join this if they want to. You know, a lot of folks say, "Well, you know, the investment may be too difficult." But just think about what's changing in America today. Mayor, when you and I were coming up, they didn't talk much about 401(k)s. The 401(k) now is available for a lot of workers. A lot of workers are watching their own money grow through a 401(k) account. They understand what the investment world is like. I don't remember, when I was growing up, worrying about the solvency of the Social Security system. I hear

from a lot of younger folks; a lot of your grandchildren are saying, "What are you going to do about it, Mr. President," and, "By the way, just give me a chance to make decisions for myself. Give me a chance to build up hard assets, instead of paper assets in a file cabinet."

We've got to make sure that there are strict guidelines. We've got to make sure the earnings aren't eaten up by hidden Wall Street fees. We'll make sure the good options to protect investment from market swings on the eve of retirement. There are ways to make sure the system works. You're not going to be able to empty all your account out when you retire; it's going to be a part of a retirement plan.

But this concept isn't new, and this is what people must understand. You see, we've had what's called the Thrift Savings Plan for Federal employees and Members of Congress for a long period of time. And you know what the Thrift Savings Plan says? It says Members of Congress, United States Senators, people who work in Washington or elsewhere for the Federal Government can set aside some of their own money as part of their retirement plan in a conservative mix of bonds and stocks.

I found that to be really interesting. You see, it's pretty interesting that Congress a while ago thought this was a good idea, to allow their money to grow at a decent rate of return in a conservative mix of bonds and stocks. And it seems to make sense to me that if it's all right for the United States Congress and the United States Senate to give people the option of watching their own money grow, then it ought to be good enough for workers all across the United States.

I just talked to Drew Kefeli. He's a single dad. He became interested in Social Security reform because of his 16-month-old daughter. Interestingly enough, he named his daughter Jenna. *[Laughter]* The guy has got great taste. *[Laughter]* He likes the idea of personal accounts because he wants to build, to leave something to Jenna.

Under the present system, the Government will keep the money he's put into Social Security if he dies before he can collect.

Think about the system today. I met with widows whose husband predeceased them, and he might not have been 62 years old when he died, and there she is, with maybe family members and nothing but a small amount of money for burial. Yet all the money that the person put in the system is just kind of—it's not around. Or you take a spouse who's been working all his or her life, and both spouses worked, which is very common in America today, both contributing to the Social Security system. One dies early, and then the remaining spouse gets to keep their survivor benefits or his or her own retirement benefits but not both. In other words, one of the two have been contributing to the system, and they get nothing for the contribution.

See, if you're allowed to set aside some of your money, like Drew wants to do, into your own asset base, if a tragedy strikes early it will give you an asset to leave to somebody you love. It's your money. You get to decide what to do with it. As Drew said, he said the personal account would give him greater peace of mind about Jenna's future. I like that idea. I like the idea of making sure inheritance is not just a privilege limited to the wealthy. I like the idea of encouraging an ownership society where a mother or father, as a result of hard work, can set aside money, if he or she chooses, in a personal account that he or she can leave to whomever she wants or whomever he wants. I think it's healthy for a society to have assets passed on from one generation to the next.

The American Dream is built on the independence and dignity that come from ownership. Ownership shouldn't be restricted in America. We want more people owning their own home, and that's happening all across our country. Do you realize more minority families own a home today than ever before in our Nation's history? And that's important. I want more

people owning their own business. I love the idea of people saying to me, “Mr. President, I’m proud of my business. I started my own business.” And I think it makes sense to have people being able to own and manage their own money, a part of their own money in the Social Security system. After all, the payroll taxes are contributed. That’s not Government money. That’s your money. And the Government ought to give you—be wise enough to let you manage some of it.

I’m going to continue to discuss this issue around the country. It’s an important issue. Once the grandmoms and granddads understand that they’re going to get their check, a lot of them are going to start saying to the elected officials, “What are you going to do about my grandchildren?”

Franklin Roosevelt did a good thing when he created the Social Security system. It’s worked. But the math has changed. A

lot of people are getting ready to retire. They’re going to live longer, receive greater benefits, and fewer people paying in the system. The longer we wait, the more costly it’s going to be to a future generation of Americans. And now is the time to act, because your retirement security is a lot more important than partisan politics.

Thanks for letting me come by. God bless. Thank you all.

NOTE: The President spoke at 11:14 a.m. at West Virginia University at Parkersburg. In his remarks, he referred to Van Zeck, Commissioner, D. Keith Rake, Deputy Assistant Commissioner for Public Debt, and Susan Chapman, Director of the Division of Federal Investments, Bureau of the Public Debt; West Virginia Secretary of State Betty Ireland; and Mayor Jimmy Colombo of Parkersburg, WV.

## Remarks Following a Cabinet Meeting and an Exchange With Reporters *April 5, 2005*

*The President.* Just concluded our second Cabinet meeting of the second term. I want to thank my Cabinet officials for doing such a fine job. I appreciate your hard work, and thank you for your dedication to the country.

Tomorrow I will be leaving for Rome, leading a delegation to attend the services for His Holiness Pope John Paul II. What a great man. It will be my honor to represent our country at a ceremony marking a remarkable life, a person who stood for freedom and human dignity.

I also urge the Congress to successfully conclude budget negotiations. The House passed a budget resolution; the Senate has passed a resolution. We look forward to working with the leadership to successfully conclude those negotiations. It’s important we get a budget, a budget which will show

the American people that we will spend their money wisely, a budget that shows that we know how to set priorities—winning the war on terror, protecting our homeland—a budget that says we can cut the deficit in half in 5 years, and a budget that will encourage economic growth and vitality.

I appreciate the fact that it looks like that we’re going to get a solid cap on discretionary spending, one that we agree with. It’s also important for the Senators and the Members of the House of Representatives to understand that a good, solid budget that helps us meet objectives is one that deals with mandatory spending items. And we’ve presented some meaningful, realistic, commonsense reforms on the mandatory spending side.