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spections of toxic waste sites in our neighborhoods.

People who work hard and save for retirement ought to be able to retire with dignity. We worked hard last year to secure the pension benefits of 40 million Americans with landmark reform legislation. This bill would give companies the green light to raid pension funds and put those retirements at risk again.

Americans know we have to reform the broken welfare system. But cutting child care that helps mothers move from welfare to work, cutting help for abused and disabled children, cutting school lunch, that's not welfare reform. Real welfare reform should be tough on work and tough on responsibility but not tough on children or tough on parents who are responsible and who want to work. We shouldn't lose this historic chance to end welfare as we know it by using the words welfare reform as just another cover to violate our values.

No one who works hard should be taxed into poverty. In 1993, we nearly doubled the earned-income tax credits so that we could say, ''If you work 40 hours a week, you've got children in the home, you won't be taxed into poverty. The tax system will help lift you out of poverty.'' But this budget raises taxes on our hardest pressed working people, even as it gives unnecessarily large income tax relief and other tax relief to those who need it least. Nearly 8 million working families would pay more in new taxes than they would receive from any tax cut in this bill.

Beyond our principles, let me just say this budget is bad for the economy. No business on the edge of the 21st century would cut its investment in education and training, in research. No business would do that. No business would cut back on technology on the edge of the 21st century. The Japanese are in a recession, and they recently doubled their research budget. We are voting in this budget, if I were to allow it to become law, to cut our research budget by a year when we're in a period of economic growth, while another country, looking to the future in a recession, is doubling theirs. So this not only violates our values, it is bad, bad economics.

Now, with this veto, the extreme Republican effort to balance the budget through wrongheaded cuts and misplaced priorities is over. Now, it's up to all of us to go back to work together to show we can balance the budget and be true to our values and our economic interests.

Tomorrow, I will present to the congressional leadership a plan that does balance the budget in 7 years, but it also protects health care, education, and the environment, and it does not raise taxes on working families. It is up to the Republicans now to show that they, too, want to protect these principles, as they pledged to do.

Let me say again, our country is on the move; our economy is growing; many of our most difficult social problems are beginning to yield to the effort and commonsense values of the American people. We have proved again that we are a model for the entire world of peace and reconciliation. With all of our difficult problems, we are moving in the right direction. Now is not the time to derail this movement.

I have vetoed the budget. Now, the question is: Will we get together and balance the budget in a way that is consistent with our values? It's time to finish the job of balancing the budget and do it in the right way.

Thank you.

Q. Mr. President,—[*inaudible*]—Medicare and Medicaid, how are you going to—where are you going to find——

The President. Tune in tomorrow.

NOTE: The President spoke at 3:36 p.m. in the Oval Office at the White House. In his remarks, he referred to White House Staff Secretary Todd Stern.

Message Returning Without Approval to the House of Representatives Budget Reconciliation Legislation

December 6, 1995

To the House of Representatives:

I am returning herewith without my approval H.R. 2491, the budget reconciliation bill adopted by the Republican majority, which seeks to make extreme cuts and other unacceptable changes in Medicare and Medicaid, and to raise taxes on millions of working Americans.

As I have repeatedly stressed, I want to find common ground with the Congress on a balanced budget plan that will best serve the American people. But, I have profound differences with the extreme approach that the Republican majority has adopted. It would hurt average Americans and help special interests.

My balanced budget plan reflects the values that Americans share—work and family, opportunity and responsibility. It would protect Medicare and retain Medicaid's guarantee of coverage; invest in education and training and other priorities; protect public health and the environment; and provide for a targeted tax cut to help middle-income Americans raise their children, save for the future, and pay for postsecondary education. To reach balance, my plan would eliminate wasteful spending, streamline programs, and end unneeded subsidies; take the first, serious steps toward health care reform; and reform welfare to reward work.

By contrast, H.R. 2491 would cut deeply into Medicare, Medicaid, student loans, and nutrition programs; hurt the environment; raise taxes on millions of working men and women and their families by slashing the Earned Income Tax Credit (EITC); and provide a huge tax cut whose benefits would flow disproportionately to those who are already the most well-off.

Moreover, this bill creates new fiscal pressures. Revenue losses from the tax cuts grow rapidly after 2002, with costs exploding for provisions that primarily benefit upper-income taxpayers. Taken together, the revenue losses for the 3 years after 2002 for the individual retirement account (IRA), capital gains, and estate tax provisions exceed the losses for the preceding 6 years.

Title VIII would cut Medicare by $270 billion over 7 years—by far the largest cut in Medicare's 30-year history. While we need to slow the rate of growth in Medicare spending, I believe Medicare must keep pace with anticipated increases in the costs of medical services and the growing number of elderly Americans. This bill would fall woefully short and would hurt beneficiaries, over half of whom are women. In addition, the bill introduces untested, and highly questionable, Medicare "choices" that could increase risks and costs for the most vulnerable beneficiaries.

Title VII would cut Federal Medicaid payments to States by $163 billion over 7 years and convert the program into a block grant, eliminating guaranteed coverage to millions of Americans and putting States at risk during economic downturns. States would face untenable choices: cutting benefits, dropping coverage for millions of beneficiaries, or reducing provider payments to a level that would undermine quality service to children, people with disabilities, the elderly, pregnant women, and others who depend on Medicaid. I am also concerned that the bill has inadequate quality and income protections for nursing home residents, the developmentally disabled, and their families, and that it would eliminate a program that guarantees immunizations to many children.

Title IV would virtually eliminate the Direct Student Loan Program, reversing its significant progress and ending the participation of over 1,300 schools and hundreds of thousands of students. These actions would hurt middle- and low-income families, make student loan programs less efficient, perpetuate unnecessary red tape, and deny students and schools the free-market choice of guaranteed or direct loans.

Title V would open the Arctic National Wildlife Refuge (ANWR) to oil and gas drilling, threatening a unique, pristine ecosystem, in hopes of generating $1.3 billion in Federal revenues—a revenue estimate based on wishful thinking and outdated analysis. I want to protect this biologically rich wilderness permanently. I am also concerned that the Congress has chosen to use the reconciliation bill as a catch-all for various objectionable natural resource and environmental policies. One would retain the notorious patenting provision whereby the government transfers billions of dollars of publicly owned minerals at little or no charge to private interests; another would transfer Federal land for a low-level radioactive waste site in California without public safeguards.

While making such devastating cuts in Medicare, Medicaid, and other vital programs, this bill would provide huge tax cuts for those who are already the most well-off. Over 47 percent of the tax benefits would

go to families with incomes over $100,000—the top 12 percent. The bill would provide unwarranted benefits to corporations and new tax breaks for special interests. At the same time, it would raise taxes, on average, for the poorest one-fifth of all families.

The bill would make capital gains cuts retroactive to January 1, 1995, providing a windfall of $13 billion in about the first 9 months of 1995 alone to taxpayers who already have sold their assets. While my Administration supports limited reform of the alternative minimum tax (AMT), this bill's cuts in the corporate AMT would not adequately ensure that profitable corporations pay at least some Federal tax. The bill also would encourage businesses to avoid taxes by stockpiling foreign earnings in tax havens. And the bill does not include my proposal to close a loophole that allows wealthy Americans to avoid taxes on the gains they accrue by giving up their U.S. citizenship. Instead, it substitutes a provision that would prove ineffective.

While cutting taxes for the well-off, this bill would cut the EITC for almost 13 million working families. It would repeal part of the scheduled 1996 increase for taxpayers with two or more children, and end the credit for workers who do not live with qualifying children. Even after accounting for other tax cuts in this bill, about eight million families would face a net tax increase.

The bill would threaten the retirement benefits of workers and increase the exposure of the Pension Benefit Guaranty Corporation by making it easy for companies to withdraw tax-favored pension assets for nonpension purposes. It also would raise Federal employee retirement contributions, unduly burdening Federal workers. Moreover, the bill would eliminate the low-income housing tax credit and the community development corporation tax credit, which address critical housing needs and help rebuild communities. Finally, the bill would repeal the tax credit that encourages economic activity in Puerto Rico. We must not ignore the real needs of our citizens in Puerto Rico, and any legislation must contain effective mechanisms to promote job creation in the islands.

Title XII includes many welfare provisions. I strongly support real welfare reform that strengthens families and encourages work and responsibility. But the provisions in this bill, when added to the EITC cuts, would cut low-income programs too deeply. For welfare reform to succeed, savings should result from moving people from welfare to work, not from cutting people off and shifting costs to the States. The cost of excessive program cuts in human terms—to working families, single mothers with small children, abused and neglected children, low-income legal immigrants, and disabled children—would be grave. In addition, this bill threatens the national nutritional safety net by making unwarranted changes in child nutrition programs and the national food stamp program.

The agriculture provisions would eliminate the safety net that farm programs provide for U.S. agriculture. Title I would provide windfall payments to producers when prices are high, but not protect family farm income when prices are low. In addition, it would slash spending for agricultural export assistance and reduce the environmental benefits of the Conservation Reserve Program.

For all of these reasons, and for others detailed in the attachment, this bill is unacceptable.

Nevertheless, while I have major differences with the Congress, I want to work with Members to find a common path to balance the budget in a way that will honor our commitment to senior citizens, help working families, provide a better life for our children, and improve the standard of living of all Americans.

William J. Clinton

The White House,
December 6, 1995.

Proclamation 6856—National Pearl Harbor Remembrance Day, 1995

December 6, 1995

By the President of the United States of America

A Proclamation

America's involvement in World War II began 54 years ago as dawn was shattered by a surprise attack on our forces stationed at Pearl Harbor, Hawaii. In the words of