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Editor's Note: The President was in Tampa, FL, on February 4, the closing date of this issue. Releases and announcements issued by the Office of the Press Secretary but not received in time for inclusion in this issue will be printed next week.

WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

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Week Ending Friday, February 4, 2005

The President's Radio Address

January 29, 2005

Good morning. Tomorrow the world will witness a turning point in the history of Iraq, a milestone in the advance of freedom, and a crucial advance in the war on terror. The Iraqi people will make their way to polling centers across their nation. On the national ballot alone, voters will choose from nearly 19,000 candidates competing for seats in the Transitional National Assembly, in the country's 18 provincial councils, and in the Kurdistan National Assembly. This historic event will be overseen by the Independent Election Commission of Iraq and will mark the first genuine, nationwide elections in generations.

The terrorists and those who benefited from the tyranny of Saddam Hussein know that free elections will expose the emptiness of their vision for Iraq. That is why they will stop at nothing to prevent or disrupt this election. The terrorist Zarqawi, who plans and orders many of the car bombings and beheadings in Iraq, recently acknowledged the threat that democracy poses to his cult of hatred. "Of democracy in Iraq," he said, "we have declared a fierce war against this evil principle." He denounced as infidels all who seek to exercise their right to vote as free human beings.

Yet in the face of this intimidation, the Iraqi people are standing firm. Tomorrow's elections will happen because of their courage and determination. All throughout Iraq, these friends of freedom understand the stakes. In the face of assassination, brutal violence, and calculated intimidation, Iraqis continue to prepare for the elections and to campaign for their candidates. They know what democracy will mean for their country, a future of peace, stability, prosperity, and justice for themselves and for their children. One resident of Baghdad said, "This election represents what is possible. To me, it's the start of a new life."

This election is also important for America. Our Nation has always been more secure when freedom is on the march. As hope and freedom spread, the appeal of terror and hate will fade. And there is not a democratic nation in our world that threatens the security of the United States. The best way to ensure the success of democracy is through the advance of democracy.

Tomorrow's vote will be the latest step in Iraq's journey to permanent democracy and freedom. Those elected to the Transitional National Assembly will help appoint a new Government that will fully and fairly represent the diversity of the Iraqi people. This Assembly will also be charged with drafting a permanent constitution that will be put to a vote of the Iraqi people this fall. If approved, a new nationwide election will follow in December that will choose a new Government under this constitution.

As democracy takes hold in Iraq, America's mission there will continue. Our military forces, diplomats, and civilian personnel will help the newly elected Government of Iraq establish security and train Iraqi military police and other forces. Terrorist violence will not end with the election. Yet the terrorists will fail, because the Iraqi people reject their ideology of murder.

Over the past year, the world has seen successful elections in Afghanistan, Malaysia, Indonesia, Georgia, Ukraine, and the Palestinian territories. In countries across the broader Middle East, from Morocco to Bahrain, governments are enacting new reforms and increasing participation for their people.

Tomorrow's election will add to the momentum of democracy. One Iraqi, speaking about the upcoming vote, said, "Now, most people feel they are living in darkness. It is time for us to come into the light." Every Iraqi who casts his or her vote deserves the

admiration of the world. And free people everywhere send their best wishes to the Iraqi people as they move further into the light of liberty.

Thank you for listening.

NOTE: The address was recorded at 7:50 a.m. on January 28 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on January 29. The transcript was made available by the Office of the Press Secretary on January 28 but was embargoed for release until the broadcast. In his remarks, the President referred to senior Al Qaida associate Abu Musab Al Zarqawi. The Office of the Press Secretary also released a Spanish language transcript of this address.

Address to the Nation on the Iraqi Elections

January 30, 2005

Today the people of Iraq have spoken to the world, and the world is hearing the voice of freedom from the center of the Middle East.

In great numbers and under great risk, Iraqis have shown their commitment to democracy. By participating in free elections, the Iraqi people have firmly rejected the anti-democratic ideology of the terrorists. They have refused to be intimidated by thugs and assassins. And they have demonstrated the kind of courage that is always the foundation of self-government.

Some Iraqis were killed while exercising their rights as citizens. We also mourn the American and British military personnel who lost their lives today. Their sacrifices were made in a vital cause of freedom, peace in a troubled region, and a more secure future for us all.

The Iraqi people, themselves, made this election a resounding success. Brave patriots stepped forward as candidates. Many citizens volunteered as pollworkers. More than 100,000 Iraqi security force personnel guarded polling places and conducted operations against terrorist groups. One news account told of a voter who had lost a leg in a terror attack last year and went to the polls today despite threats of violence. He said, "I would have crawled here if I had to. I don't want terrorists to kill other Iraqis like they tried to kill me. Today I am voting for peace."

Across Iraq today, men and women have taken rightful control of their country's destiny, and they have chosen a future of freedom and peace. In this process, Iraqis have had many friends at their side. The European Union and the United Nations gave important assistance in the election process. The American military and our diplomats, working with our coalition partners, have been skilled and relentless, and their sacrifices have helped to bring Iraqis to this day. The people of the United States have been patient and resolute, even in difficult days.

The commitment to a free Iraq now goes forward. This historic election begins the process of drafting and ratifying a new constitution, which will be the basis of a fully democratic Iraqi Government. Terrorists and insurgents will continue to wage their war against democracy, and we will support the Iraqi people in their fight against them. We will continue training Iraqi security forces so this rising democracy can eventually take responsibility for its own security.

There's more distance to travel on the road to democracy. Yet Iraqis are proving they're equal to the challenge. On behalf of the American people, I congratulate the people of Iraq on this great and historic achievement.

Thank you very much.

NOTE: The President spoke at 1 p.m. from the Cross Hall at the White House. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks at a Swearing-In Ceremony for Margaret Spellings as Secretary of Education

January 31, 2005

Please be seated. Thanks for coming. Laura and I are pleased to be here at the Department of Education with Margaret Spellings. Madam Secretary, thanks for inviting us over.

I have known Margaret for a long time, before we both came to Washington. When I was the Governor of Texas, she was the senior adviser for education, and at the White

House she has been my senior domestic policy adviser. For more than 10 years, she's been right down the hall or by my side, and now I look forward to having her take her seat in the Cabinet Room.

It's good to be here with members of her family. I've known her husband for a while, Robert Spellings. It's good that Robert and Britain are with us. Mary and Grace are with us as well, Margaret's daughters. Her parents, John and Peg Dudar, are here, as are other members of her family. Welcome to Washington, DC.

I'm pleased Members of the Congress have come. I am so grateful that Senator Ted Kennedy and Senator Mike Enzi are with us today. Thank you both for coming. I appreciate Congressmen John Boehner, Ralph Regula, and Mac Thornberry from Texas for being here. You're very gracious to take time to be here. Thank you all for being here.

Looking around, I see other nominees for the Cabinet and members of our administration, all fans of Margaret. I see a few Texans have come up from the great State. Thank you all for being here. We're honored you're here. I know Margaret is especially honored you're here.

She will be an outstanding Secretary of Education. She has been involved in all our efforts to strengthen American public schools. She was instrumental in getting the No Child Left Behind Act passed, that will help raise standards in our public schools. She believes, as I do, that every child can learn, and that every school must teach.

In the past 4 years, we have made great strides. Today, children across America are scoring higher on State reading and math tests. The achievement gap in America is closing. We've made important progress, but Margaret understands there is still more work to be done.

We will maintain the high standards of No Child Left Behind. We will extend those high standards and accountability to America's public high schools. Today, only about 60 out of every 100 students entering our public high schools ever make it to graduation 4 years later. Margaret understands, as do I, that is unacceptable. We're committed to ensuring that every high school student succeeds and leaves with the skills he or she needs to succeed in college or the workplace.

Because most new jobs in our 21st century economy will require post-secondary education or training, Margaret understands we need to make higher education more affordable and accessible for all Americans. We will reform the student aid system and increase college assistance for low-income students. We'll increase the maximum award for Pell grants and make them available to students year-round. And we will expand access to community colleges, so that more Americans can develop the skills and knowledge they need to succeed in the workplace.

Margaret is the right person to carry out a reform agenda. She is talented. She is smart. She is capable, and she is a lot of fun to be around. [*Laughter*] She is a mom. She has a personal stake in the success of our Nation's schools. She knows that to build on the progress of No Child Left Behind, the Government, the President, and the Secretary of Education and those who work in this building must listen to those closest to our children—their parents, their teachers, and their principals. She will be a thoughtful and determined leader of this Department. The people who work in this building will find out that they are very lucky to have been led by the likes of Margaret Spellings. I am proud to welcome her into my Cabinet.

Margaret.

NOTE: The President spoke at 10:47 a.m. at the U.S. Department of Education. The transcript released by the Office of the Press Secretary also included the remarks of Secretary Spellings.

Remarks Honoring the 2004 National Basketball Association Champion Detroit Pistons

January 31, 2005

Thank you all. Please be seated. Gosh, what an honor it is to welcome the mighty Detroit Pistons to the White House. With all the fans here and the players, I guess you'd expect to hear somebody ringing the gong. [*Laughter*] I love to welcome champs to the people's home.

I also am glad to welcome members of the Michigan delegation: Senator Levin, thank

you for coming; Congressman Kildee; Congressman Levin—that would be Senator Levin's brother. [*Laughter*] Joe Knollenberg is here. Thanks for coming, Joe. It's great to see you. Congressman Carolyn Kilpatrick—that would be the mom of the mayor. [*Laughter*] I'm sure the mayor was there during the celebration. Candice Miller is with us. Thank you all for coming. I'm honored that you're here to welcome your favorite team.

I'm proud to be on the—sharing the stage with Coach Larry Brown. The guy must know what he's doing, you know? [*Laughter*] He's NCAA champs with the Kansas Jayhawks and now is a professional basketball coach that won the NBA crown.

Bill Davidson—I've known Bill Davidson in the past. He is a true gentleman, a great civic leader in the Detroit area. Mr. Davidson, thank you for being here. Congratulations on the championship. Oscar Feldman, part-owner of the Pistons is with us. Thank you for coming, Oscar.

Joe Dumars and Bill Laimbeer—both of them came to the White House as champs. As I recall, you came here in '89 and '90—I'm aware of who was living here then. [*Laughter*] Welcome back. Congratulations to Joe as the president of basketball operations—Mr. President. And Bill, of course, is the coach of the Shock, who we welcomed here to the Rose Garden last—2 years ago.

Tom Wilson, the president of Palace Sports and Entertainment. I want to thank all the players and your families who've come. Welcome. I hope you've gotten a tour of this majestic place. It's a special place to work and live.

I want to congratulate Chauncey Billups for being the NBA Championship Series MVP.

So nobody expected you to win. I know how you feel. [*Laughter*] You won because you put a team together. You had people willing to serve something greater than yourself, and it's a wonderful example for kids on playgrounds or people in all walks of life. I guess you kind of just played it the right way. I think that's what the coach says, "Play it the right way." That's how we should live life. That's what champs do. They set an example.

As you know, a lot of kids look at you. They see you as the big star. They wonder what life should be like, and every time you set an example for a kid to make a right choice in life, you're helping save a life. And I want to thank you for the extent that you do that.

I also appreciate the fact that you've been involved in great causes like teaching children how to read. I can't think of a more important cause than lending a gift of knowledge to a child. I remember the time in Houston, Texas, when a woman walked up to me and she said, "Reading is the new civil right." I thought that was such a powerful phrase. If you believe that, if you believe you liberate people by teaching them to read, consider yourself liberators as a result of being in the program, "Read To Achieve."

I want to thank you for setting an example for the tsunami relief effort. As you might remember, I tapped two former Presidents, 41 and 42—that would be my dad and President Clinton—to join together to help raise money. I suspect basketball players probably have a little more pull than they do. And so I want to thank you for setting an example of serving people who hurt. In other words, you have taken your great championship status and converted it to good, and that's good.

And so we're here to congratulate you for being the great champs that you are. And by the way, I also want to thank you for providing entertainment for our troops overseas. I don't know if you know this or not, but a lot of people overseas support professional basketball. Professional basketball provides great relief from their duty and entertainment, a reminder of what life is like back home, and I suspect a lot of them are Detroit Pistons fans as well.

So thank you for what you're doing, supporting those who have helped make this world a more peaceful and free place. In other words, welcome to the White House, and congratulations for being called champs. Thanks for coming.

NOTE: The President spoke at 3:05 p.m. in the East Room at the White House. In his remarks,

he referred to Mayor Kwame M. Kilpatrick of Detroit, MI, son of Representative Carolyn C. Kilpatrick; Bill Davidson and Oscar Feldman, owners, and Joe Dumars, president of basketball operations, Detroit Pistons; and Bill Laimbeer, head coach, Detroit Shock, Women's National Basketball Association.

Proclamation 7866—American Heart Month, 2005

February 1, 2005

By the President of the United States of America

A Proclamation

The miracles of modern medicine offer hope to those affected by heart disease, yet there are also simple measures that Americans can take to help prevent the disease. During American Heart Month, I encourage all Americans to take action to help reduce their risk and increase awareness of heart disease.

The steps to a healthy heart include preventing and controlling factors that can lead to heart disease—smoking, high blood pressure, high blood cholesterol, physical inactivity, obesity, and diabetes. By avoiding tobacco, limiting consumption of alcohol, exercising regularly, eating a nutritious diet, and maintaining a healthy weight, Americans can substantially reduce their risk of developing cardiovascular disease.

I also urge citizens to get routine preventative screenings and consult with their doctors. Through these commonsense steps, we can save many of the lives we might otherwise lose each year to heart disease.

Although heart disease is often associated with men, it is the leading cause of death for American women: Nearly 500,000 American women die from cardiovascular disease each year. The National Heart, Lung, and Blood Institute—part of the National Institutes of Health at the Department of Health and Human Services—and other national organizations have launched a national campaign called "The Heart Truth" to educate women about heart disease and to encourage them to make their health a priority. The symbol of "The Heart Truth" campaign is the red dress, which reminds women to talk with their doctors about heart disease and to make healthy choices. In addition, the American Heart Association has launched the "Go Red For Women" campaign to reach out to more women across our country. By continuing to raise public awareness about this deadly disease, we can help all our citizens lead healthier lives.

In recognition of the importance of the ongoing fight against heart disease, the Congress, by Joint Resolution approved December 30, 1963, as amended (77 Stat. 843; 36 U.S.C. 101), has requested that the President issue an annual proclamation designating February as "American Heart Month."

Now, Therefore, I, George W. Bush, President of the United States of America, do hereby proclaim February 2005 as American Heart Month, and I invite all Americans to participate in National Wear Red Day by wearing a red dress, shirt, or tie on February 4, 2005. I also invite the Governors of the States, the Commonwealth of Puerto Rico, officials of other areas subject to the jurisdiction of the United States, and the American people to join me in our continuing commitment to fighting heart disease.

In Witness Whereof, I have hereunto set my hand this first day of February, in the year of our Lord two thousand five, and of the Independence of the United States of America the two hundred and twenty-ninth.

George W. Bush

[Filed with the Office of the Federal Register, 8:45 a.m., February 4, 2005]

NOTE: This proclamation was published in the *Federal Register* on February 7.

Proclamation 7867—Centennial of the Forest Service, 2005

February 1, 2005

By the President of the United States of America

A Proclamation

In 2005, the Department of Agriculture's Forest Service celebrates a century of service to our Nation. After President Theodore Roosevelt established the Forest Service as part of the Department of Agriculture in

1905, Secretary of Agriculture James Wilson wrote to the First Chief of the Forest Service, Forester Gifford Pinchot, that "all land is to be devoted to its most productive use for the permanent good of the whole people." The Forest Service has now upheld this noble charge for 100 years, and America's forests remain vibrant because of the hard work and dedication of our foresters.

Beyond serving as places for recreation, our forests are also sources of paper products, building materials, chemicals, and many other resources that drive our economy. Over the last century, the Forest Service has combined this ethic of good stewardship with sound science and a spirit of innovation to cultivate and sustain our forests in ways that benefit our entire society.

Today, Americans continue to be responsible stewards of national forests and grasslands. Through the commonsense management approach of my Healthy Forests Initiative, the Forest Service is working with State and local governments, tribes, and other Federal agencies to help prevent destructive wildfires, return forests to a healthier, natural condition, and maintain a full range of forest types. The Forest Service is also providing important work, education, and job training to citizens in need. This commitment to "Caring for the Land and Serving People" contributes to our country's success in conserving our environment and ensuring that our natural resources remain sources of pride for our citizens, our communities, and our Nation.

Now, Therefore, I, George W. Bush, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim February 1, 2005, as the Centennial of the Forest Service of the Department of Agriculture. I call upon the people of the United States to recognize this anniversary with appropriate programs, ceremonies, and activities in honor of the Forest Service's contributions to our country.

In Witness Whereof, I have hereunto set my hand this first day of February, in the year of our Lord two thousand five, and of the Independence of the United States of America the two hundred and twenty-ninth.

George W. Bush

[Filed with the Office of the Federal Register, 8:45 a.m., February 4, 2005]

NOTE: This proclamation was published in the *Federal Register* on February 7.

Address Before a Joint Session of the Congress on the State of the Union

February 2, 2005

Mr. Speaker, Vice President Cheney, Members of Congress, fellow citizens:

As a new Congress gathers, all of us in the elected branches of Government share a great privilege: We've been placed in office by the votes of the people we serve. And tonight that is a privilege we share with newly elected leaders of Afghanistan, the Palestinian Territories, Ukraine, and a free and sovereign Iraq.

Two weeks ago, I stood on the steps of this Capitol and renewed the commitment of our Nation to the guiding ideal of liberty for all. This evening I will set forth policies to advance that ideal at home and around the world.

Tonight, with a healthy, growing economy, with more Americans going back to work, with our Nation an active force for good in the world, the state of our Union is confident and strong.

Our generation has been blessed by the expansion of opportunity, by advances in medicine, by the security purchased by our parents' sacrifice. Now, as we see a little gray in the mirror—or a lot of gray—[*laughter*]—and we watch our children moving into adulthood, we ask the question: What will be the state of their Union? Members of Congress, the choices we make together will answer that question. Over the next several months, on issue after issue, let us do what Americans have always done and build a better world for our children and our grandchildren.

First, we must be good stewards of this economy and renew the great institutions on which millions of our fellow citizens rely. America's economy is the fastest growing of any major industrialized nation. In the past 4 years, we've provided tax relief to every person who pays income taxes, overcome a recession, opened up new markets abroad,

prosecuted corporate criminals, raised homeownership to its highest level in history. And in the last year alone, the United States has added 2.3 million new jobs. When action was needed, the Congress delivered, and the Nation is grateful.

Now we must add to these achievements. By making our economy more flexible, more innovative, and more competitive, we will keep America the economic leader of the world.

America's prosperity requires restraining the spending appetite of the Federal Government. I welcome the bipartisan enthusiasm for spending discipline. I will send you a budget that holds the growth of discretionary spending below inflation, makes tax relief permanent, and stays on track to cut the deficit in half by 2009. My budget substantially reduces or eliminates more than 150 Government programs that are not getting results or duplicate current efforts or do not fulfill essential priorities. The principle here is clear: Taxpayer dollars must be spent wisely or not at all.

To make our economy stronger and more dynamic, we must prepare a rising generation to fill the jobs of the 21st century. Under the No Child Left Behind Act, standards are higher, test scores are on the rise, and we're closing the achievement gap for minority students. Now we must demand better results from our high schools, so every high school diploma is a ticket to success. We will help an additional 200,000 workers to get training for a better career by reforming our job training system and strengthening America's community colleges. And we'll make it easier for Americans to afford a college education by increasing the size of Pell grants.

To make our economy stronger and more competitive, America must reward, not punish, the efforts and dreams of entrepreneurs. Small business is the path of advancement, especially for women and minorities, so we must free small businesses from needless regulation and protect honest job-creators from junk lawsuits. Justice is distorted and our economy is held back by irresponsible class actions and frivolous asbestos claims, and I urge Congress to pass legal reforms this year.

To make our economy stronger and more productive, we must make health care more affordable and give families greater access to good coverage and more control over their health decisions. I ask Congress to move forward on a comprehensive health care agenda with tax credits to help low-income workers buy insurance, a community health center in every poor county, improved information technology to prevent medical error and needless costs, association health plans for small businesses and their employees, expanded health savings accounts, and medical liability reform that will reduce health care costs and make sure patients have the doctors and care they need.

To keep our economy growing, we also need reliable supplies of affordable, environmentally responsible energy. Nearly 4 years ago, I submitted a comprehensive energy strategy that encourages conservation, alternative sources, a modernized electricity grid, and more production here at home, including safe, clean nuclear energy. My Clear Skies legislation will cut powerplant pollution and improve the health of our citizens. And my budget provides strong funding for leading-edge technology, from hydrogen-fueled cars to clean coal to renewable sources such as ethanol. Four years of debate is enough. I urge Congress to pass legislation that makes America more secure and less dependent on foreign energy.

All these proposals are essential to expand this economy and add new jobs, but they are just the beginning of our duty. To build the prosperity of future generations, we must update institutions that were created to meet the needs of an earlier time. Year after year, Americans are burdened by an archaic, incoherent Federal Tax Code. I've appointed a bipartisan panel to examine the Tax Code from top to bottom. And when their recommendations are delivered, you and I will work together to give this Nation a Tax Code that is progrowth, easy to understand, and fair to all.

America's immigration system is also outdated, unsuited to the needs of our economy and to the values of our country. We should not be content with laws that punish hard-working people who want only to provide for their families and deny businesses willing

workers and invite chaos at our border. It is time for an immigration policy that permits temporary guest workers to fill jobs Americans will not take, that rejects amnesty, that tells us who is entering and leaving our country, and that closes the border to drug dealers and terrorists.

One of America's most important institutions, a symbol of the trust between generations, is also in need of wise and effective reform. Social Security was a great moral success of the 20th century, and we must honor its great purposes in this new century. The system, however, on its current path, is headed toward bankruptcy. And so we must join together to strengthen and save Social Security.

Today, more than 45 million Americans receive Social Security benefits, and millions more are nearing retirement. And for them the system is sound and fiscally strong. I have a message for every American who is 55 or older: Do not let anyone mislead you; for you, the Social Security system will not change in any way.

For younger workers, the Social Security system has serious problems that will grow worse with time. Social Security was created decades ago for a very different era. In those days, people did not live as long. Benefits were much lower than they are today. And a half century ago, about 16 workers paid into the system for each person drawing benefits.

Our society has changed in ways the founders of Social Security could not have foreseen. In today's world, people are living longer and, therefore, drawing benefits longer. And those benefits are scheduled to rise dramatically over the next few decades. And instead of 16 workers paying in for every beneficiary, right now it's only about 3 workers. And over the next few decades, that number will fall to just 2 workers per beneficiary. With each passing year, fewer workers are paying ever-higher benefits to an ever-larger number of retirees.

So here is the result: Thirteen years from now, in 2018, Social Security will be paying out more than it takes in. And every year afterward will bring a new shortfall, bigger than the year before. For example, in the year 2027, the Government will somehow have to come up with an extra $200 billion to keep the system afloat, and by 2033, the annual shortfall would be more than $300 billion. By the year 2042, the entire system would be exhausted and bankrupt. If steps are not taken to avert that outcome, the only solutions would be dramatically higher taxes, massive new borrowing, or sudden and severe cuts in Social Security benefits or other Government programs.

I recognize that 2018 and 2042 may seem a long way off. But those dates are not so distant, as any parent will tell you. If you have a 5-year-old, you're already concerned about how you'll pay for college tuition 13 years down the road. If you've got children in their twenties, as some of us do, the idea of Social Security collapsing before they retire does not seem like a small matter. And it should not be a small matter to the United States Congress. You and I share a responsibility. We must pass reforms that solve the financial problems of Social Security once and for all.

Fixing Social Security permanently will require an open, candid review of the options. Some have suggested limiting benefits for wealthy retirees. Former Congressman Tim Penny has raised the possibility of indexing benefits to prices rather than wages. During the 1990s, my predecessor, President Clinton, spoke of increasing the retirement age. Former Senator John Breaux suggested discouraging early collection of Social Security benefits. The late Senator Daniel Patrick Moynihan recommended changing the way benefits are calculated. All these ideas are on the table.

I know that none of these reforms would be easy. But we have to move ahead with courage and honesty, because our children's retirement security is more important than partisan politics. I will work with Members of Congress to find the most effective combination of reforms. I will listen to anyone who has a good idea to offer. We must, however, be guided by some basic principles. We must make Social Security permanently sound, not leave that task for another day. We must not jeopardize our economic strength by increasing payroll taxes. We must ensure that lower income Americans get the help they need to have dignity and peace of mind in their retirement. We must guarantee

there is no change for those now retired or nearing retirement. And we must take care that any changes in the system are gradual, so younger workers have years to prepare and plan for their future.

As we fix Social Security, we also have the responsibility to make the system a better deal for younger workers. And the best way to reach that goal is through voluntary personal retirement accounts. Here is how the idea works. Right now, a set portion of the money you earn is taken out of your paycheck to pay for the Social Security benefits of today's retirees. If you're a younger worker, I believe you should be able to set aside part of that money in your own retirement account, so you can build a nest egg for your own future.

Here's why the personal accounts are a better deal. Your money will grow over time at a greater rate than anything the current system can deliver, and your account will provide money for retirement over and above the check you will receive from Social Security. In addition, you'll be able to pass along the money that accumulates in your personal account, if you wish, to your children and—or grandchildren. And best of all, the money in the account is yours, and the Government can never take it away.

The goal here is greater security in retirement, so we will set careful guidelines for personal accounts. We'll make sure the money can only go into a conservative mix of bonds and stock funds. We'll make sure that your earnings are not eaten up by hidden Wall Street fees. We'll make sure there are good options to protect your investments from sudden market swings on the eve of your retirement. We'll make sure a personal account cannot be emptied out all at once but rather paid out over time as an addition to traditional Social Security benefits. And we'll make sure this plan is fiscally responsible by starting personal retirement accounts gradually and raising the yearly limits on contributions over time, eventually permitting all workers to set aside 4 percentage points of their payroll taxes in their accounts.

Personal retirement accounts should be familiar to Federal employees, because you already have something similar called the Thrift Savings Plan, which lets workers deposit a portion of their paychecks into any of five different broadly based investment funds. It's time to extend the same security and choice and ownership to young Americans.

Our second great responsibility to our children and grandchildren is to honor and to pass along the values that sustain a free society. So many of my generation, after a long journey, have come home to family and faith and are determined to bring up responsible, moral children. Government is not the source of these values, but Government should never undermine them.

Because marriage is a sacred institution and the foundation of society, it should not be redefined by activist judges. For the good of families, children, and society, I support a constitutional amendment to protect the institution of marriage.

Because a society is measured by how it treats the weak and vulnerable, we must strive to build a culture of life. Medical research can help us reach that goal by developing treatments and cures that save lives and help people overcome disabilities, and I thank the Congress for doubling the funding of the National Institutes of Health.

To build a culture of life, we must also ensure that scientific advances always serve human dignity, not take advantage of some lives for the benefit of others. We should all be able to agree on some clear standards. I will work with Congress to ensure that human embryos are not created for experimentation or grown for body parts and that human life is never bought or sold as a commodity. America will continue to lead the world in medical research that is ambitious, aggressive, and always ethical.

Because courts must always deliver impartial justice, judges have a duty to faithfully interpret the law, not legislate from the bench. As President, I have a constitutional responsibility to nominate men and women who understand the role of courts in our democracy and are well-qualified to serve on the bench, and I have done so. The Constitution also gives the Senate a responsibility: Every judicial nominee deserves an up-or-down vote.

Because one of the deepest values of our country is compassion, we must never turn

away from any citizen who feels isolated from the opportunities of America. Our Government will continue to support faith-based and community groups that bring hope to harsh places. Now we need to focus on giving young people, especially young men in our cities, better options than apathy or gangs or jail. Tonight I propose a 3-year initiative to help organizations keep young people out of gangs and show young men an ideal of manhood that respects women and rejects violence. Taking on gang life will be one part of a broader outreach to at-risk youth, which involves parents and pastors, coaches and community leaders in programs ranging from literacy to sports. And I am proud that the leader of this nationwide effort will be our First Lady, Laura Bush.

Because HIV/AIDS brings suffering and fear into so many lives, I ask you to reauthorize the Ryan White Act to encourage prevention and provide care and treatment to the victims of that disease. And as we update this important law, we must focus our efforts on fellow citizens with the highest rates of new cases, African American men and women.

Because one of the main sources of our national unity is our belief in equal justice, we need to make sure Americans of all races and backgrounds have confidence in the system that provides justice. In America, we must make doubly sure no person is held to account for a crime he or she did not commit, so we are dramatically expanding the use of DNA evidence to prevent wrongful conviction. Soon I will send to Congress a proposal to fund special training for defense counsel in capital cases, because people on trial for their lives must have competent lawyers by their side.

Our third responsibility to future generations is to leave them an America that is safe from danger and protected by peace. We will pass along to our children all the freedoms we enjoy, and chief among them is freedom from fear.

In the 3½ years since September the 11th, 2001, we have taken unprecedented actions to protect Americans. We've created a new Department of Government to defend our homeland, focused the FBI on preventing terrorism, begun to reform our intelligence agencies, broken up terror cells across the country, expanded research on defenses against biological and chemical attack, improved border security, and trained more than a half million first-responders. Police and firefighters, air marshals, researchers, and so many others are working every day to make our homeland safer, and we thank them all.

Our Nation, working with allies and friends, has also confronted the enemy abroad with measures that are determined, successful, and continuing. The Al Qaida terror network that attacked our country still has leaders, but many of its top commanders have been removed. There are still governments that sponsor and harbor terrorists, but their number has declined. There are still regimes seeking weapons of mass destruction but no longer without attention and without consequence. Our country is still the target of terrorists who want to kill many and intimidate us all, and we will stay on the offensive against them until the fight is won.

Pursuing our enemies is a vital commitment of the war on terror, and I thank the Congress for providing our service men and women with the resources they have needed. During this time of war, we must continue to support our military and give them the tools for victory.

Other nations around the globe have stood with us. In Afghanistan, an international force is helping provide security. In Iraq, 28 countries have troops on the ground, the United Nations and the European Union provided technical assistance for the elections, and NATO is leading a mission to help train Iraqi officers. We're cooperating with 60 governments in the Proliferation Security Initiative to detect and stop the transit of dangerous materials. We're working closely with the governments in Asia to convince North Korea to abandon its nuclear ambitions. Pakistan, Saudi Arabia, and nine other countries have captured or detained Al Qaida terrorists. In the next 4 years, my administration will continue to build the coalitions that will defeat the dangers of our time.

In the long term, the peace we seek will only be achieved by eliminating the conditions that feed radicalism and ideologies of murder. If whole regions of the world remain in despair and grow in hatred, they will be

the recruiting grounds for terror, and that terror will stalk America and other free nations for decades. The only force powerful enough to stop the rise of tyranny and terror and replace hatred with hope is the force of human freedom. Our enemies know this, and that is why the terrorist Zarqawi recently declared war on what he called the "evil principle" of democracy. And we've declared our own intention: America will stand with the allies of freedom to support democratic movements in the Middle East and beyond, with the ultimate goal of ending tyranny in our world.

The United States has no right, no desire, and no intention to impose our form of government on anyone else. That is one of the main differences between us and our enemies. They seek to impose and expand an empire of oppression in which a tiny group of brutal, self-appointed rulers control every aspect of every life. Our aim is to build and preserve a community of free and independent nations, with governments that answer to their citizens and reflect their own cultures. And because democracies respect their own people and their neighbors, the advance of freedom will lead to peace.

That advance has great momentum in our time, shown by women voting in Afghanistan and Palestinians choosing a new direction and the people of Ukraine asserting their democratic rights and electing a President. We are witnessing landmark events in the history of liberty, and in the coming years, we will add to that story.

The beginnings of reform and democracy in the Palestinian territories are now showing the power of freedom to break old patterns of violence and failure. Tomorrow morning Secretary of State Rice departs on a trip that will take her to Israel and the West Bank for meetings with Prime Minister Sharon and President Abbas. She will discuss with them how we and our friends can help the Palestinian people end terror and build the institutions of a peaceful, independent, democratic state. To promote this democracy, I will ask Congress for $350 million to support Palestinian political, economic, and security reforms. The goal of two democratic states, Israel and Palestine, living side by side in peace is within reach, and America will help them achieve that goal.

To promote peace and stability in the broader Middle East, the United States will work with our friends in the region to fight the common threat of terror, while we encourage a higher standard of freedom. Hopeful reform is already taking hold in an arc from Morocco to Jordan to Bahrain. The Government of Saudi Arabia can demonstrate its leadership in the region by expanding the role of its people in determining their future. And the great and proud nation of Egypt, which showed the way toward peace in the Middle East, can now show the way toward democracy in the Middle East.

To promote peace in the broader Middle East, we must confront regimes that continue to harbor terrorists and pursue weapons of mass murder. Syria still allows its territory and parts of Lebanon to be used by terrorists who seek to destroy every chance of peace in the region. You have passed and we are applying the Syrian Accountability Act, and we expect the Syrian Government to end all support for terror and open the door to freedom. Today, Iran remains the world's primary state sponsor of terror, pursuing nuclear weapons while depriving its people of the freedom they seek and deserve. We are working with European allies to make clear to the Iranian regime that it must give up its uranium enrichment program and any plutonium reprocessing and end its support for terror. And to the Iranian people, I say tonight: As you stand for your own liberty, America stands with you.

Our generational commitment to the advance of freedom, especially in the Middle East, is now being tested and honored in Iraq. That country is a vital front in the war on terror, which is why the terrorists have chosen to make a stand there. Our men and women in uniform are fighting terrorists in Iraq so we do not have to face them here at home. And the victory of freedom in Iraq will strengthen a new ally in the war on terror, inspire democratic reformers from Damascus to Tehran, bring more hope and progress to a troubled region, and thereby lift a terrible threat from the lives of our children and grandchildren.

We will succeed because the Iraqi people value their own liberty, as they showed the world last Sunday. Across Iraq, often at great risk, millions of citizens went to the polls and elected 275 men and women to represent them in a new Transitional National Assembly. A young woman in Baghdad told of waking to the sound of mortar fire on election day and wondering if it might be too dangerous to vote. She said, "Hearing those explosions, it occurred to me: The insurgents are weak; they are afraid of democracy; they are losing. So I got my husband and I got my parents, and we all came out and voted together."

Americans recognize that spirit of liberty, because we share it. In any nation, casting your vote is an act of civic responsibility. For millions of Iraqis, it was also an act of personal courage, and they have earned the respect of us all.

One of Iraq's leading democracy and human rights advocates is Safia Taleb al-Suhail. She says of her country, "We were occupied for 35 years by Saddam Hussein. That was the real occupation. Thank you to the American people who paid the cost but, most of all, to the soldiers." Eleven years ago, Safia's father was assassinated by Saddam's intelligence service. Three days ago in Baghdad, Safia was finally able to vote for the leaders of her country, and we are honored that she is with us tonight.

The terrorists and insurgents are violently opposed to democracy and will continue to attack it. Yet, the terrorists' most powerful myth is being destroyed. The whole world is seeing that the car bombers and assassins are not only fighting coalition forces; they are trying to destroy the hopes of Iraqis, expressed in free elections. And the whole world now knows that a small group of extremists will not overturn the will of the Iraqi people.

We will succeed in Iraq because Iraqis are determined to fight for their own freedom and to write their own history. As Prime Minister Allawi said in his speech to Congress last September, "Ordinary Iraqis are anxious to shoulder all the security burdens of our country as quickly as possible." That is the natural desire of an independent nation, and it is also the stated mission of our coalition in Iraq. The new political situation in Iraq opens a new phase of our work in that country.

At the recommendation of our commanders on the ground and in consultation with the Iraqi Government, we will increasingly focus our efforts on helping prepare more capable Iraqi security forces, forces with skilled officers and an effective command structure. As those forces become more self-reliant and take on greater security responsibilities, America and its coalition partners will increasingly be in a supporting role. In the end, Iraqis must be able to defend their own country, and we will help that proud new nation secure its liberty.

Recently an Iraqi interpreter said to a reporter, "Tell America not to abandon us." He and all Iraqis can be certain: While our military strategy is adapting to circumstances, our commitment remains firm and unchanging. We are standing for the freedom of our Iraqi friends, and freedom in Iraq will make America safer for generations to come. We will not set an artificial timetable for leaving Iraq, because that would embolden the terrorists and make them believe they can wait us out. We are in Iraq to achieve a result, a country that is democratic, representative of all its people, at peace with its neighbors, and able to defend itself. And when that result is achieved, our men and women serving in Iraq will return home with the honor they have earned.

Right now, Americans in uniform are serving at posts across the world, often taking great risks on my orders. We have given them training and equipment, and they have given us an example of idealism and character that makes every American proud. The volunteers of our military are unrelenting in battle, unwavering in loyalty, unmatched in honor and decency, and every day they're making our Nation more secure. Some of our service men and women have survived terrible injuries, and this grateful country will do everything we can to help them recover. And we have said farewell to some very good men and women who died for our freedom and whose memory this Nation will honor forever.

One name we honor is Marine Corps Sergeant Byron Norwood of Pflugerville, Texas,

who was killed during the assault on Fallujah. His mom, Janet, sent me a letter and told me how much Byron loved being a marine and how proud he was to be on the frontline against terror. She wrote, "When Byron was home the last time, I said that I wanted to protect him like I had since he was born. He just hugged me and said, 'You've done your job, Mom. Now it is my turn to protect you.' " Ladies and gentlemen, with grateful hearts we honor freedom's defenders and our military families, represented here this evening by Sergeant Norwood's mom and dad, Janet and Bill Norwood.

[*At this point, in the First Lady's box, guest Safia Taleb al-Suhail embraced guest Janet Norwood.*]

In these 4 years, Americans have seen the unfolding of large events. We have known times of sorrow and hours of uncertainty and days of victory. In all this history, even when we have disagreed, we have seen threads of purpose that unite us. The attack on freedom in our world has reaffirmed our confidence in freedom's power to change the world. We are all part of a great venture: To extend the promise of freedom in our country, to renew the values that sustain our liberty, and to spread the peace that freedom brings.

As Franklin Roosevelt once reminded Americans, "Each age is a dream that is dying, or one that is coming to birth." And we live in the country where the biggest dreams are born. The abolition of slavery was only a dream until it was fulfilled. The liberation of Europe from fascism was only a dream until it was achieved. The fall of imperial communism was only a dream until, one day, it was accomplished. Our generation has dreams of its own, and we also go forward with confidence. The road of providence is uneven and unpredictable, yet we know where it leads: It leads to freedom.

Thank you, and may God bless America.

NOTE: The President spoke at 9:10 p.m. in the House Chamber of the Capitol. In his remarks, he referred to senior Al Qaida associate Abu Musab Al Zarqawi; Prime Minister Ariel Sharon of Israel; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; former President Saddam Hussein of Iraq; and Prime Minister Ayad Allawi of the Iraqi Interim Government. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks at the National Prayer Breakfast

February 3, 2005

Thank you all very much. Thank you for the warm welcome. You know, last night was a prayerful occasion. [*Laughter*] I noticed a lot of Members were praying that I would keep my speech short. [*Laughter*] I want to thank you for getting up so early in the morning. You resisted temptation to sleep in. Thanks for having us.

I appreciate Jo Ann Emerson's leadership on this prayer breakfast. I want to thank Elaine Chao for her prayer and for representing my Cabinet. And I want to thank all my Cabinet officers who are here today. I appreciate the leadership of the Congress, Senator Frist and Leader Pelosi, Leader DeLay. I want to thank the Senators who spoke and appreciate the Congresspeople who are on the stage here as well.

I want to thank His Excellency Marc Ravalomanana, from the—Madagascar, the President of that great country. And welcome to our country, Mr. President. *Tambien, mi amigo,* the President of Honduras, Ricardo Maduro. Welcome. Glad you're here.

I want to thank Wintley Phipps for his beautiful music. Sergeant Norman, your prayers worked. [*Laughter*] You did a fantastic job. Pretty darn eloquent for a person from Wyoming. [*Laughter*] Don't tell the Vice President. [*Laughter*]

Tony Hall, as you can tell, I obviously made the right choice to send somebody—really good job. And Janet, thank you for your service as well.

Laura and I are really honored to be here too. It's a fabulous moment in our Nation's Capital. This morning reminds us that prayer has always been one of the great equalizers in American life. Here we thank God for his great blessings in one voice, regardless of our backgrounds. We recognize in one another the spark of the Divine that gives all human beings their inherent dignity and worth, regardless of religion.

Through fellowship and prayer, we acknowledge that all power is temporary and must ultimately answer to His purposes. And we know that affirming this truth is particularly appropriate in the heart of a Capital built upon the promise of self-government. No one understood this better than Abraham Lincoln.

In November 1864, after being reelected to his second term, Lincoln declared he would be "the most shallow and self-conceited blockhead on Earth if he ever thought he could do his job without the wisdom which comes from God and not from men." Throughout a terrible Civil War, he issued many exhortations to prayer, calling upon the American people to humble themselves before their Maker and to serve all those in need.

Our faith-based institutions display that same spirit of prayer and service in their work every day. Lincoln's call is still heard throughout the land. People of faith have no corner on compassion. But people of faith need compassion if they are to be true to their most cherished beliefs. For prayer means more than presenting God with our plans and desires, prayer also means opening ourselves to God's priorities, especially by hearing the cry of the poor and the less fortunate.

When the tsunamis hit those on the far side of the world, the American Government rightly responded. But the American response is so much more than what our Government agencies did. Look at the list of organizations bringing relief to the people from Indonesia to Sri Lanka. They're full of religious names: Samaritan's Purse, American-Jewish World Service, Baptist World Aid, the Catholic Medical Mission Board. They do a superb job delivering relief across the borders and continents and cultures.

Today, millions of people across this Earth get the help they need only because our faith-based institutions live the commandment to "love thy neighbor as thyself." Often, that means remembering the people forgotten or overlooked in a busy world, those in Africa suffering from HIV/AIDS, young girls caught up in the global sex trade, victims of religious persecution.

In these great moral challenges of our times, our churches, synagogues, mosques, and temples are providing the vision that is changing lives. I've seen some of their miracles up close. Last June, I met Veronica Braewell, a 20-year-old refugee from Liberia. As a 13-year-old child, Veronica witnessed armed men killing children in horrific ways. As she fled this madness, Veronica left—was left for dead atop a pile of bodies, until her grandmother found her. In August 2003, Catholic Social Agency helped resettle her in Pennsylvania, where Veronica is now completing the circle of compassion by working in a home for elderly in Bethlehem, Pennsylvania, and studying to become a certified nursing assistant.

When Veronica told me of her story, it was through the kind of tears no young woman should ever know. And when she finished, she dried her eyes and said, "Thank you, Mr. President, for my freedom." But I told her, it wasn't me she needed to thank; she needed to thank the good hearts of the United States of America. The America that embraced Veronica would not be possible without the prayer that drives and leads and sustains our armies of compassion.

I thank you for the fine tradition you continue here today and hope that as a nation we will never be too proud to commend our cares to Providence and trust in the goodness of His plans.

God bless.

NOTE: The President spoke at 8:59 a.m. at the Washington Hilton Hotel. In his remarks, he referred to speaker and entertainer Wintley Phipps; Sgt. Douglas Norman, USA, 3d U.S. Infantry Regiment; and Ambassador Tony P. Hall, U.S. Mission to United Nations Agencies for Food and Agriculture, and his wife, Janet. A tape was not available for verification of the content of these remarks.

Remarks in a Discussion on Strengthening Social Security in Fargo, North Dakota

February 3, 2005

The President. Thanks for coming out. Please be seated. Thanks for coming. The Governor told me—he said, "You come over

here to North Dakota, we might be able to get a few people around to discuss Social Security." I said, "Okay, I'll come." Governor, looks like you got more than a few.

I'm honored so many came out to hear what I think you're going to find to be an interesting discussion about a very important issue. It's an issue that relates to our children's future. It's an issue that will determine whether or not those of us in elective office have got the courage and the wisdom to solve problems now, and that's Social Security.

But before I talk about that, I do want to thank our host, Joe Chapman, and North Dakota State University for welcoming us here. I'm glad a lot of the college kids are here because we're talking about something that's going to affect your life. That's what we're here to talk about, and I want you to pay attention. [*Laughter*] Something I didn't necessarily do when I was in college. [*Laughter*] I know the Bison women's basketball team is playing pretty well—after all, undefeated. Congratulations.

I want to thank the first lady of North Dakota for being here. Mikey, welcome. Thanks for coming. I'm proud of your—proud of the job you're doing. Governor Hoeven is doing a fine job as well, and like me, he married well.

I'm sorry Laura is not here.

Audience members. Aw-w-w!

The President. Yes, that's generally the reaction, which is like—[*laughter*]—why didn't you send her and you stay at home? I get it. [*Laughter*] But she is a unbelievably beautiful woman, great wife, terrific First Lady.

I was proud that the Governor was at the State of the Union Address last night, and I was proud that he flew back from Washington with me, and I really enjoyed flying back as well with Senator Kent Conrad. I'm proud you're here, Senator. Thank you for coming. I enjoyed our visit. And Senator Conrad asked permission if he could bring a Senator with him from another State. I said, "Fine, who is it?" And he said, "Well, that would be Senator Conrad Burns from Montana." I said, "Bring him on." Welcome, Senator. I'm glad you're here.

After here, we're going to Montana. Then I'm going to Nebraska. Then I'm going to Arkansas, and then I'm going to Florida. See, I think it's important to get out amongst the people and talk about important issues. And that's what I'm doing. And Congressman Denny Rehberg is with us from Montana as well. Denny, thank you for joining us, proud that you're here.

Guess what we spent a lot of time talking about with the Senator—both Senators and the Congressman and the Governor. We spent time talking about beef. We spent time talking about the cattle men and women of North Dakota and Montana to make sure people can make—we spent time talking about rural health care, to make sure that people can find health care in America.

Let me tell you one thing we need to do to make sure people in rural America can find health care, and that's to do something about these junk lawsuits that are running good doctors out of practice. Lawsuit after lawsuit after lawsuit is running up the cost of your health care, and it's making it hard for people to find a good doctor. I met too many women who are worried about their pregnancy because the ob-gyn they had been using is no longer in practice.

We have a problem. I used to think these problems could be solved at the State level, but I recognized that these frivolous lawsuits are running up the cost of medicine, and therefore, they're affecting Federal budgets. I believe the medical liability crisis is a national problem that requires a national solution, and Congress needs to get a good bill to my desk this year.

We also spent some time talking about energy. We've been debating energy for 4 years in the United States Congress. Now is the time to quit debating and get something done. And that means good conservation. It means renewable sources of energy like biodiesel and ethanol. It means clean, safe nuclear power. It means an energy plan that will make us less dependent on foreign sources of energy.

I'll tell you what's going to be a great day for a President—when somebody comes in with the crop report and says that the amount of corn is up and therefore, we're less dependent on foreign sources of energy. I believe it's possible. And I believe it's a wise use of taxpayers' money to explore ways to

develop energy here at home that's renewable, clean, and safe.

I want to thank your Lieutenant Governor Jack Dalrymple and Betsy for being with us. Governor, thanks for coming. Betsy, I appreciate you being out at the airport. I want to thank the attorney general for being here today. Mr. Attorney General, thanks for coming. I want to thank the leaders of the house and the senate who have joined us.

I appreciate my friend Ed Schafer and Nancy—the former Governor of North Dakota and former first lady. We're both members of the ex-Governors club. [*Laughter*] Tired old guys who can't run anymore. [*Laughter*] But I fondly remember the Schafers during our tenures as Governors of our respective States. It's great to see you all.

I met Fran Rickers today at the airport. She was out there, standing right there when I came off the airplane, on Air Force One. Fran is a volunteer at the Veterans Center. And the reason I bring that up is, as I mentioned last night in the speech, one of the great values of America is compassion. And one of the great strengths of America is the fact that thousands of our citizens volunteer on a daily basis. It doesn't even require a Federal law, by the way. [*Laughter*] They do it out of the goodness of their heart. They do it because they're answering a call to love a neighbor just like they would like to be loved themselves.

If any of the youngsters who are here are interested in how you can serve our country, find somebody whose heart needs healing, find somebody who's hungry, find somebody who is looking for shelter and make that person's life better. You see, you can serve America and change our country one heart, one soul, one conscience at a time.

Fran, I want to thank you for setting such a good example by volunteering your time at the Veterans Center.

Before I get to Social Security, I do want to talk about how amazing these past couple of months have been in the history of our world. I want the youngsters here to think about what has happened in such a brief period of time. First, there were elections in Afghanistan. Now, that's—[*applause*]—are you from Afghanistan? From? You're from Iraq?

Audience member. [*Inaudible*]

The President. Yes—thank you. Thank you. Okay, wait a minute, you got ahead of the story. [*Laughter*] You got me to Iraq before we even got out of Afghanistan. [*Laughter*] You see, Afghanistan used to be a training center, a safe haven for Al Qaida. That's where they plotted the attacks on America.

So I set out a doctrine that said, "If you harbor a terrorist, you're equally as guilty as the terrorist." We enforced the doctrine to protect ourselves. And by doing so, we removed the Taliban from power. And when that happened, it gave the chance for the Afghan citizens to rise up and vote and to develop a democracy. And it happened. Millions of people voted.

There was a vote in the Ukraine that elected a new President. There was a vote in the Palestinian Territories that elected Abu Abbas [Abu Mazen]* as the leader. And then, as you know, last Sunday—I'm getting to you—[*laughter*]—the people of Iraq, when given a chance, went to the polls and said, "We reject terrorism, and we love freedom." That's what they said.

And that matters. Let me tell you why it matters. It matters because free societies are peaceful societies. It matters because in the long run, as freedom spreads, our children and grandchildren will more likely grow up in a peaceful world.

This good-hearted country of ours longs for peace. We will do everything to defend ourselves against the threats of this era, and as we do so, we will spread freedom, because we know that freedom leads to peace, and that's what we want.

The interesting—the lessons we should take away from what happened in the last 4 months is that deep within everybody's soul is the desire to be free. It doesn't matter where you're from or the nature of your religion, freedom is universal. Freedom is God's gift to every single person in this world. And if given the chance, people will express their desire to be free and take great risks to do so, like you saw in Iraq.

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* White House correction.

Last night there was a touching moment when the mom and the voter hugged each other. It was a sincere expression of compassion and appreciation by a woman whose dad had been—whose assassination had been ordered by Saddam Hussein, who now had finally been given a chance to vote. It was an indication to me—and I think our country—that the Iraqi people so appreciate the sacrifices, especially those by our military and the military families, in order to free them.

These are historic times. We're living in historic times. Freedom——

Audience member. Mr. President, thank you for liberating Iraq!

The President. You're welcome.

Audience member. You are right! They are wrong! We are—all the way with you!

The President. Thank you, sir. Nothing better than a little free speech to liven up the crowd, you know. Very well-spoken. Got it. Got the message. [*Laughter*]

These are historic times, and the United States of America will continue to lead with friends and allies by our side. I set a goal in my Inaugural speech that said, over the generations, over time, the free world must work to end tyranny. If you believe that freedom is the Almighty's gift to every soul, it makes sense to assume the duty to work with others to spread freedom so everybody, every soul can be free. That's what I believe the role of America must be. That's the call of our generation. And in so doing, we'll leave a peaceful world behind for our children and grandchildren.

Thank you for letting me share that with you. I'm—as you can tell, I'm upbeat about where we're headed.

And so the subject at hand is Social Security. Now, Social Security worked. We're going to talk to a soul who will tell you how important Social Security is to her and her family. Not yet. [*Laughter*] Pretty soon. [*Laughter*] And it's been important, and it's worked. But the problem is, Social Security has changed dramatically since it was created. You see, when it was created, most people's life expectancy was, what, around 60 years old, I guess, and today, people are living longer.

There was—in 1950, there was 16 workers, as this chart will show you, paying for every beneficiary. In other words, there's a lot of workers putting taxes in to pay for the benefits promised. That made it easy to fund the system. Today, there are about 3.3 workers. When the college kids here get older, there's going to be two workers.

The benefit structure has gone up over time. And so you've got fewer workers paying for more retirees who are living longer—greater benefits. And if you start kind of thinking about the math there, you begin to realize we've got a problem. In other words, there's not enough money coming into the system to pay for the promises for all those who are retiring, like baby boomers like me. There's a bunch of us getting ready to retire. We're living longer. We've been promised greater benefits, and there's few people—fewer people writing the check. In other words, the system has changed.

Now, if you're retired or near retirement, you don't have a thing to worry about. The Social Security trust is solvent. As I said last night and I will continue to say, for those of you who have received your check or about to receive a check, not one thing will change. That's a fact. I fully understand that oftentimes when they stress the Social Security issue, people try to scare you about it, saying, "If old George W. has his way, you're not going to get a dime." Well, that's not the way it's going to work. The truth of the matter is, you're going to get your checks if you're—if you're retired or near retirement. It's just a fact.

The problem comes from younger folks. That's the problem. The math doesn't work. As a matter of fact, as you can see from this chart, starting in the year 2018, more money goes out of Social Security than comes in. Right now, it's the other way around. More money is coming in than is going out. But a bunch of baby boomers who are going to live longer and have been promised greater benefits are fixing to retire. And so the system goes into the red. And it goes into the red—that means negative, that means losing money—quite dramatically. In the year 2027, it will be $200 billion in the red—$200 billion for 1 year alone. And in 3032, it's like $300 billion. And in 20—I mean 2032. And in 2042, it's bust.

Now, for people who have been elected, I guess that seems like a long time down the road. If you've got a 2-year horizon, you're only thinking about 2 years—or 4 years, in my case. But I believe the role of a President and I believe the role of a Congress is to confront problems and not pass them on to future generations. I believe that it's a problem when you're $200 billion a year short. Now, what does that mean? It means you either have to run up taxes, cut benefits, cut programs, or borrow money. That's what it means—in big ways.

And so I went to Congress last night and said, "I see a problem." Some of them doesn't see—didn't see the problem, evidently. A lot of them do. A lot of really good people on both sides of the aisle recognize we have a problem. I'm going to spend the next couple of days going around the country explaining to people, as clearly as I can, the problem, because I expect people in Congress, when they see a problem, to then come up with solutions.

And so last night I said, "All options are on the table expect for running up payroll taxes." I said, "Everybody—all different—all different ideas as to how to solve the problem are on the table." And that's important for Members of Congress to hear. In other words, we're not going to play politics with the issue. We're going to say, "If you've got a good idea, come forth with your idea, because now is the time to put partisanship aside and focus on saving Social Security for young workers."

I put out an idea last night that I think is important. It's a novel way of saying to young workers, "We understand whose money we're spending," and two, "We want you to be able to have more security in your retirement." And that is to allow younger workers to take some of their own payroll taxes and set aside—set it aside in what's called a personal retirement account, a personal retirement account that will earn a better rate of return than the current Social Security trust earns, a personal retirement account which you will call your own, a personal retirement account that can be only invested in conservative stocks and bonds, a conservative account that you can't withdraw all your money upon retirement. But it's your own account, and it grows. And it supplements Social Security. In other words, you'll get a Social Security check, but you'll also be able to withdraw money from your own personal retirement account to supplement that money.

And why it's a good deal for younger workers is, is because it compounds at a rate of interest faster than the money inside the Social Security trust. You start setting aside money at a young age; it grows over time. It's your money. It's money that you can decide to leave to whomever you want. It's money that the Government can never take away. It's an interesting idea to make sure the Social Security beneficiaries of the future get as close to that which the Government has possible—has guaranteed is possible—has promised as possible, but it's a new idea to encourage ownership in our society.

You know, Federal employees have this under the Thrift Savings Plan, this kind of idea. If it's good enough for Federal employees, it ought to be good enough for workers out there working every single day, it seems like to me.

Now, I've heard all of the complaints, and you'll hear a lot more—how this is going to ruin Social Security. Forget it. It's going to make it stronger. We're going to phase it in so that we can be more fiscally responsible with the budget. And I want to work with Congress on the idea. I mean, I think it makes sense to put out new ideas for an old and important system to make sure it works. And that's exactly what we are doing, and I did last night. I want the people, as I travel around this country, to know, one, there's a problem; two, I'm willing to work with members of both parties to come up with a solution; and three, I've got an innovative idea as to how to benefit the younger workers in America.

And I've got some people up here on the stage that we're going to discuss this issue with right now. Some of them know a lot more about it than I do. It's kind of a hard thing for me to admit. [*Laughter*] One of them, Jeffrey Brown—why would I say that you know more about it than I do? It's probably true, but beside the fact that it's true, like, what do you do?

Dr. Jeffrey R. Brown. Well, you've just convinced me that you do know as much as I do.

The President. I don't know.

Dr. Brown. I'm a professor of economics and finance at the University of Illinois.

The President. Good, yes. We won't hold that against you. Now, get started. [*Laughter*]

[*At this point, Dr. Brown, assistant professor, Department of Finance, University of Illinois at Urbana-Champaign, Champaign, IL, made brief remarks.*]

The President. Well, it doesn't sound like a long-term problem to me. Thirteen years seems like a pretty short time to me. It's like right around the corner.

Dr. Brown. That's right. And the key here is that we have to act soon, because if we act soon, then we can phase in any changes gradually. We can give people the opportunity to build up these accounts. If we wait until the trust fund runs out of money, there are no good choices left except to cut benefits or raise taxes at that point.

The President. See, I think it's pretty—I hope you're beginning to get a sense for the immediacy of the problem. Sometimes—again, I'm going to say this a lot over the next month: If you're receiving a Social Security check, you have no problem. That's important for people to hear loud and clear. I know there's some folks that are probably nervous when they hear the President talking about changing Social Security. I know that's the case. I've run for office twice to be the President, and people got nervous when I said we needed to do something about Social Security. You have nothing to worry about. We're talking about younger workers who are coming up have got a lot to worry about because of baby boomers like me—not those who have already retired. It's the bulge of us who are fixing to retire. That's Texas for going to retire. [*Laughter*]

What else do you know? [*Laughter*]

[*Dr. Brown made further remarks.*]

The President. They told me—and tell me if I'm right on this, Jeff—that every year we wait, the problem costs $600 billion more.

Dr. Brown. That's right.

The President. Is that an accurate statement?

Dr. Brown. This is a number that the Social Security actuaries have put out. And basically what's happening is, every year we wait, another year of those surpluses is gone and more years of deficits lie ahead of us.

The President. Do you have any—if you don't like them, go ahead and say it, but do you have any problems with the personal retirement accounts?

Dr. Brown. Absolutely not. They offer——

The President. I was hoping that would be the answer. [*Laughter*] See if you can explain them better than I can explain them. I mean, compounding rate of interest is an important concept when it comes to the growth of money.

[*Dr. Brown made further remarks.*]

The President. I know some of you are saying, "Well, gosh, if I put my money into the stock market, what happens if the market goes down the year before I retire?" There are instruments that are devised or available—will be available for younger workers when they get ready to retire—to invest to ensure against a downturn of the market. In other words, it's a different kind of instrument. You still get a better rate than you would in the current trust, but it's a way to make sure that the money isn't lost all at once. But on the other hand, history shows that over any 17-year period of time, you don't lose money in the market on safe, conservative stocks and bonds. It is a fact of life. It is a way that our markets have worked in the past.

And it's also important to know that when you have your own personal account, you can't withdraw all your money. In other words, there will be a withdrawal plan that will complement your Social Security check.

These are all questions I know people are going to have, and I have the obligation to travel the country, like I'm doing, answering as many of the questions that I possibly can answer.

You did a fine job, Jeff.

Dr. Brown. Thank you, sir.

The President. Are you ready, Mary?

Mary Bond. I'm ready.

The President. Thanks for coming. Where do you live?

Mrs. Bond. I live in Walcott, North Dakota. [*Applause*]

The President. Walcott, yes. A lot of your fellow townsmen are here today, it sounds like. [*Laughter*] Perhaps the whole town. [*Laughter*]

Mrs. Bond. There are about 200 people.

The President. Two hundred people in Walcott? That's 3 times bigger than Crawford. [*Laughter*] I think. Anyway——

Mrs. Bond. Can I please say something?

The President. Yes—you've got the mike. [*Laughter*] Yes, ma'am.

Mrs. Bond. I just want you to know what an honor it is to have you here today.

The President. Thank you. [*Applause*] I'm thrilled to be here. Thank you. Okay, wait, wait, we've got work to do. Thank you all. Thank you all very much. I'm thrilled to be here too.

Mrs. Bond. And one more thing. You and Laura—or Mrs. Bush——

The President. Laura is fine.

Mrs. Bond. Okay. [*Laughter*] You have brought dignity and honor back to the White House. Thank you.

The President. Thank you. [*Applause*] Thank you all. Okay, okay, Mary. You've done a fine job of firing up the crowd. [*Laughter*]

Mrs. Bond. We're running out of time.

The President. No, we're not running out of time. [*Laughter*] I appreciate those kind words. You're here to discuss Social Security.

[*Mrs. Bond made further remarks.*]

The President. Let me stop there.

Mrs. Bond. Okay. [*Laughter*]

The President. See, it's very important that when Mary Bond hears us discussing the system is going bust in 2042 that she recognizes the system isn't going broke for her. She's fine. It's these guys right here in the front—yes, you guys—not fine. [*Laughter*] You got a problem. Thanks for coming to listen, by the way. Now, get back to the library. [*Laughter*]

What else did you want to say? The reason Mary is here is, again, to make the point—and I don't believe we can make it enough as we discuss this issue—that somebody who says, "Gosh, the Social Security system is very important for me," recognizes that if you've retired or near retirement—you fall in the near retirement category——

Mrs. Bond. Pretty close.

The President. Have you retired yet?

Mrs. Bond. No.

The President. Then you're near retirement. [*Laughter*]

Mrs. Bond. Sixty.

The President. No, I'm not asking your age. [*Laughter*] I'm smarter than that, to ask the age. [*Laughter*] How old are you? No—[*laughter*].

Mrs. Bond. Sixty. [*Laughter*]

The President. So you were going to say something else.

Mrs. Bond. Well, I do have a concern, because a few years ago, my sister-in-law passed away—we're the same age—and she was about 57. And she had worked all of her life. She had a gift shop. She was a realtor and several other jobs. She paid into Social Security all of her life. And then when she passed away, the Social Security was gone. It would be wonderful if she could will that to her husband or her kids. Her husband now is retired and has some health concerns, and he could use that money.

The President. Well, it doesn't work that way. Now, what the personal retirement account would do was allow it to work that way. See, we're beginning to change a portion of Social Security to not only that which was in the current system but as well—a part of the system, but it's now a new owner. Right now your money goes in and it flows directly out to somebody who is receiving benefits. The new way of looking at it is, some of your money would go in and go out to paying benefits; some of your money would stay in your own account. And that is that portion that you can pass on to whomever you want. If it's not spent in your retirement, you get to decide. After all, it's your money.

It's a concept that many are becoming accustomed to in our country through private pension plans, or Federal employees are used to what's called the Thrift Savings Plan—same concept, conservative mix of investment vehicles, and to get a better rate of return than that which is being earned, in this case, inside the Social Security trust.

Certain rules that will prevent gouging by Wall Street so that the fee structure is reasonable and fair and—withdrawal rules. Obviously, you don't want somebody to either, one, invest their money in the race track or the lottery and, two, upon retirement, take it all out and take it to Vegas. As much as I—nothing against Vegas, except we don't want the retirement things all gambled away. We want retirement funds to be around for retirement purposes.

And so the system that we're talking about would enable your sister-in-law to do that. Thanks for coming. You did a heck of a job.

Mrs. Bond. Thank you.

The President. You bet.

All right, Tricia Traynor, welcome.

Maj. Tricia Traynor, USAFR. Welcome.

The President. Thank you. You are married? For how long?

Major Traynor. Three months—almost 3 months. My husband, Dan——

The President. Where is he?

Major Traynor. He is over to the right, waving his hand.

The President. There he is. Fine-looking man. That a boy, Dan. Interesting about Tricia is she is a——

Major Traynor. Major in the Air Force Reserve.

The President. There you go. Have you been overseas yet?

Major Traynor. Yes. I was in the Middle East for 6 months in 2003, for Operation Iraqi Freedom.

The President. Good. Thanks for serving. Your Nation is grateful, but I—and equally as grateful are the good folks from Iraq that are here today. Thanks for being there.

So tell me what's on your mind about Social Security. You're young.

Major Traynor. We're in our thirties.

The President. Yes, you fall in the category of those who should be worried about whether or not Congress and the President has got the will to act.

Major Traynor. We'd like to make sure that the money we are investing in Social Security now will be there 30 years from now, 40 years from now.

The President. Right. Well, don't look at that chart. [*Laughter*] Whatever you do, don't look over your left shoulder—[*laughter*]—and see how much money—because it's not going to be there. So therefore, you're interested—let me ask you something. So you've heard about personal retirement accounts. Give me—just tell the folks here what you thought when you heard it. I mean, people need to kind of get a sense for how souls such as yourself, an educated person, obviously interested in the future, worried about your and Dan's life, think about a new concept for Social Security.

Major Traynor. Mr. President, it gives us hope that somebody is willing to address the issue. It's too easy to just push it down the road, and it's better to prevent the crisis before the crisis takes place.

The President. That's the first threshold issue. Thank you. You know what I found—yes, you want to come back in?

[*Mrs. Bond made further remarks.*]

The President. You probably think I hired her or something. [*Laughter*] Did you talk to my mother this morning? [*Laughter*] Thanks.

Look, here's the thing: The threshold question is whether there's a problem that needs to be solved. And if there is, then who can come up with solutions that work.

And so thank you for saying that. I—it's in my nature to confront problems. And I really enjoyed giving the speech last night and trying to do the very best I could to kind of educate people, is to explain as rationally as possible why we have a problem. And the major is typical of many 30-year-old citizens around. In the course of two campaigns, I campaigned on this issue. Some were saying, "Oh, don't talk about the issue. It's the third rail of American politics. If you touch it, you know, you become politically electrocuted." [*Laughter*]

I don't—I believe that the whole issue has shifted over time. Once older citizens are sure they're going to get their check—and I assure you you're going to get your check—that younger workers begin to—will have a voice in deciding how this issue turns out. Once people say, "Well, there is a problem. What are you going to do about it?"—that's what the major just said. And so, Major, personal accounts, any feel for that at all?

Major Traynor. The Thrift Savings Plans were opened up to the military just a couple years ago.

The President. You're in one?

Major Traynor. I am in one. I participate. What it is, is it's a safe investment, and it allows me to take a portion of the income I'm earning and put it away to save it for the future. And I'm happy with that, and I like the idea of sharing that with the American public and not just limiting it to Federal employees.

The President. Federal employees—see, she's in a Thrift Savings Plan very similar—in other words, we're not inventing something new. What's new is that it would be associated with a retirement through Social Security. It's not new. It's already being used. It's a plan that is—that Federal employees are able to take advantage of. The way we proposed the plan is that you could put $1,000—up to 4 percent of your income, which is ever less—in your account. And over time, the 1,000 grows. Is that right—up to 1,000, 4 percent, which ever is less? Yes, I think that's right. It better be right. [*Laughter*]

So in other words, if you're making 90,000, you'll eventually be able to put $3,600 a year away in a personal account. But it starts at 1,000 and phases in over time, in order to make sure that the—is fiscally responsible. So I don't want to know your income, but you could start with 1,000, and over time it grows. And as interest compounds, Tricia and her husband would have a nice nest egg to complement that which would be coming out of Social Security.

Is that the way you see it?

Major Traynor. Yes.

The President. That's the way it's going to be, if only we can get Congress to vote it in.

All right, Paul. Paul Thomas.

Paul Thomas. Yes, Mr. President.

The President. Where are you from?

Mr. Thomas. I'm from Velva, North Dakota, which is very close to Karlsruhe, North Dakota.

The President. That's good. I was just thinking the same thing myself. [*Laughter*] What do you do?

Mr. Thomas. I—just this past March, my wife, Karen, of 5½ years, and my son Jonathan, 4, and Michael, 2, returned to our family farm and took over that. We're the fourth generation of Thomases to farm that.

The President. Fabulous. Sounds like a North Dakota tradition to me. One thing, before we get in—I've got another issue I want to drop out there. In order to make sure that Paul and future Pauls are able to stay on the farm, we need to get rid of the death tax once and for all. It's being phased out. It's being phased out, but it pops back up in 2011. It's going to make for some very interesting estate planning in 2010, if you get my drift. [*Laughter*] Like you think it's gone, and then it comes back. Anyway, we'll worry about that at another time.

[*Mr. Thomas, owner/manager, Thomas Grain Farms, Velva, ND, made further remarks.*]

The President. Yes, well, thank you, Paul. Look, here's an interesting—isn't it interesting. I wonder if 30 years ago, we would be having the same conversation. I don't think so. A lot has changed. There's a lot of more—there's a lot more awareness among younger Americans about what it means to manage your own retirement account. After all, it's happening more and more in our society; 401(k)s have become a part of how people think. You've just heard from two younger Americans who are now saying, "Give me a chance to manage my own money. I feel more secure if I can see that money"—in other words, if you own it. I strongly believe in an ownership society. I want more people owning their home, own their own business, owning and managing their own health care account, and owning and managing their retirement account. I think it makes America a better place.

What do you farm?

Mr. Thomas. We produce a number of crops, principally wheat, sunflowers, peas and lentils, granola and barley—quite a few.

The President. You sure do, yes. You selling any of it overseas?

Mr. Thomas. Well, they eventually make it over there. We have—in our farm, we had also diversified into some specific IP crops

that went to specific customers where we were able to get some better prices for them.

The President. Yes, one of the things I need to do over the next 4 years is to continue to open up markets. The reason why is North Dakota farmers are real good at what they do, and therefore, if you're good at what you do, you ought to have as many markets available for your product as possible. And so I appreciate you doing that. And same for cattlemen too, by the way. We want our beef going all over the world. There's great beef here in America, and people ought to be eating it—a lot of them.

Today, I hope you get a sense of, one, there is a problem. If you're an older American, you have no problem. You're in good shape. You don't even look older to me. [*Laughter*] Two, if you're a young person, demand that Congress at least address the issue head on and not pass it down.

Secondly, there are some interesting solutions on the table. All of them are on the table as far as I'm concerned. People have made interesting—put forth interesting ideas, and I just want the good people of North Dakota to listen. It doesn't matter to me whether it's a Democrat idea, a Republican idea. If it's a good idea to make this system work, I'll listen and work with them. I'll work with people who—and also, I hope you can tell I'm willing to put out some ideas of my own. I believe part of the role of a leader is to say, "Well, there is a problem, and by the way, here are some ideas that make it work." And I also want you to know that I'm going to travel our country speaking as plainly as I can about a problem that I see, and expecting—because I believe, I truly believe that the American people can help decide an issue in the Halls of Congress. It's what a democracy does. When the people speak, the elected officials listen.

That's what you're going to find out in Iraq, by the way. That's why, ultimately, democratic societies are peaceful societies—because most people want peace. Moms and dads from all cultures want to raise their child in a peaceful environment. Moms and dads of all cultures believe in a child's education and believe in compassion and don't want war for their children.

And so representative government is one that responds to the people, and I believe when the people speak clearly on this issue, when they recognize there's a problem, they're going to say to the Congress, we expect a solution to make sure that younger Americans have got a retirement system that is viable in the years to come.

And so you're witnessing step one of my—of what's going to be a series of trips around our great land. I kind of want to tell you something, though. Getting out of Washington is healthy, and getting out amongst the people is invigorating, and I want to thank you for coming out to say hello.

May God bless you all.

NOTE: The President spoke at 11:33 a.m. in the Bison Sports Arena at North Dakota State University. In his remarks, he referred to Gov. John Hoeven of North Dakota and his wife, Mical "Mikey"; Lt. Gov. Jack Dalrymple of North Dakota and his wife, Betsy; North Dakota State Attorney General Wayne Stenehjem; former Gov. Edward T. Schafer of North Dakota and his wife, Nancy Jones Schafer; Joseph A. Chapman, president, North Dakota State University; President Viktor Yushchenko of Ukraine; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; former President Saddam Hussein of Iraq; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2.

Remarks in a Discussion on Strengthening Social Security and a Question-and-Answer Session in Great Falls, Montana

February 3, 2005

The President. Thank you all for coming. Thank you all for being here. Go ahead and have a seat. Thank you. Nice to be in the part of the world where the cowboy hats outnumber the ties. Thanks for coming. Gosh, it's wonderful to be back in Montana. What a fabulous State, full of really decent, honorable people.

Conrad, thanks for introducing me. I'm glad you didn't auction me off. [*Laughter*] Doing a fine job in the United States Senate,

and I'm proud to call you friend. Thank you very much, sir.

And I want to thank Max Baucus for being here. We have worked a lot together in 4 years. You know, we've confronted a lot of things in this country. We've confronted a recession and confronted the need to get this economy growing. And Max worked hard with the administration to cut taxes and open up markets. And I appreciate working with you, Max. It's been a lot of fun. We got more work to do.

We're here to talk about an issue, after a while, that's going to remind us we got a lot of work to do if we're going to do our duties as public servants. But Max, thank you. Denny Rehberg, thank you, friend, for coming. I'm honored you're here—proud of the United States Congressman from the great State of Montana—and Jan.

The Governor met me at the airport. The Governor is here. Governor, thank you for coming. I'm proud you're here. One of these days you're going to join the same club as me and Judy and Marc Racicot—that's the ex-Governors club. But right now, you may have the best job in America, being the Governor of a great State. So I'm proud you're here. Lieutenant Governor is with us today. We got a lot of other officials—secretary of State—thanks for coming.

You know, we're flying over on Air Force One, and guess what Burns and Rehberg—all they wanted to talk about was cattle—[*laughter*]—Montana beef. And that's an important subject because it's part of how to make sure our economy continues to grow. They kept asking, "Are you talking to markets overseas to get the Montana beef into those markets?" I said, "You bet I am." And we'll continue to do so.

One of the reasons I worked with Max on free trade is because I believe when we open up markets for products, U.S. products, Montana products, people are going to more likely be able to find a job. We want to be selling stuff you grow here and stuff you produce here all around the world. And so I want to tell Max and Denny and Conrad, we're going to still be opening up markets.

They also had a few other things on their mind. They wanted to talk about energy. Last night I said to the United States Congress—I said we have been debating energy long enough. It is time to get a sound energy plan to my desk so we can become less dependent on foreign sources of energy. People in Montana know something about energy. I know that.

They said also, "Make sure you keep in mind the needs of the rural health—hospitals and docs." You've got some rural issues here in Montana because you've got a lot of land—[*laughter*]—and not a lot of people. [*Laughter*] That's the way a lot of folks probably want to keep it too, I suspect.

If you want to have health care available and affordable, we've got to do something about these lawsuits that are running good doctors out of practice. We've got a problem in that these lawsuits are making it costly for docs to stay in business and are hurting the Federal budget too. When you're afraid of getting sued, you practice defensive medicine. In other words, you prescribe more than you need to, just in case you have to go to a court of law. And that runs up the cost of Medicare, Medicaid, veterans benefits. So I've come to the conclusion that the medical liability issue is a national problem that requires a national solution, and I call upon Congress to pass real, meaningful medical liability reform.

Before we talk about Social Security, I do want to talk a little bit about the amazing times we're living in. Just think about what has happened in the last 4 months. There was an election in Afghanistan. Millions—millions—of people voted for a leader, voted for a President for the first time in 5,000 years. I don't know who's counting, but that's a lot, you know. I mean, it's an amazing story, when you think about it. It wasn't all that long ago that the Taliban was providing safe haven to Al Qaida in Afghanistan, and that's where they plotted and trained. That's why we went in, to rout them out.

We said if you harbor a terrorist, you're equally as guilty as a terrorist. The doctrine still stands. And the reason the doctrine still stands is because there's an enemy that still hates what we stand for. We will stay on the offense. No matter where they hide, where they run, the United States of America and coalition forces will be after them to keep us safe.

That is our duty. That's the responsibility of the Federal Government. And I want to thank those who wear our uniform for serving this great country of ours. But the lesson of Afghanistan should remind us we've got a greater force at our disposal than just our military, and that is our belief in the ability of freedom to change societies.

And we saw it. The high school students and college students here are watching some amazing history unfold. Think about what you've seen. You saw people vote in Afghanistan to elect a President. You saw people vote in the Ukraine to elect a President. You saw people vote in the Palestinian Territories to elect Abu Abbas [Abu Mazen].* And you saw last Sunday some incredibly brave people in Iraq defy the terrorists and cast their ballots by the millions, because of freedom.

Freedom is powerful. Freedom is incredibly powerful. I believe that freedom is embedded in everybody's soul. That's what I believe. I believe that given a chance, people will vote, and people will adhere to the rules of self-government. It's not easy in parts of the world, though, where there's terrorists and tyrants trying to stop the march of freedom. And the reason they are, and the reason they're trying to stop the march of freedom is because they think the exact opposite. They believe in control of people's lives. They don't believe in freedom of religion. They don't believe in freedom of speech. They don't believe in freedom of the press. They don't believe in freedom, period. And we do. That's why we're still a target, but that's why we'll prevail in the long run, because deep in everybody's soul is that deep desire. And you know why I believe it's deep in everybody's soul? Because I believe it's the Almighty God's gift to every soul on the face of the Earth.

You about ready, Leo? Let me say one other thing. They asked me—you know, I've been asked, and they say, "Is there a timetable of withdrawal from Iraq?" Here's the answer to that. You don't set timetables. You don't want the enemy to say, "Okay, we'll just wait them out." The timetable is, as soon as possible. And it's going to be based upon the willingness and the capacity of the Iraqi troops to fight the enemy. And so our mission—our mission is to provide training and command structure and officer training to the Iraqis so they can defend their own freedom. That's what they want to do. I talk to their leadership all the time. And like any independent free country, they want to defend themselves, and our job is to help them defend themselves. And when they do, and when they're ready, our troops will come home with the honor they have earned.

And as freedom spreads in parts of the world that have not known freedom, our children and grandchildren will more likely grow up in peace. And that's what we want. We want to spread the peace.

Let me talk about Social Security. You know, people say, "Gosh, that's a pretty tough issue to be bringing up. We've got a war to fight. Why are you bringing up Social Security?" Here's why: The job of the President is to confront problems, not to pass them on to future generations or future Presidents. That's the way Montana people think: If you see a problem, go fix it. Don't theorize, don't pontificate, but fix it. And so the question is, do we have a problem?

First of all, let me explain why I think we—I know we have a problem. When Social Security was designed, there were 16 workers for every beneficiary in 1950—actually, designed in the thirties. In 1950, there were 16 workers for every beneficiary. That meant it was a lot easier to afford that which the Government promised. When you've got 16 people paying in for one person, it—you can see why the system was solvent.

What's happened since the design of the system, however, is that people are living longer, thankfully. [*Laughter*] That's good news. [*Laughter*] What else is happening since the system was designed is we had what's called the baby boomers. That would be me, Baucus, others, you know—[*laughter*]—people whose hair is getting grayer on a regular basis. And we're fixing to retire in big numbers. So you're living longer and you've got bigger—you've got big numbers retiring and fewer workers paying into the system, 3.3 workers per beneficiary. Plus, Congress over the years has promised an increase of benefits. So think about the math: Fewer people paying into the system, more

* White House correction.

people living longer, more people retiring, for greater benefits.

Now, that is—and because Social Security is a pay-as-you-go system, there's not a great big trust of money. The money that goes in from your paycheck goes out to the beneficiaries. That's how it works. And so, obviously, as the demand for money increases as a result of more people retiring and people living longer and benefits going up, more has to come in.

Now, if you look at this chart up there, in 2018 the Social Security system goes negative. That means more money is going out than is coming into the system. And every year after that, as you can see, the cash deficit—that is, the money going out is greater than the money coming in—increases. In 2027, it's about $200 billion a year. That's above and beyond the payroll taxes we're collecting. Ten years later, it's about $300 billion. Every year, the situation gets worse.

So you can imagine what will be happening if we don't do anything. You know, Congress is going to show up, and somebody says, "We're $200 billion short. Where are you going to get the money?" Well, you can tax somebody to get the money; you can get rid of the benefits that you promised; you can cut other programs; or you can keep borrowing debt. That's why I think we've got a problem.

Now, before I start talking about what I intend to do about it, I've got to make some things just as plain as I can. If you're a senior citizen today on Social Security, you don't have to worry about it. The trust has got plenty of money to take care of you. I understand how this issue works. Everybody says, "He's talking about Social Security; there goes my check." That's what happens all the time when they're talking about Social Security. You're in good shape. And if you're near retirement, 55 years or above, you're in good shape. Nothing changes. Those are the facts.

The problem is, is that the younger workers have got a problem. And I think we have a duty to worry about our children and our grandchildren. You know, 2018 may not—may seem like a long way down the road for people who are running for office every 2 years. It's not that far down the road. If you've got a 5-year-old child, that child will be 18 years old before you know it, and the Social Security system starts losing money. In 2042, the system will be broke. Again, for some of us in politics, that may seem like ages. You know, "Don't worry about it; 2042 seems like forever." And in my case, of course, I'm not going to be around in politics. I'm moving on after 4 years. But nevertheless, it's not that far. And the longer you wait, the harder it is to fix the problem.

So my judgment is—and that's why I went in front of Congress yesterday and said, "Okay, let's fix the problem." And I put all ideas on the table, except for running up payroll taxes. If you've got a good idea, bring it. No President, I don't think, has ever said that when it comes to Social Security. Some of you veterans may remind me whether that's the case or not. I don't think so. I'm willing to stand up with the Congress. I don't care if it's a Republican idea, Democrat idea, independent idea; bring them forward. Let's work together and fix the system.

There are a lot of ideas out there—[*applause*]—thank you all. There's a lot of ideas out there. I mentioned some of the authors of the ideas last night. I've got one myself that I think is a very interesting idea, along with others. What I'm about to tell you will not permanently fix Social Security. By the way, there's no need just to put a Band-Aid on the deal. If we're going to get after it, let's fix it permanently. Let's let people look back generations from now and say, "I appreciate the way the Congress and the President worked together to do what was right on Social Security."

Let me give you an idea that I think is worth considering. I thought it was worth considering so much, I put about five paragraphs in my speech into it, you know. [*Laughter*] And it's this: I believe you ought to be allowed to take some of your own money, payroll taxes, and set up a personal retirement account on a voluntary basis. And the reason why I believe that is because the rate of return in your account will be greater than the rate of return on the money you're getting in Social Security. And that's important because, if you're a younger worker and set aside some of your money that would normally be going into the trust into a personal account, over time that rate of return grows

and accumulates. And you end up with a nest egg, I guess is the best way to put it, a nest egg that will then complement your Social Security checks when you finally retire.

Now, there's a lot of questions about this, of course. Can you take it to the lottery? Is that considered an investment? Can you take your payroll taxes and set up a fund and go to the lottery or the track or shoot some dice? The answer is no—[*laughter*]—obviously. You have to have a conservative mix of stocks and bonds. And there are a lot of funds that are conservatively tailored so you can get a reasonable rate of return. Obviously, the lower the risk, the lower the rate of return. But it's going to be a rate of return greater than that which you're earning in the Social Security trust, and that's important over time.

Secondly, you just can't, once you retire, pull it all out. In other words, there will be a phased withdrawal in order to make sure that the Social Security benefits you get, coupled with the money coming out of your own personal account, is done in such a way as to help you retire.

Third, there are ways to make sure your fund can avoid swings in the market at the very end of—right before you retire. So there's some wise things we can do, just like we do for the Federal Government employees, see? They've got this plan; it's called the Thrift Savings Plan. My attitude is, if it's good enough for people working in the Federal Government, it ought to be good enough for people working elsewhere in America.

I like the idea of you owning something. I love an ownership society. We want more people owning their own home. We want people owning their own business. We want people owning their own farm. We want people owning and managing their own health care accounts. And I think it makes sense to have people owning and managing their own retirement accounts.

So we're going to talk about Social Security. And by the way, this will be phased in. I know they're throwing out all kinds of numbers—1 trillion, 2 trillion, 3 trillion. When you get to the Federal Government, we—it's no longer millions or billions; it's trillions at the Federal Government. It's amazing, isn't it? Anyway, we're going to phase it in. This doesn't all happen at once. I think it's important to gradually phase in the idea of personal accounts so younger workers can get used to it and so that the plan is more affordable, so it's more fiscally sound, fiscally responsible to fade it in. And we put out such a plan that will help people understand that we can do this without busting the budgets. And that's important for people to understand as well. No, this is doable. It's just going to take some political will.

Now, I want to talk to somebody who professes to be an expert. Actually, he is an expert. We were in Fargo earlier, and he handled himself brilliantly for a professor—no. [*Laughter*] Jeff Brown from the University of Illinois knows the subject well. He is obviously a good sport. He takes a pretty good needle. But tell us—just give us—back me up. You've studied the issue. [*Laughter*] Now, I've come here, and they say, "What do you expect the President to say?" Put some expertise out there.

Dr. Jeffrey R. Brown. Happy to do so, Mr. President. And thank you very much.

[*At this point, Dr. Brown, assistant professor, Department of Finance, University of Illinois at Urbana-Champaign, Champaign, IL, made brief remarks.*]

The President. What was the life expectancy when Franklin Roosevelt designed the program—or Congress—60, maybe? I think it was 60.

Dr. Brown. Back in the mid-1930s, a person born in the United States could expect to live, on average, around 60, low 60 years old.

The President. See, that's how the system was designed: pay-and-you-go as you work, people not living very long. It's changed. The world has changed. The system hasn't changed with it. And that's what we're talking about.

You got any other thoughts, Professor?

Dr. Brown. Sure, I'll go on as long as you let me. [*Laughter*]

The President. Reminds me of my college days. [*Laughter*]

Dr. Brown. I'm used to having an hour and 20 minutes with an audience that can't leave.

The President. When I was awake. [*Laughter*]

Dr. Brown. The other thing, I just——

The President. Talk about the personal accounts. I know—it obviously makes some people nervous. It's a new idea. It's a new concept. People—all of a sudden, when you take a system like Social Security that's been around so long and it has done a lot of really—made a big difference in people's lives, and you throw out a new idea—it's the world in which the status quo sometimes is the easy default position. And—give us some thoughts on that.

[*Dr. Brown made further remarks.*]

The President. So Leo Keller is with us. He said, "Do you mind if I wear my hat?" I said, "Not at all, Leo." It's a fine-looking hat. Thanks for wearing it. I'm glad you're here. Welcome. Leo, you're here to talk about Social Security. Give us some wisdom.

[*Leo Keller, retiree, Bozeman, MT, made brief remarks.*]

The President. Yes, that's a really interesting idea. What he just said is very important. Once people get into the habit of savings, it encourages other savings. This society has changed. Leo, first of all, a couple points. One, you made my point on life expectancy. [*Laughter*] You're looking strong at 79, headed to 80. You're doing great.

Mr. Keller. Thank you.

The President. Secondly, it is important for Leo to know that nothing changes. There are a lot of people out there saying they've heard the Social Security debate—"I wonder really if this means I'm not going to get my check." I cannot—I'm just going to say it again and again and again. Matter of fact, this is stop two of five where I'm traveling around the country; I know I've got a lot of explaining to do. And one of the most important explanations of all is Leo is going to get his check. Nothing changes. The system is sound. Any discussion about younger workers does not mean that Leo and anybody like Leo is not going to have this promise that the Government made. That's just really important to know.

And thirdly, you're right about your grandkids. See, I like a guy who says, "My grandkids are capable of owning and managing something." It's a different mindset. The 401(k)s, for example, have changed the attitude toward investment, hasn't it? I mean, a 401(k), when you were coming up, Leo, was just three numbers and a letter in the alphabet. [*Laughter*] And now it's an idea, where people manage their own retirement and they own something. They see it; it's visible. It's an important part of our society today, and it seems like to me, as we modernize the system of Social Security, we incorporate a portion of that new system into the concept of somebody owning something.

So thanks for coming, Leo. You did a fabulous job. And the hat—listen, I'm telling you——

Mr. Keller. My pleasure.

The President. Those women look at that hat and that club, and they're going wild.

Kelly Kost—Kelly, thanks for coming. What do you do?

Kelly Kost. I am in sales and administration. I work for Mission Mountain Les Schwab Tires in Ronan, Montana.

The President. Ronan?

Ms. Kost. Ronan, yes.

The President. How many people live there?

Ms. Kost. I have no idea. [*Laughter*]

The President. Either do I. [*Laughter*]

Ms. Kost. Not a clue.

The President. At least you know where it is. [*Laughter*] Talk talk about Social Security. First of all, Kelly has got the hardest job in America. She's a single mom.

Ms. Kost. I've been a single mom since 1989. My twins are 18 years old, Jade and Jordan.

The President. Where are they? Yes.

Ms. Kost. Jordan is a member of the Army National Guard.

The President. There you go.

Ms. Kost. Jade will be the valedictorian of her class——

The President. There you go. Your mom is humiliating you, but it's good to know. Very good.

Ms. Kost. Yes. And they will both be entering college this fall.

The President. Fabulous, Mom. You're doing your job.

Ms. Kost. Thank you—thank you.

The President. Listen to your mother. [*Laughter*] I'm still listening to mine. [*Laughter*] Let's talk about Social Security.

[*Ms. Kost made brief remarks, concluding as follows.*]

Ms. Kost. I'm just wondering how user-friendly these will be.

The President. Yes, that's a fabulous question. There are a lot of people who are comfortable with making investments; there are some people who are just worried about it—you know, is it hard? And the answer to the question is, it will be incredibly user-friendly. It's got to be, because the options will be limited. The key is to allow people to have their own account that gets a better rate of return than the money in the current system. And over time, that will inure to your benefit.

And you can do that with a very conservative mix of stocks and bonds. The professor talked about—doctor or professor, which one—either one? Yes, okay. How about "Jeff"? Anyway—[*laughter*]—he talked about the Thrift Savings Plan for Federal employees. There are five options, and it spelled out what the options are. In other words, you're not going to have to go in and pick stocks. You'll pick a group of stocks or a group of bonds or a mixture of them. And they'll be described to you. So yes, it's very user-friendly. And that's a very good question.

The other questions I get are, can you just jerk your money out at any time? No, this is a retirement fund. It's meant to help you after you retire. The benefits of this idea is, one, it gets a better rate of return. It just will. Over time, you'll hear, "Well, the stock market will crash and therefore I'll lose all my money." Well, first of all, if you study the history of investments over a 15- or 16-year period of time, there's always been a positive return. Now, there may be a down year, but over time, we're talking about, you get a positive return. And there are investment vehicles that would help deal with any market decline. But we're talking about a mix, a conservative mix of stocks and bonds. And that's an important question.

Now, the other benefit, of course, is that it's yours. Your Social Security benefit is simply a promise. You don't own it; the Government will decide. If the Government can't pay for it, the Government says, "Well, we're going to reduce your benefits." When you have your own personal account, it's yours. The Government cannot take it away.

And you can give it to whatever child you decide—unless you get mad at them and then give it to somebody else. [*Laughter*] But it's—and that's an important concept about—when you talk about ownership. We're talking about a better rate of return on your money, something you own that cannot be taken away, and something you can pass on from one generation to the next. And that's an important concept. Young families ought to be thinking about, obviously, saving to pass on from one generation to the next. I don't see why we can't incorporate that into the Social Security system because I know it can work financially. As a matter of fact, it makes the system more sound. It makes it more likely a younger worker is going to end up with that which the Government has promised. And that's important.

Speaking about young couples, Amy and Mike Borger are with us. Welcome.

Amy Borger. Thank you.

The President. Where do you both live?

Mrs. Borger. We live in Great Falls.

The President. Yes, right here, a beautiful town full of great people. I was touched by the number of people who came out and waved, and I thank them for that.

Do you have children?

Mrs. Borger. We do. We have our daughter, Jordan, is 12, right down in the front. And our son, Shane——

The President. There she is, Jordan, waving. That's good.

Mrs. Borger. ——is 2. And we're expecting our third baby in April.

The President. Awesome, yes. Georgia—you're going to name it Georgia? No. [*Laughter*]

Mrs. Borger. No.

The President. I don't blame you. [*Laughter*] Tell me about your ideas on Social Security. Thoughts, worries, concerns?

Mrs. Borger. I guess we're in a unique position in our life. I'm fortunate enough to still have my four grandparents living. It's very important to me that the system that

has been promised to them continues to be the same for them. Looking for our—my husband and myself, we want to make sure that when we're ready to retire, the system is what has been promised to us as well as for our children. And we appreciate the chance to be given an opportunity to have a hand in that with the personal accounts.

The President. Yes, thanks. If you look over your shoulder, which you've already done—you can actually look right there—you'll see it's not going to be around unless we do something now. These good folks are in the danger zone unless Congress acts, because the cash deficits increase every year starting in 2018. That's an important date for people to remember. They may argue in Washington—it may be 2019, or 2018 and a half. It's happening, is the point. And it gets worse every year. I repeat to you—in 2027, we're looking for 200 billion extra dollars to pay what has been promised. I don't know how Congress is going to deal with that in 2027 unless we act now.

And we need to think about young families. You're a high school librarian?

Mrs. Borger. I am.

The President. You lucked out, buddy. I married a school librarian too. [*Laughter*]

Mike Borger. It can be hard at times, can't it?

The President. No, not at all. [*Laughter*] Well, if it has, I'm not confessing publicly. [*Laughter*]

What do you do?

Mr. Borger. I'm a supervisor at Poulsen's. It's a home improvement center here in Great Falls.

The President. Great, good, good. [*Applause*] Some of your fellow employees are here. That's good. They probably want a personal account as well.

Mr. Borger. A good friend of mine that I work with, his son is serving in Iraq right now.

The President. Where's he—where is—where's Dad? Appreciate it. E-mail your son, we're proud of him. It had to make you feel good, Dad, last night when the Iraqi lady hugged the mom of the fallen marine. I know it made her feel good. It was a show of gratitude from the Iraqi people that said, "Thank you for our freedom. Thank you for the sacrifice." Your son is serving a noble cause, sir—security of America and peace to the world.

I'll tell you something really interesting that Amy is doing, by the way. We'll get to Social Security in a minute—kind of meandering around. [*Laughter*] Amy is into distance learning. Where do you go?

Mrs. Borger. Boise State University.

The President. From your living room?

Mrs. Borger. From my living room.

The President. Interesting thought, isn't it? The reason I bring that up is, obviously education is vital for the future of the country. No Child Left Behind is working. We're going to keep it strong; we will not undermine it. On the other hand, we've got to be wise about how we use technology. Think about that: The education system has changed; Social Security hasn't. Anyway, education—here she is going to get a——

Mrs. Borger. Master's in educational technology.

The President. Yes, from your living room. Pretty cool, isn't it? We've got to keep those kind of—keep these ideas moving. And Boise State has done a good thing to allow you to do that.

All right, Mike, back to Social Security. Do you think you'll ever see anything?

Mr. Borger. I hope to.

The President. Yes. It's an interesting question—I just want to stop you—I promise you're going to get more than two words in here. [*Laughter*] It may be hard to tell. [*Laughter*] Doesn't that kind of worry you when the young guy says, "I hope to?" [*Laughter*] When old Leo was his age, he said, "No question." Are you going to see a Social Security check? "No doubt." Now we've got youngsters saying, "I hope so," as if there is doubt, and there should be doubt.

Mr. Borger. My wife and I work very hard for what we earn. And we have a lot of bills and—daycare and two children and a third on the way—and it's hard to set money aside to start our own IRA and that stuff. So we're very dependent on what Social Security or the personal accounts can offer. So it's real important to us that something gets reformed and things change so that there is a guarantee for us and our children. And also, it's a concern to me that people like Leo and my in-

laws and my parents and friends of mine that are coming upon the age that they retire, that their Social Security that they worked very hard for won't be touched——

The President. Right.

Mr. Borger. ——and that that will be there for them.

The President. It will be. And I can't guarantee for you; that's what we're here to discuss.

See, I'm traveling around because, first of all, I believe in the will of the people. I believe that people can influence policy. And so the next couple of months, I'm going to be traveling the country, telling people I think we've got a problem and asking people to get involved. Nothing changes for Leo, but this couple that's about to be raising three kids is—they're going to have a system that's just not going to work unless this United States Congress and the President act together.

I believe it's going to happen. I really do. Oh, the pundits will say it looks too tough, and this—somebody said it's not going to happen, and somebody opined it's not going to happen. But when the people really figure we've got a problem, they're going to demand a solution. They're going to say to members of both political parties, "What the heck are you doing in Washington, DC, if you're not willing to settle down and solve the problems facing this generation?"

I'd like to answer a few questions if you've got any. I'm sure somebody has got a few. Yes, sir, with that shirt on. Fine-looking shirt you got there. Thank you all for coming out, by the way. It's a joy to be here.

Retirement Age

Q. Mr. President, do you foresee that if we fix this program, we can move the retirement age back to 65? For some people it's 66, 67, 68, and on and on.

The President. Yes. Well, there's a lot of discussions about whether we ought to move it back or move it forward, and that idea is on the table. Again, this is one of those ideas where, in the past, if you talked about it, somebody would club you over the head with it in a political race. And I think we ought to debate whether or not the age ought to be 65, 66, 67. These are for younger workers now—nothing changes for older workers. And that's on the table; that's what I said last night. I reminded people that my predecessor, President Clinton, suggested that that might be part of a solution, to raise the retirement age. But I don't think you can end up making that decision now until you look at all the other options. And we're just going to have to take the hard look at all the different options on the table. And people are living longer—but this all, again, pertains to younger workers. And it's—it will be part of the debate that goes on in Washington, DC. And I'm willing to have it.

Yes, ma'am. Just can barely stand it. [*Laughter*]

Benefits for the Disabled/Prayer/ Religious Freedom

Q. Sir, you are a blessing, and our family prays for you every day.

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

Q. My husband and I are privileged to have a 35-year-old daughter who is mentally disabled, and she works hard in a supportive living center in Helena, Montana. And many people against your proposal are trying to scare the disabled by saying they will lose their Social Security——

The President. Not true. Nothing changes.

Q. ——which she needs. So is she okay?

The President. Nothing changes when it comes to the disabled—the disability aspect of Social Security. This is all aimed—all discussions about the retirement aspects of Social Security. I'm glad you asked that.

Thank you for your prayer.

I tell people this: I don't see how a President can do the job without the prayers of the people. I know other Presidents probably wouldn't agree with that, necessarily. I quoted Abraham Lincoln today. He said, "I would be,"—I think—I kind of paraphrased him. We actually had the National Prayer Breakfast this morning. Started off by saying the State of the Union was kind of like a prayerful session: They were praying I'd hurry up and finish the speech. But it's—[*laughter*]. Anyway, I quoted Abraham Lincoln, who said, "I don't see how you can be President without prayer," is what he said.

And I agree with that assessment. One of the most powerful—[*inaudible*]—of the Presidency is to know that people are praying for me and Laura. And I want to thank you for that.

Having said that, I also want to—I know there's a lot of talk about religion and politics. It is essential that whoever the President is and whoever is in Congress always honor the fact that in this country, you can pray or not pray and be equally American. You can be a religious person or not a religious person and be equally viewed as a patriot. And if you're religious, you're equally American if you're a Jew, Christian, Muslim, Hindu. That's the greatest thing about our country. That's what distinguishes us from the Taliban, is the freedom to be—the freedom to choose what you want to choose.

You've got a question? All right, thank you.

Personal Retirement Accounts

Q. Mr. President, I was reading in a liberal newspaper today—[*laughter*]——

The President. Sounds like a loaded question to me. [*Laughter*]

Q. ——an opinion was that, on the average, individuals would make about 6½ percent on the market over time and that that was less than what is being made in the Social Security system.

The President. No, that's—I don't want to ascribe a political label—I would describe as somebody who doesn't know what they're talking about. [*Laughter*] That's just not the truth. Professor?

Dr. Brown. That's what I'm here for, is to find the truth.

The President. Thank you, sir. Thank you. Thanks for coming.

Dr. Brown. Yes, historically, over the last 80 years, the stock market has returned about 7½ percent over inflation, and that's far higher than you get from Government bonds or on the return from the current system.

The President. No, but he's not talking about the return within the Social Security system, and it's, like, near zero.

Dr. Brown. It's about 1 to 2 percent for——

The President. And the difference between a 1-percent return on your money and 4-percent return on your money over time is significant?

Dr. Brown. Yes. Just to give you an idea of the difference between—suppose you invested $1,000 a year from the time you're in your early twenties until you retire. Suppose you get a 3 percent rate of return, you might have about $65,000. Get a 7 percent rate of return, you're going to have over $200,000. So it's a very big difference.

The President. That's how money grows. And that's an important concept that we need to incorporate if we want the Social Security system to be available for younger families and younger workers. It's a really important part of a reform package.

Okay, any more questions? I'm kind of winding down here because I've got to head on to Nebraska. Yes, ma'am? The red shirt.

Cattle Guards

Q. I have one—[*inaudible*]—I'm from Livingston, Montana. I kind of have one question for you.

The President. Sure.

Q. Can you quote Proverbs 17:17 for me?

The President. Do what?

Q. Can you quote Proverbs 17:17 for me?

The President. No. [*Laughter*] That's an easy one. Can you? Quote it.

Q. "A friend loves at all times, and a brother is born for adversity."

The President. Thank you. Very good. I thought you were going to ask me if I knew how to get to Livingston. [*Laughter*] It's like that guy said, "What color"—he said, "To get to Livingston, you've got to go down the highway, and you go through the cattle guard, and you"—[*laughter*]—"turn left, and you go through another cattle guard." And a fellow comes back and says, "Hey, what color uniforms do those cattle guards have on?" [*Laughter*] That never happens in Montana.

Yes, sir.

Exercise/Personal Retirement Accounts

Q. Thank you, Mr. President, for coming to Montana.

The President. Nice to be back. Big Sky.

Q. When my wife and I continue to pay into the system, what percentage of that will we have the opportunity——

The President. Yes.

Q. ——to invest in? And what kind of mountain bike do you ride? [*Laughter*]

The President. I'm not supposed to endorse products, but it's called a Trek. [*Laughter*] Are you a mountain bike guy?

Q. Yes, I am.

The President. Oh, listen, let me—I'll get to the—I'll try to remember what—the real question you asked. [*Laughter*] First of all, I hope people exercise on a regular basis. It's—I can't tell you how important it is for you. Unfortunately, I exercised too hard for a while and can't run anymore, but I did discover mountain biking. This has got to be fabulous mountain bike country, right?

Q. It is.

The President. Yes. Unlike, you however, I'm a safe mountain biker. I'm looking at—you look like a risktaker, you know? [*Laughter*] Like ride those little tiny trails—that's not me. [*Laughter*]

Now, I really—the best health care plan—one of the aspects of the best health care—any good health care plan is to encourage right choices. What you put into your body matters, and how you treat your body matters. And so I—thank you for bringing up—giving me a chance to segue into exercise. As a matter of fact, prayer and exercise are what keeps me going as—[*laughter*]—as the President—and family and friends, especially Laura.

The way the system works—in order to make it work fiscally, is that you can start off with $1,000 into your account, growing $100 a year up to 4 percent of your income. That's the answer to your question. The idea is ultimately there will be—if you're making 90,000, you can put 3,600 a year into your personal account. That's how you keep it more affordable than the numbers that have been being tossed about.

Yes, ma'am. Good to see you again.

Medical Liability Reform

Q. Hi, how are you? As usual our prayers and love are with you. But I could have several questions. One of them, though, going——

The President. Just ask an easy one.

Q. It is. [*Laughter*]

The President. Kind of getting late in the day.

Q. The medical—it's a medical issue.

The President. Yes.

Q. With the frivolous lawsuits, one of the problems, too, is that attorneys charge so much to bring even a fair lawsuit to the court system that the victim, the patient winds up with nothing and the attorney winds up with all the money.

The President. Right.

Q. And the doctor is being run out of business. Can that somehow be worked in there?

The President. I don't believe that—no, I'm—I just—I guess I could give you a political answer and say I'll think about it. I actually don't think the Government should regulate legal fees. I think that ought to be set by the market, so to speak. I don't think Government ought to set price. I do think Government, though, can set limits for lawsuits that—that are filed.

And the thing in medical liability reform that I think will make a big difference is to have a hard cap on noneconomic damages. In other words, you're allowed to get economic damages, but the noneconomic damages need to have a hard cap, which will reduce the desire for people to keep filing lawsuits as if the medical liability system were a lottery. But in terms of whether or not the Government ought to be setting legal fees, I don't think so. I don't think so.

Let's see, a couple of more, then I've got to hop. Yes, ma'am. Boom. [*Laughter*]

Personal Retirement Accounts

Q. Thank you, Mr. President. We're excited to have you for another 4 years, and we stayed up half the night waiting for the election results.

The President. Yes, thank you. [*Laughter*] Thanks. Well—[*laughter*].

Q. My question is, as this privatization of Social Security comes into effect, who will manage that? Has that been talked about at this point?

The President. I would call it personal retirement accounts, is the proper terminology, because it basically means you own it. See, privatization says the whole thing changes—not true. A portion, as I said, 4 percent ultimately, of the money that you earn can go

into a personal account that you call your own. Who manages it? You do. You make the decisions. You make the—on that aspect. The Social Security Administration will still exist for the other aspect of Social Security. It's a mixture. It's a blend. In other words, part of your money goes into the system and the Government will pay out benefits. Part of your money goes into your own personal account, which you will manage. You will get, on a quarterly basis, your statement about how much of your money has grown over—and how has it grown over a period of time. But the other portion of the Social Security will continue to be managed by the Federal Government, the Social Security trust.

How about the little guy in the hat? Number seven.

Request for Handshake

Q. Can me and my friend shake your hand?

The President. Yes. Move on over here. Okay, last question. Have you got a question? You don't have a question. You want to shake my hand, stay right there. I'm coming down.

Yes, ma'am.

Personal Retirement Accounts/ Small Business

Q. As an employer of a small business, I have to express a concern. How will employers handle these deposits for our employees?

The President. The Federal Government will be the administrator to make sure that the accounts are properly set up.

Q. Wonderful.

The President. This is—this can be done without a lot of additional paperwork. Again, this is a—the purpose is not to create excess bureaucracy—quite the opposite. The purpose is to empower individuals and that the employer won't be charged with making sure that the paperwork is managed properly.

Let me talk about small businesses real quick. The tax cut that Max and I and Conrad and Dennis—Denny worked on is really important for small businesses. That's why it's really important we not allow taxes to go up. Seventy percent of new jobs are created by small businesses in America. And I'm proud to report the small-business sector of our country is strong and vibrant and doing well, and we need to keep it that way.

Thanks for being an entrepreneur. Are you staying in business? That's good.

Listen, let me conclude by thanking you all very much for your hospitality, your generosity of your time, and your strong love for our country. We are lucky people to live in the greatest country on the face of the Earth.

May God bless you all, and may God continue to bless our land.

NOTE: The President spoke at 3:55 p.m. in the Four Seasons Arena at the Montana ExpoPark. In his remarks, he referred to Senator Conrad Burns of Montana; Janice Rehberg, wife of Representative Dennis R. Rehberg; Gov. Brian Schweitzer, Lt. Gov. John Bohlinger, and Secretary of State Brad Johnson of Montana; former Governors Judy Martz and Marc Racicot of Montana; President Hamid Karzai of Afghanistan; President Viktor Yushchenko of Ukraine; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; Keith Reeves, whose son Spec. Jedidiah Reeves, MARNG, is serving in Iraq; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2. A portion of these remarks could not be verified because the tape was incomplete.

Remarks in a Discussion on Strengthening Social Security in Omaha, Nebraska

February 4, 2005

The President. Thanks for being here. Thanks for inviting me back. One of the last times I was here, I remember, I was out there with Senator Hagel, and he said, "Give them your best fastball." [*Laughter*] This wasn't a political moment; this was the College World Series. [*Laughter*] I finally remember the college—Mr. Mayor, I appreciate you being able to extend the contract for the College World Series here to Omaha, Nebraska.

We're not here to talk baseball today, and we're certainly not here to talk college football—[*laughter*]—if you know what I mean.

[*Laughter*] We're here to talk public policy, about how to make America a better place.

I want to thank the Governor for joining us today. Governor, where are you? Thanks for coming. I appreciate you being here. I guess you kind of like my decisionmaking. I'll be frank with you; I didn't ask Johanns to join my Cabinet to make you Governor, although—[*laughter*]—I'm sure you're going to do a fine job. I did it because, one, he's a fine guy; two, agriculture is important to this country, and no doubt he's going to be a fine Secretary of Agriculture.

I am pleased to be working with Senator Chuck Hagel. He is a smart, capable man. He loves his country. He loves Nebraska. Looking forward to working with you, Chuck, for 4 more years. I'm proud that Senator Ben Nelson is here. He is a man with whom I can work, a person who is willing to put partisanship aside to focus on what's right for America. Senator, thanks for coming. Working my way through. Congressman Lee Terry is with us today. Congressman, proud you're here. Thanks for coming. Congressman Jeff Fortenberry is with us today. Thank you, Congressman—[*applause*]—sounds like they've heard of you. And of course Congressman Tom Osborne is with us today.

Mayor, thanks for coming—former Mayor Hal Daub is with us today. Mayor, thank you for being here. He, by the way, is Chairman of the Social Security Advisory Board. The President needs a lot of advice. The country needs advice on Social Security, and that's what we're here to talk about after a while.

By the way, Tom Osborne and I had the honor of being at the National Prayer Breakfast Thursday. He gave a fantastic talk. He's a humble, decent guy. I reminded people that the State of the Union was kind of like a giant prayer session—Members of Congress were praying I'd keep my speech short. [*Laughter*]

It's good to be here on the—right after the State of the Union. See, I believe one of my responsibilities is to travel our country talking about problems and how we intend to solve them, reminding people that the job of a President is to confront problems, not to pass them on to future generations and future Presidents.

One of the problems we face is the war on terror. The war on terror goes on. And it's important as the Commander in Chief that I speak as bluntly and frankly as I can about the perils we face. That's why I told the Congress it's important for the Congress to continue to support our men and women who wear our Nation's uniform as they pursue the terrorists around the world.

It's important for us to continue to work with our allies and friends to make the world a safer place. Every terrorist we bring to justice makes our children and grandchildren safer, and every country that accepts democracy as a way of life makes our children and grandchildren safer.

This has been a remarkable time in history. It has been an amazing time. In Afghanistan, millions went to vote in a country where, 3 years earlier, people had doomed those people to the life under the Taliban. Millions of people voted for a President for the first time in 5,000 years. It's an amazing moment in the history of mankind. And that matters. That matters to future generations of Americans because the more free countries there are in the world, the more likely it is we'll have peace.

The Ukraine voted for a President. The Palestinian people elected Abu Abbas [Abu Mazen].* And now I believe peace in the greater—in the Middle East is within our reach. I know that we'll achieve peace when the Palestinians develop a truly free, democratic society, which is what we're going to help them achieve. And then we'll be able to achieve a goal, two democracies living side by side in peace, Israel and the Palestine.

And finally, last Sunday an amazing thing happened in what used to be a dark and discouraged part of the world. Tyranny was firmly rejected, and the people of Iraq went to the polls in spite of violence, in spite of the ambitions of a few. They showed the United States of America, our coalition, and the whole world that deep within the soul of every human being is the desire to be free.

I was incredibly touched at the moment when the mom of the fallen marine hugged the woman from Iraq who had been given a chance to vote because of the sacrifices of

* White House correction.

this woman's son and people like her. It was a reminder that the people of Iraq truly appreciate the chance to live in freedom. It was a powerful moment when the country could see two women from different cultures embrace for the sake of peace.

We're making progress in Iraq because the Iraqi people do want to be free. Our strategy is clear. We're going to help the Iraqis defend themselves. We'll accelerate training. We'll make sure there's a chain of command so that the troops that are trained can effectively operate. We'll help them stand up a high-quality security force. And when that mission is complete and Iraq is democratic and free and able to defend herself, our troops will come home with the honor they have earned. And we will be able to look back and say that this is a part of a more peaceful future for our grandchildren. You see, free societies will be peaceful societies. And peace in the greater Middle East will be a legacy that our generation can be proud of for generations to come.

I was pleased to see our economy added 146,000 new jobs in the month of January. That's a good sign. More people are going to work around our country. The unemployment rate dropped to 5.2 percent. But we shouldn't be content. I'm looking forward to working with the Members of Congress to create the conditions for continued economic expansion.

Look, I'm worried about a society in which there's too many lawsuits. I believe all these lawsuits make it hard for people to form capital. I've called upon Congress for legal reform, reasonable, commonsense legal reform to keep our economy growing. But I also understand what these lawsuits are doing to health care. Whether it be rural health care or urban health care, we've got too many lawsuits that are running up the cost of medicine and running too many good docs out of practice.

We've got to get us an energy plan. We've been talking about it for 4 years. Now is the time for Congress to get a good plan to my desk. I'm looking forward to working with Members of Congress on both sides of the aisle to encourage conservation, to encourage renewable sources of energy whether it be ethanol, biodiesel, or clean nuclear power. We're going to spend money on new technologies that will help us leapfrog the old command-and-control debate, so we can burn coal in clean ways that people couldn't imagine 20 years ago. I mean, there's things to be moving this process forward in a practical way. But one thing is for certain: We need an energy plan to make us less dependent on foreign sources of energy.

I'm going to submit a budget on Monday. They've been—the people in Congress on both sides of the aisle have said, "Let's worry about the deficit." I said, "Okay, we'll worry about it again." My last budget worried about it; this budget will really worry about it. And I'm looking forward to working with Members of Congress to make tough choices. As I said in the State of the Union, we're going to eliminate or vastly reduce 150 programs that aren't meeting needs, aren't meeting priorities, and are not getting the job done. It's time to be wise with the people's money.

Anyway, we got work to do, and I'm looking forward to it. We got a lot of work to do when it comes to fulfilling the promises of our society as well. I talked about Social Security in the State of the Union. Now, that should signal that we got a problem. Otherwise, most Presidents have shied away from talking about Social Security—except to make the benefits better. I see a problem, and I used time at the State of the Union to speak directly to the American people about the problem. That's why I've come to Omaha—besides saying hello to friends—is talking about the problem.

And here's the problem. When the Social Security system was designed, the average life expectancy was about 60 years old, and benefits were at a certain level, and the number of payers into the system were significantly greater than they are today. As a matter of fact, in 1950, some 14 years after the system was designed, there were 16 payers into the system for every beneficiary, as that chart says. And that's important, because the more beneficiaries there are paying into the system, the more likely it is a beneficiary is going to get paid.

Secondly, what has changed since then is that we're living longer. The life expectancy is now 77 years old. And as a result of living longer, you've got people who have been

made promises by the Government receiving checks for a longer period of time than was initially envisioned under Social Security. Secondly, the benefits that had been promised are increasing, so you've got more—and thirdly, baby boomers like me and Hagel and a bunch of others are getting ready to retire. So you've got more people retiring, living longer, with the promise of greater benefits.

The problem is, is that the number of people putting money into the system is declining. So you can see the mathematical problem, right? Greater promises to more people who are living longer, with fewer payers. That's a problem, particularly when you start doing the math. And it's summed up by this chart that says in 2018—the facts are, in 2018, that the amount of money going out of Social Security is greater than the amount of money coming into Social Security. And as you can see from the chart, it gets worse every year. That's what that red means.

So, like, for example, in 2027, the amount of money required for the Government to come up with to meet the promises is 200 billion above the payroll taxes collected. And some 13 years later, the system is broke. In other words, in 2042, it is flat bust. So, because more people are receiving higher benefits and living longer, with fewer people paying into the system, the system goes into the red in a pretty short order. And every year it gets worse—200 billion in 2027, about 300 billion in 2032. And so it just accumulates. And if we wait, it gets worse. In other words, it's more costly to solve the problem. So we have a problem.

And I'm going to spend a lot of time traveling our country talking about the problem, because I fully understand that in the Halls of Congress, if people do not believe we have a problem, nothing is going to happen. There's no need to take risk on a solution if you're not willing to address the problem.

[*At this point, there was a disruption in the audience.*]

The President. We love free speech in America. I think it's important for people to be open about the truth when it comes to Social Security. That's what we're here to talk about. And I also have an obligation to help come up with solutions. It's one thing for a President to say we've got a problem. A President, in my judgment, also needs to come up with solutions. At the State of the Union, I said there have been some interesting suggestions, all of them on the table. I'm willing to work with anybody, Republican or Democrat or independent, who wants to come in and discuss ways to solve the problem. Everything is on the table except raising payroll taxes.

I came up with an interesting idea that I want to discuss with you. I know some of our panelists will discuss it with you as well. I believe that younger workers ought to be able to set aside some of their own payroll taxes in what's called a personal retirement account. And let me tell you why. I'll tell you why I think it makes sense. First of all, a personal retirement account will earn a greater rate of return than that which your money earns in the Social Security trust. That's an important point for people to understand. If you invest your money in conservative stocks and bonds, you're likely to get around a 4 percent rate of return, which is greater than double than the money you're earning right now in the Social Security trust. And over time, that means your own money will grow faster than that which is in the Social Security trust. In other words, you'll have more money when it comes time to retire. That's what that means.

And that's an important concept, and it's going to take a while to explain to people, but it's called the compounding rate of interest. And it means your money grows.

Some people say, "Well, sure, that's easy for the President to say, 'It's going to grow,' but what happens if somebody puts it in the lottery—you know, 'I hope it grows really big'—or shoots it in dice or something like that?" Look, there's going to be guidelines, and that's important for people to understand. If we ever get the concept of personal retirement accounts started, there will be investment guidelines. You cannot take risks with your money. In other words, there will be certain mixes of stocks and bonds that are conservatively constructed to help get a better rate of return than that which is in the Social Security trust and, at the same time, helps manage risk.

Secondly, people say, "Well, can you draw it all out at some point?" No, it's like a part of the Social Security system. It's your retirement account, but you can only draw money out on a regular basis to help complement the money you'll be receiving from the Social Security system.

Thirdly, there are ways to mitigate risk for market downturn. But the truth of the matter is, when you look at the history of the stock market, over time the market has always increased with a conservative mix of stocks and bonds.

Fourthly, this makes sense to me because it gives people an ownership. We want people owning more things in America. This is your account. Government cannot take it away from you. It's a part of your legacy to your family.

And so just some guidelines to make what I think is a practical plan to make Social Security more available for younger workers. And it will be phased in over time. I know you have all these wild estimates of costs—"Bush wants to spend this, that, and the other." Look, this plan needs to start slowly and gradually so, one, workers can get used to it, and, two, we can better afford the plan within projected cashflow needs.

It makes sense to me, and I want the Congress to seriously debate it. And one of the things—one of the reasons I'm traveling the country is not only to say, "We got a problem. Let's come together and fix it. Here's an interesting part of the solution." I fully recognize a personal retirement account is not the only thing needed to make—to solve Social Security permanently. But it's a part of a solution. And I believe I have a responsibility, as someone who has put the issue on the table, to be a constructive voice in coming up with a solution that will save Social Security for younger workers.

Let me say one other thing, and then we're going to have a discussion. It's probably hard to tell these panelists are here to be able to talk with me, talking as much as I am. One of the problems that people in the political world have is dealing with the issue of our seniors who have already retired. In other words, seniors hear "Social Security" and they say, "Really what he's going to do is take away my check or part of my check." It is really important for our senior citizens, those who've retired and those near retirement, to know nothing changes. When I talk about a Social Security trust going bankrupt in 2042, there is enough money in the system to take care of the promises for those who have retired and those who are near retirement. That's a fact. We can argue about a lot of other issues, but one fact is certain: Social Security is in good shape and will meet its promises to those who've retired or nearly retired.

The problem exists for younger workers. And that's why in my State of the Union, I put this issue in a generational context. I said to Congress, we have a duty to leave behind a better America for generations to come, and part of that duty is to make sure the retirement system is sound and solvent.

All right, I've been talking enough. If Laura were here, she'd have said I've been talking way too much. [*Laughter*] By the way, she sends her best regards. What a fabulous woman she is. She's a—she's doing great.

Syl Schieber is with us. Syl, where do you live and what do you do?

Dr. Sylvester "Syl" Schieber. I live in—just outside of Washington, DC, in Chevy Chase, Maryland.

The President. Yes, good.

Dr. Schieber. And I have worked on retirement issues for some 30, 35 years now——

The President. Wrote a book.

Dr. Schieber. ——and wrote several books on this, two on Social Security so far—may write another one someday.

The President. Good. Nonfiction. [*Laughter*]

Dr. Schieber. I've tried my best. There's a lot of fiction—a lot of fiction in this area.

The President. That's good. Syl is an expert on the subject. In other words, he's spent a lifetime studying Social Security. I've asked him to come so he can maybe explain what I just tried to say—in English. [*Laughter*] Take Texan and convert it to English. [*Laughter*] Why don't you let her rip? Let people know what's on your mind on this issue.

[*Dr. Schieber, vice president of research and information, Watson Wyatt Worldwide, Chevy Chase, MD, made brief remarks.*]

The President. Good job. Thanks for coming.

Rose Davis.

Rose Davis. Yes, sir.

The President. Welcome, Rose.

Ms. Davis. Thank you.

The President. What do you do?

Ms. Davis. I'm a college professor at Metropolitan Community College.

The President. Community college, yes—big backer, by the way, here of community colleges. I think they're really important.

Ms. Davis. I know you approve of them.

The President. Yes, they're doing—they're good.

Ms. Davis. I teach social science, human relations, and criminal justice.

The President. Good. Thanks. Do you want to be known as "Rose" or "Professor"?

Ms. Davis. Beg your pardon?

The President. Rose or Professor?

Ms. Davis. Rose is fine.

The President. Rose is fine, good. [*Laughter*] You have had an issue with Social Security. Why don't you describe to the people your view.

[*Ms. Davis made further remarks.*]

The President. Yes. What she's saying is really an interesting point, isn't it? Mom dies at what age?

Ms. Davis. She died at 67.

The President. Sixty-seven, so she really didn't live long enough to take advantage of the money she had put in the system. And yet, because of survivors—and there are survivor benefits, but there's an age limit on survivor benefits—the survivors receive nothing. And so Mom's lifetime of savings went into the system to pay for somebody else. And one of the benefits of personal accounts, a personal retirement account is that you leave something behind for your children or grandchildren.

And I think it's fair. I think there's a group—the life expectancy of certain folks in our country is less than others, and that makes the system unfair. In other words, if you're dying earlier than expected, the money you put in the system simply goes to pay somebody else. One of the benefits of an ownership society is you could decide what to do with your own assets. Remember, it's your money to begin with. You've worked; it's payroll tax.

Ms. Davis. That's why it's important to say that you're not lying to the American people because I'm living this right now.

The President. Right.

Ms. Davis. You're not lying.

The President. That's right.

You know, one of the interesting things, by the way, again, on personal accounts—admittedly, new concept, hard for some to understand, and it's just going to take a while for people to hear the debate and get used to the concept. The principles are easy to understand: your money; you own it; you can pass it on to whoever you want; you get a better rate of return. But it's been done before. In other words, this isn't the first time the thought of a Thrift Savings Plan has been advanced. As a matter of fact, Federal employees can now take some of their own money and put it into five different conservative portfolios of stocks and bonds as a part of their retirement package. It's an easy statement to say, but something I believe is if it's good enough for Federal employees, it ought to be good enough for younger workers.

Mary is with us. Mary Mornin. How are you, Mary?

Mary Mornin. I'm fine.

The President. Good. Okay, Mary, tell us about yourself.

Ms. Mornin. Okay, I'm a divorced single mother with three grown, adult children. I have one child, Robbie, who is mentally challenged, and I have two daughters.

The President. Fantastic. First of all, you've got the hardest job in America, being a single mom.

Ms. Mornin. Thank you.

The President. You and I are baby boomers.

Ms. Mornin. Yes, and I am concerned about—that the system stays the same for me.

The President. Right.

Ms. Mornin. But I do want to see change and reform for my children because I realize that we will be in trouble down the road.

The President. It's an interesting point, and I hear this a lot—"Will the system be

the same for me?" And the answer is absolutely. One of the things we have to continue to clarify to people who have retired or near retirement—you fall in the near retirement.

Ms. Mornin. Yes, unfortunately, yes. [*Laughter*]

The President. Well, I don't know. I'm not going to tell your age, but you're one year younger than me, and I'm just getting started. [*Laughter*]

Ms. Mornin. Okay, okay.

The President. I feel great, don't you?

Ms. Mornin. Yes, I do.

The President. I remember when I turned 50, I used to think 50 was really old. Now I think it's young, and getting ready to turn 60 here in a couple of years, and I still feel young. I mean, we are living longer, and people are working longer. And the truth of the matter is, elderly baby boomers have got a lot to offer to our society, and we shouldn't think about giving up our responsibilities in society. Isn't that right?

Ms. Mornin. That's right.

The President. Yes, but nevertheless, there's a certain comfort to know that the promises made will be kept by the Government.

Ms. Mornin. Yes.

The President. And so thank you for asking that. You don't have to worry.

Ms. Mornin. That's good, because I work three jobs and I feel like I contribute.

The President. You work three jobs?

Ms. Mornin. Three jobs, yes.

The President. Uniquely American, isn't it? I mean, that is fantastic that you're doing that. Get any sleep? [*Laughter*]

Ms. Mornin. Not much—not much.

The President. Well, hopefully, this will help you get your sleep to know that when we talk about Social Security, nothing changes.

Ms. Mornin. Okay, thank you.

The President. That's great.

Jerry Rempe is with us. Jerry, tell them what you gave me.

Jerry Rempe. I came today because I'm married and have three children——

The President. No, tell them what you gave me as—to make me look good at the household.

Mr. Rempe. I work for Omaha Steaks, so we presented the President with Omaha steaks today.

The President. They know something about beef in this State, isn't that right?

Mr. Rempe. We know a little bit here.

The President. About beef. That's the good thing about Johanns is he knows something about beef too. And he'll—[*laughter*]—he'll make sure the cattlemen as well as the grain growers and soybean growers all across the country are well represented in the Ag Department.

Anyway, sorry to interrupt you, but I was just trying to get you kind of a subtle plug. [*Laughter*]

Mr. Rempe. We appreciate that.

The President. Yes.

[*Mr. Rempe, quality assurance assistant manager, Omaha Steaks, Omaha, NE, made further remarks.*]

The President. Yes, it's interesting—I want to—a real interesting point he made, when our folks were coming up, there wasn't anything like a 401(k). That was just numbers and a letter in the alphabet. [*Laughter*] And his dad, interestingly enough, said, "Join." In other words, there's been a shift of attitude in our society over time. The 401(k) represents that shift, where more and more people are saving for their own. In other words, savings used to be done by third parties. Social Security is saving by a third party, the Federal Government. Here, what he's talking about is the company plans encourage individual savings, empower the individual to make decisions, had the individual look at the portfolio decisions, had the statement of the person's savings go directly to the individual on a quarterly basis.

And basically what we're talking about here is helping evolve the Social Security system, modernize the system to reflect the current ways people save. And your dad was wise to give you that advice.

Mr. Rempe. I appreciate it.

The President. Yes, and you were wise to listen——

Mr. Rempe. It looks amazing now.

The President. ——as you now know. What he's also talking about is, over time a person's assets grow with the compounding

rate of interest—as $1,000 earns a 4 percent rate of return, for example, that accumulates over time. The base is bigger the next year, and the 4 percent means more, and it continues to grow. And that's what he's witnessing here.

Now, we've got Amanda Temoshek with us. Amanda, thank you for coming. What do you do?

Amanda Temoshek. I own my own company, which is called Heartland Campaign Management.

The President. Good—which does what? Heartland Campaign Management.

Mrs. Temoshek. It does fundraising campaigns, consults on fundraising campaigns for nonprofit organizations.

The President. For nonprofits—great, thank you for doing that. You know, one of the great strengths of the country is the fact that we're a compassionate nation. Many nonprofits exist to help heal broken hearts, and if you're a part of that effort, thank you for being a soldier in the army of compassion.

Mrs. Temoshek. Well, you're welcome. I love the opportunity to help the nonprofits.

The President. I also love the entrepreneurial spirit in America. It's strong. I mean, the truth of the matter is, a way forward for many minorities and women is through owning their own business. And we've got to promote entrepreneurship in America. So, good going.

Mrs. Temoshek. Thank you.

The President. Why are you sitting here? [*Laughter*]

Mrs. Temoshek. Well, the reason why I'm interested in Social Security—first of all, because I do own my own business, I'm not only paying my portion of the Social Security; I'm paying the employer's portion. So I'm paying the whole portion of Social Security, and I write out that check myself. Right out of my company checkbook, I write that check.

And I was married last year to my husband, Darren.

The President. Where is he?

Mrs. Temoshek. He is right back there.

The President. Darren, good going. You did well. [*Laughter*]

[*Mrs. Temoshek made further remarks.*]

The President. This is an interesting question many young Americans are asking, "Will there be benefits available?" I don't remember asking that question when I was your age. I don't think many baby boomers were sitting around saying to their moms and dads or elected officials, "Was Social Security going to be around?" We never asked that. Actually, we were asking, "Are they going to keep increasing benefits?" We never said—and there was no doubt in our mind.

And what's shifted on Social Security—and I saw this firsthand during my campaigns for the Presidency—what has shifted is there are a lot of younger folks in America who wonder out loud, who come right here on the stage with the President and say, "Will the Social Security system not only be around for me, but will it be around for my children?" That is what's shifted in the debate. Millions of younger Americans wonder whether or not the Social Security system will be healthy. And once we assure senior citizens nothing changes, or those who are soon to be senior citizens—well, not that soon, but one of these days will be senior citizens—nothing changes, the debate should really shift to those who've got the most at stake in inaction. The status quo is unacceptable to younger workers, and younger workers understand that in America.

I want to thank our panelists—did a fine job. [*Applause*] Yes, thanks for coming. I hope you've enjoyed this discussion. I certainly have. I look forward to—I like to get out of Washington. It's good to get out of the Nation's Capital and get out amongst the people. It's—the accommodations are nice there in Washington, but it's nice to get moving around and to be in front of folks. And I'm going to spend a lot of time over the course of the next couple of months describing the issue of Social Security in as plain of terms as I can—not only saying we've got a problem and pointing it out in different charts and facts and figures and getting experts and other citizens to join me but also calling Congress to work with the administration to come up with a solution.

Now, they've said, "Well, this is a hard issue. Why are you doing this, Mr. President, it's too hard an issue." Well, we got a job to do. It doesn't matter how hard the issue

is. As a matter of fact, the harder the issue, the bigger the challenge, and the more exciting it's going to be when we get the job done.

I want to thank you all for coming. I appreciate you being here. May God bless our great country.

NOTE: The President spoke at 8:40 a.m. at the Qwest Center Omaha Arena. In his remarks, he referred to Mayor Mike Fahey of Omaha, NE; Gov. Dave Heineman of Nebraska; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2.

Remarks in a Discussion on Strengthening Social Security in Little Rock, Arkansas

February 4, 2005

The President. Please be seated. Thanks for coming. It's great to be back in Little Rock. Thanks for inviting me. Thanks for coming. I've got something on my mind, which is how to make sure this country is safe for generations to come and how to make sure this country is financially secure for generations that are coming up.

So thanks for coming. As you can see, I'm joined on the stage here by some fellow citizens who are willing to discuss the Social Security issue. But before I get there, I've got some other things on my mind I want to share with you. First, I want to thank the Governor, Mike Huckabee, for doing such a fine job as the Governor of the State of Arkansas. I want to thank his Lieutenant Governor, Win Rockefeller, for doing such a fine job. Thank you all for being here.

I know we got members of the statehouse who are here, the State senate and the State legislature. I appreciate you all serving. I appreciate you all coming. I hope you find this dialog as interesting as I think you're going to. This is going to be an interesting discussion about a big issue, and I believe those in the legislative branch appreciate somebody from the executive branch who is willing to set a big agenda. See, the job of the President and the job of a Governor is to confront problems, not pass them on to future generations, future Congresses, or future Presidents. And that's what we're here to discuss today.

I want to thank Mayor Pat Hays from North Little Rock for joining us. I appreciate you coming, Mayor. I want to thank all the local and—thanks for coming, Mayor. Fill the potholes and everything will be fine. [*Laughter*] Huckabee is probably saying, "Send me the money." Anyway—[*laughter*]—I really thank you for coming.

When I landed today, I met Katya Lyzhina. Where is Katya? There she is. Thanks for coming. Katya—let me tell you about this story. I want to—because it is, I think, representative of the true spirit of America. Katya was adopted by Jan. Where's Jan? Thanks for coming, Jan. Katya, you see, was born and raised in Russia, and her parents died. And Jan, out of deep compassion for a fellow human being, adopted Katya, and here she is in America. She came as an 11-year-older. She's a teenager. I'm not going to tell you her real age. Let me just say she's under 20. But guess what? She has raised 4,000 books to help build libraries for after-school programs. She helps raise money for food banks in the Little Rock area. She started Hope's Miracle to help raise money for other—to pay for help for families who are adopting a child.

This little child has come from a faraway land and is repaying the love and compassion of her stepmom and her country by serving as a volunteer in the army of compassion. She represents what many others here and around our country represent, and that is the strength of America. The strength of America is found in our hearts and souls. We can and we will change America, one heart, one soul, one conscience at a time, by surrounding those who hurt with love and willing to dedicate our time to making our communities a better place.

Thank you, Katya, for the example you've set.

We'll talk about a couple of other things, and then we'll get to Social Security. I enjoyed giving the State of the Union. Interestingly enough, the day after the State of the Union, we had a National Prayer Breakfast.

And when asked to speak, I said it seemed like the State of the Union was a moment of prayer—these Members were praying that I'd keep my speech short. [*Laughter*] But I enjoyed giving it, and I enjoyed reminding our Nation we're still at war. And for every—every time one of our brave soldiers brings to justice somebody who's trying to hurt America, we are safer. And that is why I said with confidence that we will stay on the offense until we have won this war. And I reminded our Congress, so long as we've got soldiers in harm's way, they deserve the best support. And I'm confident we'll get that support out of the Congress.

And I want to thank the good folks from Arkansas whose sons and daughters have gone overseas to defend our freedom. I know a lot of people from Guard units, Reserve units, and on active duty from this great State have served. And I'm proud of the service, and I know you are as well.

Every time a country goes from tyranny to freedom, we are safer as well. On the one hand, we'll stay on the offense, working with our friends and neighbors and allies to bring people to justice. On the other hand, we'll continue to spread freedom.

Think about what has happened in a quick period of time. People in Afghanistan voted for the President, the first time in 5,000 years. That's a long time. And we're better off for it. The world is better off when a society goes from tyranny to freedom. When a society is free, it has to listen to the demands of its people. Moms and dads universally want to raise their child in a peaceful environment. People just want the best for their kids when they grow up. They want the world to be peaceful. When governments listen to the demands of the people, it is more likely that peace will prevail. The Palestinians elected a new leader. He's showing signs that it's necessary to fight terror so that we can achieve peace with Israel. The Ukrainian people elected a new leader. Think how far that society has come. And last Sunday, the Iraqi people, in the face of incredible odds, went to the polls.

And it's important—that's an important moment. It's an important moment in history because it showed that a few tyrants and terrorists and killers cannot stop the will of men and women. See, what we believe in America is that freedom is universal because freedom is the Almighty God's gift to each man and woman in this world. That's what we believe.

And it is very important for people in Arkansas and around the country to understand that a free Iraq is in our national interests. If part of our duty is to leave behind a more peaceful world for our children and grandchildren, a free Iraq in the heart of the Middle East will set a powerful example for others who long for freedom. We have a chance to continue this incredible march of history toward free and democratic societies.

I thought the most important moment of the State of the Union, of course, was when the mom from Pflugerville, Texas, hugged the woman, the human rights advocate from Baghdad. It said—it was a powerful moment for people to see the gratitude of the Iraqi people expressed in a hug toward a mom who suffers as a result of her son sacrificing his life not only for our freedom but for the freedom of people far away. It spoke volumes to me. It said that people want to be free. And I think the freest nation on the face of the Earth has a duty to help those who desire and long for freedom to achieve that dream. And in so doing, this world of ours will be more peaceful.

In Iraq, we'll continue to stand with those—they said to me, "Are you going to have a timetable?" Timetables are the wrong thing to put out. All the timetable says—it says to the enemy, "Go ahead and wait." No, the timetable is this: We will continue training the Iraqis as fast as possible so they have the capacity to meet their will, which is to defeat these terrorists. See, they voted in overwhelming numbers in the face of terrorism. I'm convinced that when given the tools, they will defeat the terrorists. And when the Iraqis are ready to defend themselves, our troops are coming home with the honor they have earned.

A couple of other things before we get to Social Security. I was heartened to see today that we added 146,000 new jobs in the month of January. The national unemployment rate went down to 5.2 percent. We're making progress. I assure you, however, we will not rest on our laurels. There's more things we can do to create an environment in which

jobs continue to expand—for example, be wise with your money. Monday, I'm submitting a budget. It says that if the program doesn't make sense, it doesn't meet priorities, it doesn't make results, we're either going to cut it back or eliminate it.

I think we can get us an energy bill, finally. We've been talking about it for a—we've been wasting a lot of energy talking about it. [*Laughter*] Now we can get a commonsense bill that says let's conserve more, let's spend money on research to be able to use coal in clean ways. Why don't we promote safe, clean nuclear energy? We need to do things like advance research on ethanol and biodiesel. Can you imagine, someday it will make sense for a President to say, "Gosh, the crop report looks strong; it means we're less dependent on foreign sources of energy." There's a lot of commonsense things we can do and must do to keep this economy growing and make us less dependent on foreign sources of crude.

I can just hear Laura now: "Keep it short; let everybody else talk." But she's not here. So anyway, I'm going to keep going. [*Laughter*] I know she wishes she were here. By the way, she is a fabulous woman. I'm lucky she's my wife, and she's a great First Lady.

A couple other points I want to make on the domestic scene. If you're a small-business owner, I think you ought to be allowed to pool risk across jurisdictional boundaries. That means if you're a restauranteur in Little Rock, you ought to be teaming up with a restauranteur in Austin to be able to buy insurance for your employees so that you can better afford insurance. Congress needs to let small businesses do that so we can get insurance to our people who work for small businesses.

I tell you something else we need to do—and I feel very strongly about this when it comes to health care—I am deeply concerned about the number of lawsuits that are running up the cost of medicine and running good doctors out of practice. You may not think that people in my position are able to get out and listen to people, but we actually are able to do so. And one of the common complaints I heard about our current legal system around the country was from ob-gyns and expectant moms. Because these lawsuits are running ob-gyns out of practice, too many expectant moms are nervous about whether or not they're going to get good health for themselves and their babies.

We have a real problem in America with these junk lawsuits. It's like a legal lottery, and it's costing our citizens, patients, and doctors a lot of money, and it's costing Federal Government a lot of money. I believe medical liability is a national problem. I have proposed a national solution, and I call upon Congress and Members from the United States Senate and the House of Representatives from Arkansas to support doctors and patients with good liability reform.

I got the message—get to the point: Social Security. First of all, I think it should interest you that a President is traveling the country talking about Social Security. And a—see, I see a problem, and I'm about to describe it to you. And I have a duty, therefore, to make the problem as clear as I can to as many people as I can. I started that the other night at the State of the Union, and I'm traveling to my fourth State. I'm going to Florida from here—five States, two days—with this message: We have a problem, and I intend to lead the Congress to fix it. But I understand problems sometimes don't get fixed until the people of the country start saying, "We see the problem, and you go fix it." And that's what we're here to talk about.

And so here's the problem. The problem is that the mathematics of Social Security has changed significantly since the program was designed. Franklin Roosevelt designed the program. It was a system where the money came in and was supposedly going to accumulate, and passed out when people retired. And there were a lot of workers for every beneficiary. By 1950, there were 16 workers paying into the system for every beneficiary. In other words, there was quite a few people whose payroll taxes went into the system to meet the promises the Government had made to the retiree. And that's fine.

And by the way, during that era, life expectancy was around 60 years old. Now, what has changed is this. First of all, we're living longer. I mean, I hope to make it past 60; I got 3 more years to go. The life expectancy is 77 years now. Mom and Dad are 79 and 80. You know what I'm talking about. People

are living longer. And therefore, the whole formula—part of the formula doesn't hold up. The longer you live, the more benefits you receive. And when you couple that with the fact that the baby boomers, like me, are fixing to retire—not only are we living longer and therefore receiving benefits longer than anticipated when the system was designed, more of us will be living longer, receiving more benefits. Plus, the benefits are scheduled to rise dramatically. So you've got more people living longer, receiving benefits longer at a greater level of support. Plus, the number of payers into the system have declined from 16 per beneficiary to 3.3 per beneficiary. And in relatively short order, it's going to be two people paying in per beneficiary. Now, that's a problem because the system can't sustain itself.

And as this chart shows you, in the year 2018, the Social Security system goes into the red. That means more money going out to baby boomers, who are living longer with greater benefits promised than coming in in payroll taxes. See, it starts to go negative. Up to now, it's been positive. Up to now, we've been receiving more in payroll taxes than have gone out to pay. But the dynamics shift dramatically when the baby boomers start coming into the system.

And in 2027, that deficit will be 200 billion a year. It grows every year: 2018 is small; by 2027, it's going to require 200 billion extra to pay off the promises; 2033—these are just examples of how it increases on—the deficit increases on an annual basis—2032, I believe it is, comes out to be about 300 billion. So you can see the problem. We're short. In order to fulfill the promises for the number of people paying in the system, we're going to have to come up with 200 billion a year in 2027, and more the next year, and more the next year, and more the next year—unless we do something about it.

Now, I know there's some people saying, "Uh-oh, how does that affect my check? I'm on Social Security now." You're fine. You don't have a thing to worry about. The Social Security system is sound for those who are—have retired and those who are near retirement, people born before 1950. It is in good shape. Nothing will change.

And part of the problem with dealing with this issue, part of the problem is seeing the problem and coming up with a solution is, a lot of people in political life are afraid of talking about it because they're afraid somebody in their State is going to say, "Well, when you talk about Social Security, really what you're doing is taking away my check." You know what I'm talking about. You've seen those campaigns: "Old so-and-so is going to take away my check." Well, that's just not reality. Those are scare tactics. Senior citizens are just fine.

It's the younger folks that ought to be saying, "What're you going to do about it, Mr. President? My generation is now going to be saddled with 200 billion in 2027, and more the next year, and more the next year, until the system gets bankrupt in 2042. How about doing something about it now before it is too late?"

That's why I think—you see, the dynamics have shifted. It used to be, people were afraid to talk about Social Security. Now I think people should be afraid not to talk about Social Security and start coming up with some solutions. It's one thing for the President to say we've got a problem; now I believe I have a duty to help lead Congress toward a solution. Let me just say right off the bat I'm open for any idea except raising payroll taxes to solve the problem. If anybody has got an idea, bring it forth. I don't care if it's a Democrat idea or a Republican idea or an independent idea, I'm interested in working with the people who end up writing the law to come up with a good idea.

And so all options are on the table, as I said in the State of the Union the other night. Bring them on, and we'll sit down and we'll have a good discussion about how to get something done. I think it's really important that the Congress understand that's how I feel. And we're not going to play political "gotcha." Dealing with our—dealing with the security of our youngsters is vital. And now is not the time to make this issue a highly partisan issue. I really mean that when I say that.

Now, I've got some interesting ideas, and I think they're worth listening to. And one of the most interesting ideas of all is whether to allow a younger worker to be able to set

aside some of her—his or her payroll taxes into a personal retirement account. I think younger workers ought to be allowed to do that.

I'll tell you why. I'll tell you why I think they ought to be allowed to do that: because I understand that with a conservative mix of stocks and bonds, a person can earn a rate of return which is significantly greater than the rate of return that person's money now earns in the Social Security trust. And that's important because over time, when your money compounds and the rate of interest compounds your money, it means a younger worker will be able to accumulate a lot more money per dollar in than he or she would if the money stayed in the Social Security trust. In other words, it grows better. And that's important. It's important for a younger worker to be able to grow his or her money, particularly given the fact that there's some significant cash deficits headed our way.

Secondly, I like the idea of encouraging an ownership society. I think people ought to be encouraged to own something in America. You'll be owning a part of your retirement account. It's actually your money to begin with. It's not the Government's money. You're paying it in. I think it makes sense for people to be given a statement on a quarterly basis: "Here's your money, and here's how it's growing."

Now, there are some legitimate questions regarding this system. One, can you take your money and put it in the lottery? No. [*Laughter*] The answer is not only no, but heck no. [*Laughter*] You can't take it and play dice with it; you can't take it to the track; you can't gamble on, you know, fly-by-night stocks. You can only put it in a conservative, Government-prescribed mix of stocks and bonds, just like the Federal employees get to do.

See, we have done this before. It's called the Federal thrift plan. Federal employees are given five programs from which to choose. The individual gets to choose what—the mix of stocks and bonds. But they're conservatively planned. And obviously, the more conservative a mix of stocks and bonds, the less risk you'll have. But it doesn't take much risk to get a better rate of return on your money than that which is in the Social Security trust.

Secondly, can you take it all out when you retire? No, it's there as part of your retirement. You're going to get some money out of the Social Security trust, and that money coming out of your personal account will be combined with the money out of the Social Security so that you can have a good retirement.

Thirdly, can you leave it to who you want? You bet. And that's what—where all of a sudden the plan begins to differ. Right now you can't. Right now you can't leave a dime of the money you put in the Social Security system to anybody. And under this plan, you will.

And so this is something I'm asking Congress to consider. Now, I understand it's hard. It's a new idea. It's a new way of thinking. But it's a—one good way to make sure this system is around for our younger workers. And there's a lot of benefits to it. And I'm looking forward to continue traveling our country talking about these ideas. That's one of my duties as the President: confront problems, say, "We got a problem."

And as you know, I'm here in Little Rock. And I was in Omaha and Fargo and in Montana; I'm heading down to Florida. And the idea is to say, folks, we got a problem; now let's work together. And sometimes in Congress, if they start to balk—or in the Senate, they balk, maybe it helps to have the people say, "I agree with the President. He says we got a problem. He showed the chart. And now let's—why don't we all come together and get something done?" And that's why I'm here, besides being able to be with the good folks of Little Rock, Arkansas.

Okay. Andrew Biggs is with us. He is the Associate Commissioner for Retirement Policy of the Social Security Administration, Washington, DC. In other words, he is an expert on the subject.

Andrew, step forth. Let the people of Arkansas—no, sit forth—let the people of Arkansas—[*applause*].

Dr. Andrew Biggs. Thanks very much.

The President. Tell them whether or not we got a problem or not, from your perspective.

Dr. Biggs. Put simply, we do, in fact, have a problem.

The President. By the way, this guy—Ph.D. See, I was a C student. [*Laughter*] He's a Ph.D, so he's probably got a little more credibility. I do think it's interesting and should be heartening for all the C students out there, notice who's the President and who's the adviser. [*Laughter*] All right, Andrew, get going. Andrew's got a good sense of humor.

Dr. Biggs. Thank you very much. [*Laughter*]

[*At this point, Dr. Biggs made further remarks.*]

The President. Thank you, sir. Good job. Erma Fingers Hendrix—she introduced me one time right here on the banks of the river, isn't that right?

Erma Fingers Hendrix. That's right.

The President. Eloquent then and still eloquent now. Thanks for coming.

Ms. Fingers Hendrix. Thank you, Mr. President.

The President. Proud you're here.

[*Ms. Fingers Hendrix made brief remarks.*]

The President. Thank you, Erma. Let me—it's very interesting—I think Erma's discussion here is important because she basically said, "I'm fine." And that's important for every senior to understand. She gets it. In other words, the—whatever the numbers and the talk and everything, it is clear that you have analyzed the situation and understand that nothing would change for Erma. And that's important.

There's a lot of—this system is a great system. It's worked for a lot of people. It is a very important part of our society. And therefore, those folks who use their Social Security check to help bring security in their retirement need to know that nothing is changing.

The interesting dynamic is that she has asked her grandson, who is 30, "What do you think?" See, that discussion never happened when I was 30. [*Laughter*] Think about that. I don't remember anybody calling me and said, "Are you worried about Social Security," because it was assumed everything was right—until our society changed, 'til the boomers began to retire, 'til the benefit promises were raised, until the number of payers paying in declined. And that's why it's important to take the idea that Franklin Roosevelt came up with, which is a—which worked well for a lot of people and make it work better for your grandson.

Thank you for coming, Erma.

Gloria Bennett. Where are you from, Gloria?

Gloria Bennett. I'm from De Queen, Arkansas.

The President. That's right next to "De King." [*Laughter*] All right, what do you do?

Ms. Bennett. I'm a part-time USDA food inspector. And as a part-time inspector, I do not get benefits for retirement. And I'm also a single parent.

The President. Yes.

Ms. Bennett. And being 43 years old, I fall somewhat in between where the Social Security will be there, but it will decline. So this personal account will benefit me. And also, if I pass away, it will also benefit my children where it could go to them——

The President. Yes.

Ms. Bennett. ——and it could go to their retirement, towards their retirement, or they could get the money right then. So my fears of if they will have retirement is just diminished right now because I know there is a plan. And with a plan there, and we put it in action, I don't think we will have any problem.

The President. Yes, well, listen, it's a very interesting point she says—she brings up this point, and that is that if she were to pass away and her children are over a certain age, the money she's put—or anybody put into Social Security just goes away. It goes on to the beneficiary, not your particular beneficiary but a promised beneficiary.

Now, think about that system. So work—somebody works hard, doesn't live long enough to get the benefits, dies earlier than the national average, and that money that they put in the system—unless you've got younger kids—just is gone, goes to help somebody else. But it doesn't pass on to anybody that you decide you get to pass it on to. And that's what Gloria wisely pointed out is a flaw in the current system.

Now, you'll hear some people say, "Well, maybe some people don't know how to manage their account." I just don't buy that. I

think we can help with financial literacy. But I'm going to tell you, the guidelines are going to be strong enough that people will be able to put their money in safe accounts. And that's important. I repeat, we have done this before—Federal employees. Not you—I imagine you're kind of hot about that, aren't you?

Ms. Bennett. Yes. [*Laughter*]

The President. Federal employees get a Thrift Savings Plan. They get to choose to put some of their money—and by the way, this is voluntary, is the other thing that—shouldn't we say to people, if it makes sense, give people a chance to make the decision as to whether or not they want this option so they can pass it on to relatives?

All right, Mark Darr, Benton, Arkansas.

Mark Darr. Yes, sir.

The President. Welcome. What do you do?

Mr. Darr. I'm an insurance agent here in Little Rock, Arkansas.

The President. Good.

Mr. Darr. And I deal with risk every day. And to me, it's a whole lot riskier not to do anything on this plan, to let it go. These numbers back here, it gets red really quick. The only red we like to see is Razorback red.

The President. Yes, you're going to bring up the Texas-Arkansas game a couple of years ago. But that's all right, you know? [*Laughter*] Go ahead.

Mr. Darr. But for us to just sit back and see these numbers go in decline is really stupid. And give us the chance to have a retirement. By the year 2042, the fund is gone. And that's about the time I'm going to retire. And I have two small kids, and if there's nothing for me or even if it's at a lower level, what it's going to be for them when they get ready to retire? And that gets kind of scary.

The President. Yes, that's an interesting—again, I'll repeat what I said earlier—I find it interesting then, this—I've traveled a lot and talked to people, but there's a lot of 30-year-old people like Mark who just say, "Why don't you listen to us all of a sudden when it comes to Social Security, because we don't think we're going to see anything?" In other words, a lot of people understand the numbers.

And it's not that hard; it's not that big a leap of logic to think about a system where more people living longer, getting greater benefits are supported by fewer people, like Mark. And the system just can't sustain itself. And a lot of young people know that in America. That's what has shifted in the politics, by the way. That's what Members of the Congress and the Senate must understand, that senior citizens are coming to the conclusion that nothing is going to change for them, but there's a lot of younger citizens saying, "What about me? What about somebody listening to my point of view on Social Security?—like Mark, because he understands that these numbers spell disaster.

And it's not only having no retirement system; it is how are we going to pay for people like George W. when he gets ready to retire? That's as big a burden as having no system at all, see? And that's the dilemma we're faced with.

Again, I repeat to you, these numbers are real; they're justifiable. You can ask the experts; the Social Security Administration has blessed them. These aren't created in some back room. These are transparent, open numbers, that says, every year, starting in 2018, we're going to have to come up with additional money to meet the deficits, in order to meet the promises. And where that money comes from is either going to be your wallet or somebody else's wallet in the form of reduced benefits or great debt.

So now is the time, as Mark said, to be dealing with the problem. All options are on the table. I want Congress to come together, but I also want them to understand as they look at all options, one option is to allow young workers like Mark to start putting aside some of his own money in an account that gets a better rate of return than the current trust so he is likely to be able to get as close to the promised benefits as possible when it comes time for him to retire. That's what we're here to talk about.

Got anything else you want to say? How many kids you got?

Mr. Darr. I've got two kids.

The President. Are they here?

Mr. Darr. No, my wife is here, but we let the kids stay with somebody else today.

The President. That's good, probably. They get a little wiggly. [*Laughter*] Afraid the President would go on too long, like the State of the Union. [*Laughter*]

Listen, I've enjoyed this. I want to thank our panelists. All of us who have been fortunate enough to serve our country have a duty to confront problems and to debate in an open and honest way, be inclusive in our discussions, to welcome interesting ideas. This is a significant problem that we've got to deal with now. And I intend to keep reminding Congress about our duty. I intend to keep traveling our country, talking to the American people, reminding them they have a chance to influence the debate. And I'll keep calling upon the best spirit of those of us in public service to put our politics aside and to leave our generations to come better off with a security system that works.

We're headed toward peace in the world, more freedom at home. And that makes a guy feel pretty darn good, who's lucky to be your President.

God bless you all.

NOTE: The President spoke at 11:45 a.m. at the Robinson Center Auditorium. In his remarks, he referred to President Hamid Karzai of Afghanistan; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; President Viktor Yushchenko of Ukraine; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2.

Digest of Other White House Announcements

The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

January 29

In the morning, the President had an intelligence briefing.

January 30

In the afternoon, the President had separate telephone conversations with King Abdullah II of Jordan, Crown Prince Abdullah of Saudi Arabia, and President Hosni Mubarak of Egypt to discuss the elections in Iraq.

Later in the afternoon, in the Family Theater, the President participated in a speech preparation session for his February 2 State of the Union Address.

January 31

In the morning, the President had separate telephone conversations with Prime Minister Tony Blair of the United Kingdom, President Jacques Chirac of France, and Chancellor Gerhard Schroeder of Germany to discuss the elections in Iraq, the situation in the Middle East, and the President's upcoming visit to Europe.

Later in the morning, the President had separate telephone conversations with Prime Minister Ayad Allawi and President Ghazi al-Ujayl al-Yawr of the Iraqi Interim Government to discuss the elections in Iraq. He then had an intelligence briefing and met with the National Security Council.

In the afternoon, in the Family Theater, the President participated in two speech preparation sessions.

During the day, the President had a telephone conversation with Secretary-General Kofi Annan of the United Nations to discuss the elections in Iraq.

The President announced that he has named Jack D. Crouch II as Assistant to the President and Deputy National Security Adviser.

February 1

In the morning, the President had separate telephone conversations with President Vladimir Putin of Russia, Secretary General Jakob Gijsbert "Jaap" de Hoop Scheffer of NATO, and European Union Commission President Jose Manuel Durao Barroso to discuss the elections in Iraq. Later, he had a telephone conversation with President Vicente Fox of Mexico to discuss the elections in Iraq and other issues.

Later in the morning, the President had an intelligence briefing. Later, in the Family

Theater, he participated in a speech preparation session.

In the afternoon, the President met with Representative Jo Ann Emerson, chair, National Prayer Breakfast. He then participated in an interview with columnist Cal Thomas. Later, in the Family Theater, he participated in a speech preparation session.

February 2

In the morning, the President had a telephone conversation with Prime Minister Silvio Berlusconi of Italy to discuss the elections in Iraq, the President's upcoming visit to Europe, and other issues. He then had a telephone conversation with Prime Minister Paul Martin of Canada to discuss the elections in Iraq. Later, he had a telephone conversation with President Elias Antonio Saca of El Salvador to discuss the elections in Iraq and to thank President Saca for the service of Salvadoran troops in Iraq.

Later in the morning, the President had an intelligence briefing. He then had separate meetings with Secretary of State Condoleezza Rice and Secretary of Defense Donald H. Rumsfeld. Later, in the Family Theater, he participated in a speech preparation session.

In the afternoon, the President had lunch with network television correspondents.

The President declared a major disaster in Hawaii and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe storms and flash flooding on October 30, 2004.

The President declared an emergency in Illinois and ordered Federal aid to supplement State and local recovery efforts in the area struck by record/near record snow on December 21–23, 2004.

The President declared a major disaster in West Virginia and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe storms, flooding, and landslides beginning on January 4 and continuing.

The President declared a major disaster in Utah and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe storms and flooding on January 8–12.

February 3

In the morning, the President had a telephone conversation with Prime Minister Junichiro Koizumi of Japan to discuss the elections in Iraq, the situation in North Korea, and other issues. He then had an intelligence briefing.

Later in the morning, the President traveled to Fargo, ND, where, upon arrival, he met with USA Freedom Corps volunteer Fran Rickers.

In the afternoon, the President traveled to Great Falls, MT, where, upon arrival, he met with USA Freedom Corps volunteers Char and Roy Brady.

In the evening, the President traveled to Omaha, NE.

Also in the evening, the President had a telephone conversation with Prime Minister John Howard of Australia to discuss the elections in Iraq, relief efforts following the December 26, 2004, earthquake and tsunamis in the Indian Ocean, and other issues.

February 4

In the morning, the President had an intelligence briefing. Later, he had separate telephone conversations with President Traian Basescu of Romania and Prime Minister Simeon Saxe-Coburg-Gotha of Bulgaria to discuss the elections in Iraq.

Later in the morning, the President traveled to Little Rock, AR, where, upon arrival, he met with USA Freedom Corps volunteer Katya Lyzhina.

In the afternoon, the President traveled to Tampa, FL, where, upon arrival, he met with USA Freedom Corps volunteer Margaret Goodson.

In the evening, the President returned to Washington, DC.

The President announced his intention to nominate Brig. Gen. William T. Grisoli, USA, to be a Commissioner of the Mississippi River Commission.

The President announced his intention to designate Christopher Bancroft Burnham as Acting Under Secretary of State for Management.

The President announced his designation of the following individuals as members of the Presidential delegation to attend the state funeral of Prime Minister Zurab Zhvania of

Georgia on February 6: Senator Richard G. Lugar (head of delegation); Richard J. Miles; Paul V. Applegarth; and Lorne W. Craner.

The President announced his designation of former Presidents George Bush and William J. Clinton as members of the Presidential delegation to visit tsunami-affected countries of South and Southeast Asia including Indonesia, Sri Lanka, Thailand, and Maldives on February 19–21.

The President declared a major disaster in California and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe storms, flooding, debris flows, and mudslides on December 27, 2004, through January 11, 2005.

Nominations Submitted to the Senate

The following list does not include promotions of members of the Uniformed Services, nominations to the Service Academies, or nominations of Foreign Service officers.

Submitted January 31

Michael Chertoff,
of New Jersey, to be Secretary of Homeland Security, vice Thomas J. Ridge, resigned.

Checklist of White House Press Releases

The following list contains releases of the Office of the Press Secretary that are neither printed as items nor covered by entries in the Digest of Other White House Announcements.

Released January 31

Transcript of a press briefing by Press Secretary Scott McClellan

Released February 1

Transcript of a press briefing by Press Secretary Scott McClellan

Transcript: Interview of the First Lady by ABC News

Transcript: Interview of the First Lady by CBS News

Transcript: Interview of the First Lady by NBC News

Released February 2

Statement by the Press Secretary announcing the appointment of Elliott Abrams as Deputy Assistant to the President and Deputy National Security Adviser for Global Democracy Strategy, and that Faryar Shirzad will continue to serve in an expanded role as Deputy Assistant to the President and Deputy National Security Adviser for International Economic Affairs

Statement by the Press Secretary on disaster assistance to Hawaii

Statement by the Press Secretary on disaster assistance to Illinois

Statement by the Press Secretary on disaster assistance to West Virginia

Statement by the Press Secretary on disaster assistance to Utah

Fact sheet: Ensuring Justice and Fairness for All Americans

Fact sheet: Helping America's Youth

Fact sheet: The State of the Union

Excerpts: State of the Union

Advance text: State of the Union

Policy Book: Strengthening Social Security for the 21st Century

Released February 3

Transcript of a press gaggle by Press Secretary Scott McClellan

Fact sheet: Setting the Record Straight: Participants Get 100% of Their Personal Retirement Accounts, Both Principal and Interest

Released February 4

Transcript of a press gaggle by Press Secretary Scott McClellan

Statement by the Press Secretary on disaster assistance to California

White paper: Three Questions About Social Security (prepared by the President's Council of Economic Advisers)

Acts Approved by the President

NOTE: No acts approved by the President were received by the Office of the Federal Register during the period covered by this issue.