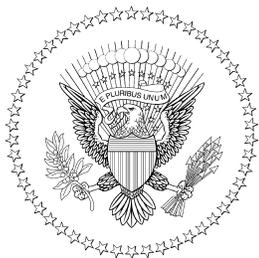


Weekly Compilation of
**Presidential
Documents**



Monday, February 14, 2005
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WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

Published every Monday by the Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408, the *Weekly Compilation of Presidential Documents* contains statements, messages, and other Presidential materials released by the White House during the preceding week.

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Week Ending Friday, February 11, 2005

**Remarks in a Discussion on
Strengthening Social Security in
Tampa, Florida**

February 4, 2005

The President. Go ahead and sit down, please. Thanks for the warm welcome. It's good to be back in Florida. I'm looking for my little brother, but he didn't show. [*Laughter*] It's okay, I love him anyway. Plus, he's doing a great job as the Governor.

Thanks for coming today. This is my fifth stop after the State of the Union Address to talk about important issues for our country. As you can see, I'm joined by some distinguished citizens who are going to share some of their thoughts about the Social Security system. That's what we're here to talk about. But before we get there, I do want to recognize some folks, and I've got some other things to say as well.

First, I am really proud to have been met at the airport and have traveled over with two Members of the Congress, starting first with United States Senator Mel Martinez; Congresswoman Ginny Brown-Waite—thank you for coming, Ginny Brown; Congressman Adam Putnam.

The Lieutenant Governor came, for which I am grateful, Toni Jennings. Thanks for being here.

Margaret Goodson is with us today. Margaret, please stand up. I met Margaret at the base of Air Force One. Margaret is a volunteer for Meals on Wheels. The reason I like to herald volunteers is, one, to encourage people to volunteer, but as well to remind our fellow citizens our true strength, the great strength of America, is the hearts and souls of our citizens, the fact that people like Margaret are willing to help somebody out—somebody, in this case, who's hungry.

If you're interested in serving the country, find somebody who is looking for shelter and help them find housing; love somebody who hurts; help somebody get rid of an addiction.

You see, that's what—that's how you change a society. And Margaret, you're part of the army of compassion, and I want to thank you for your service.

We're headed toward peace, and that's important. We're still at war. I wish I could report to the Nation, during my State of the Nation and here in Florida, that the war is over. It's not—there's still an enemy that cannot stand America, that still wants to inflict harm on our people precisely because we refuse to relent in our love for freedom. But we're making good progress.

First, I want to thank the troops and their families for helping us stay on the offensive against the terrorists and the haters. Every time a terrorist is brought to justice, our children and grandchildren are safer. But as well, every time a democracy is born in a part of the world and around the world, our children and grandchildren are safer as well.

We've seen a remarkable, remarkable series of events when you think about it. In a very brief period of time, Afghanistan became a democracy; people were able to vote for a President of that country—they tell me, for the first time in 5,000 years. Millions of people showed up at the polls. The first voter was a woman who was not allowed to participate in democracy during the Taliban. And that's important for our children and grandchildren. The fact that Afghanistan is free sets a powerful example in a part of the world that is in need for powerful examples of a free society.

The Ukraine elected a President in the last 4 months. The Palestinians have elected a new leader who shows he's willing to stand up and fight off the terror. And we're—Condi Rice, by the way, is headed over there to work with both Israel and Palestinians to help Palestine develop a democracy.

If you're interested in true peace in the Middle East, like I am, I fully understand that for there to be true peace, the Palestinian people must be allowed to express

themselves in the ballot box, give their opinions in the public square. There must be a free press. In other words, there must be a true democracy in order for there to be peace in the Middle East. We're headed that way.

And finally, as you know, last Sunday the Iraqi citizens, in spite of threats and violence and beheadings and all kinds of horrible acts, went to the polls by the millions. They defied the few acts of the terrorists. Every time a society becomes a free society, our children and grandchildren are better off, because free societies are peaceful societies. Democracies promote peace, and that's what we're interested in.

So I'm enthusiastic and optimistic about what is taking place in the world, and I believe the United States has a duty and an obligation, not only to future generations of Americans but to people who live in tyranny, to promote democracy wherever tyranny exists. I believe every soul yearns to be free; that's what I believe. I believe everybody desires to be free. The Iraqi elections helped prove that point. The people did incredible, brave things in order to express their will. It's because people love freedom and, if given the chance to be free, they accept freedom.

Our mission in Iraq is to continue to stand with the Iraqi Government. We will not put an artificial timetable of withdrawal out. That would be a—such a decision would embolden an enemy. It would send the wrong signal. Here's the game plan. The game plan is to stand with the Iraqis, is to train them better, is to give them a chain of command, is to work with their junior officers so that the Iraqi units, which did very well on election day, have got what it takes to defend their own country. You see, this new democracy, like any new democracy, is going to want to defend itself. And as—and people say, "Well, are you sure they want to defend themselves?" I say, "Absolutely." Look what they did on election day. If they're willing to defy the terrorists by going to a ballot box, they're willing to take the training necessary to defeat the terrorists where the terrorists exist. And when Iraqis are ready to defend themselves, our troops are coming home with the honor they've earned.

I don't know about you, but the hug between the mom from Pflugerville, Texas, whose son died on the battlefield, and the woman whose dad had been—Saddam Hussein had ordered her dad's assassination, human rights activist inside of Iraq who voted and flew over to represent her country in Laura's box—I thought the hug was about as profound a measure of compassion and decency and respect and thanks that I've ever seen. It was a—[*applause*].

And for those of you who have got a loved one in the theater or has a loved one in the theater today, you got to know that the Iraqi people appreciate our sacrifices. And I believe generations of Americans to come will appreciate the fact that this generation not only stood strong in the face of a Saddam Hussein but stuck it out and helped the Iraqi people develop a democracy. Democracies lead to peace. And we have a duty to help this world become more free so our children and grandchildren can grow up in a peaceful world.

We have a duty to make sure there's a retirement system for our children too. And that's what I want to talk about. First of all, it's pretty interesting we're talking about Social Security, isn't it? It used to be called the third rail of American politics. If you touched it, you would be shocked—[*laughter*]—sometimes shocked out of politics. [*Laughter*] I campaigned on the issue because I thought it was important to do so. I also believe the role of a President is to confront problems, not to pass them on to a future President, future Congress, or a future generation.

So the question you ask is, do we have a problem? Well, here it is. When Social Security was designed, the life expectancy was about 60 years old. In other words, you were expected to live that long. Today, life expectancy is 77 years old. In other words, people are living longer.

Secondly, there is a group of folks fixing to retire, a big bulge of us. We're called the baby boomers. So not only are people living longer, but there's a whole bunch of people who are going to be living longer that are eligible for Social Security.

Thirdly, benefits are going up dramatically. So you've got a lot of people living longer,

getting greater—with greater benefits promised. And what this chart will show you here is that you got fewer people paying in. In 1950, 16 workers were paying to the system to support one beneficiary. That obviously makes a system more affordable than one in which only 3.3 people are paying per beneficiary. Fewer workers putting in money to pay for more workers who are living longer and getting more benefits—that is a problem. And it's a problem defined by that chart, which shows that in 2018, the Social Security system goes negative, more money going out to beneficiaries than coming in through payroll taxes. That's a fact. And every year thereafter, the gap grows wider.

So to give you an example, in 2027, the system will be \$200 billion short. In other words, they collect X amount of payroll taxes, but because baby boomers like me are living longer and have been promised greater benefits, we're \$200 billion short that year—that year. And the next year is bigger than 200 billion. In 3037, it's like 300 billion. And finally in—2037, it's 300 billion. In 2042, it's bust. Those are the facts.

So I see a problem. And I think it's time to address it square on. That's why I spent a great deal of time in the State of the Union. Now, this is not a problem for people who have retired or near-retired. This is not a problem for people who are now on Social Security who were born before 1950. It is not a problem. I don't care what they tell you. I don't care what the brochures say. The Social Security trust is sound and solvent for people who are counting on the checks today and people are going to be counting on the checks who are near-retired. It's just the way it is.

The problem exists for younger folks. The problem is, younger folks are going to be coming up in a world where either you got to raise taxes dramatically, borrow significant amounts of money, slash Government programs, slash benefits in order to make that red in that chart go away. And that's the dilemma we have right now. That's the problem those of us who are in Washington, DC, must confront, because every year you wait, the problem becomes worse for our kids.

I think now is the time to take on the issue. And that's exactly what I intend to do. That's

why I have been to five States since the State of the Union, and that's why I'm going to continue traveling our country, saying to the American people, "Here's the problem." We'll have somebody else describe it as well. And the reason I believe that's important to do is because I think the American people actually have a lot to do with how Congress responds. You may not think that, but having been up there long enough to tell you how it works, you can make a difference in how people respond.

Once people recognize there's a little bit of denial in Washington—they'll say there's not a problem. There's a fair number of people who say, "It isn't a problem." If that's the prevailing view, nothing is going to happen. I fully recognize that. So step one is to say we have a problem. And step two is to start coming up with a solution. And I have a responsibility to be involved with that as well. It's one thing for a fellow to say, "You've got a problem. You all go figure it out." That's not my style. My style is to say, "We've got a problem, and we're going to figure it out."

All ideas are on the table except running up the payroll tax. And I don't care whether it's a Democrat idea, Republican idea, independent idea, I'm interested in ideas. And so I'm going to say, like I have been saying before to the United States Congress, "Bring them up. Let's see what you think we ought to do to solve the problem, and I'll work with you." This is not one of these moments where we're trying to gain political advantage. I think this has got to be a moment where people from both parties come together and say, "Here is a problem." For generations—it's not a problem for just Republican youngsters. It's not a problem just for Democrat youngsters. It's a problem for every youngster coming up in America. And therefore, I want to work with Members of the Congress. And so I said in my speech the other day, "Other people have had some good ideas. They're on the table. And if you want to lay one out, I promise you there won't be political retribution for having done so."

Now, I've got some of my own ideas. And I want to share one idea with you, and we've got some panelists here that think it's pretty good idea, too, and they're going to give you

a different perspective, perhaps, than the one I give you.

The way the system works is that you write a check—you don't write a check; they take it out of your check, a payroll tax, and it immediately goes to pay somebody's benefits. That's the way it works. It's a pay-as-you-go system, and we'll discuss that in a minute. What I think you ought to do is be able to take some of the money you're paying in and set up what's called a personal retirement account. First of all, there's a simple principle, and it's—actually, it's your money that's going into the Social Security trust. You're working, and you're paying the payroll taxes, and I think some of that money ought to go into a retirement account.

And why that is important is because with a conservative mix of stocks and bonds, you will be able to get—your money will be able to get a better rate of return than the money inside the Social Security trust. And by getting a better rate of return inside the Social Security trust, your nest egg will grow big enough to help you when it comes time to retire—not fully take care of all your retirement obligations, because you'll still have money in the Social Security trust, which you'll be able to receive at the appropriate time, but it will help complement the money. And that's important. And that's an important aspect of making sure that the promises made to the younger workers are more likely, or more closely to be delivered.

Secondly, I like the idea of promoting an ownership society. I think it makes sense to have people feel a stake in the future by owning something. I like the concept of people getting a quarterly statement about how their stocks and bonds are doing in their own personal account.

Thirdly, I like the idea of somebody being able to say, "My money has grown to X. I'm not going to necessarily need it to retire, and I want to leave it to whomever I choose to leave it to." In other words, your asset, your decision as to who ends up with the money that you have saved.

See, I think all these concepts are an important part of helping to strengthen Social Security for generations to come, the most important aspect of which is that the money will earn a greater rate of return than that

which is now being earned in the Social Security trust. So a dollar will be a lot bigger when it comes time to retire than a dollar that had been kept in the trust. That's called the compounding rate of interest.

Now, some of you are beginning to glaze over. I understand. [*Laughter*] Think about private property in an account that you can pass on to who you want, that earns a better return than the current system, and you'll end up with more money.

Now, there's some rules, and it's important for you to know the rules. One, you can't take your money that you set aside in the personal account and go to the racetrack or take it to the lottery. You can't do that. There will be a prescribed mix of conservative stocks and bonds into which you can invest, similar to the employee thrift plan at the Federal Government level. See, this already exists, by the way. I haven't invented this. Federal employees now get to do that. They get to take a portion of their money and put it in a conservative mix of stocks and bonds, five different programs they get to choose from, so they get a better rate on their money.

Secondly, you can't pull it all out when it comes time to your—you can't take it all and then go to the track. [*Laughter*] You're not allowed to do that. You can take it out—withdraw it in an orderly fashion so as it complements your Social Security check. And those are important things for people to understand.

Thirdly, there are ways to make sure that you can invest in very safe certificates as you head into retirement. People are going to say, "Well, what happens if the stock market goes down the year I'm going to retire?" Well, first of all, you've had your money in the market over an extended period of time. But if you're worried about that, there are ways to invest the money prior to retirement to help kind of shield from a cyclical market. What I'm telling you is these investment vehicles will be safe. There's all kinds of rhetoric about, well, you're not going to let people gamble their money. Well, if things are done in a conservative fashion, you will be able to achieve the objective of getting a better rate of return on your money and have more money available for you on retirement than

if it had sat in the Social Security trust. In other words, that money will grow better.

It's very important for people to understand that there's going to be some tough decisions we have to make. And the purpose of personal accounts is not only more freedom, but it's to try to get your retirement nest egg close to that which has been promised. That's what we're talking about.

Now, that's one idea. And I'm willing to debate it and campaign on it and talk to people about it. And I expect the Congress to take it seriously, just like I'll take every idea that they put out seriously. This is going to require a joint effort to get the job done. And I'm looking forward to working with these Members. I've got—there's some sympathetic ears here, which I appreciate. Other Members are watching very carefully. They're listening carefully. If you've got a concern about Social Security, you tell your people about it. Just let me remind you, if you're a senior, nothing changes. And if you're a youngster, I'd be knocking on the Members of the Congress and the Senate's door to say, "What are you going to do about that chart to make sure I can grow up in a—[applause]."

Olivia Mitchell is with us. Olivia, tell them what you do.

Dr. Olivia Mitchell. Thank you, Mr. President. I teach pensions and Social Security at the Wharton School at the University of Pennsylvania. And I thank you because in the last couple of years, the students are finally sitting up and paying attention because of what's in this graph.

[At this point, Dr. Mitchell, director, Pension Research Council, Wharton School, University of Pennsylvania, made further remarks.]

The President. Yes, it's a very important point she made. The private account—the private retirement accounts alone don't fix Social Security. They are part of a larger solution. And that's what's important to know. It's just the fact that you can earn better rates of return within a private account that it makes it—that it helps mitigate the other changes in the system that will be necessary to eradicate the red ink.

Dr. Mitchell. Absolutely right.

The President. Well, thanks for coming. Gosh, I'm—you know, it's interesting—well, anyway, I find it interesting that younger people are now paying attention to the issue. That's important. See, when the word gets out to the Congress that says there's a lot of young folks who are saying, "I don't think I'm ever going to see a dime unless Congress acts," that will get people acting, because there's a lot of young folks. The key is to make sure our seniors fully understand that they're not going to see anything change.

Dwight Dillard, right here. You worked—you've worked most of your life, haven't you?

Dwight Dillard. Yes, sir, I have.

The President. From where, initially?

Mr. Dillard. Initially, in the Midwest.

The President. There you go.

Mr. Dillard. Lee's Summit—

The President. Been there, Lee's Summit, Missouri. Fine place, by the way. Went to Lee's Summit High School—I didn't attend Lee's Summit High School; I actually gave a speech at Lee's Summit High School. [Laughter]

Mr. Dillard. Yes, and your father did too.

The President. Yes, he did. Ever since the Adams boys went to Lee's Summit, there hasn't been a father and son President team go. [Laughter] Are you on Social Security now?

Mr. Dillard. Yes, sir, I am. I've been retired for about 10 years.

The President. Right. So he's receiving Social Security. Dwight, when we visited him back there, he just wanted to make sure the Social Security system stayed the same for him. If you're on Social Security today, you're not interested in somebody coming along saying, "Let's just change the rules." And that's not happening. I hope you understand that.

Mr. Dillard. Yes, I—yes, I do.

The President. Good.

Mr. Dillard. I understand it completely, and I'm—my worry is for my children and grandchildren.

The President. Right.

Mr. Dillard. That's my concern.

The President. That ought to be the concern of every grandparent and parent, when you start thinking about the facts: 200 billion in 2027, bigger the next year, bigger the next

year, bigger the next year, and bust in 2042. So I appreciate you coming. You got anything else you want to add, Dwight?

Mr. Dillard. No, sir—other than I think it should be acted on, the sooner the better.

The President. By the way, Dwight worked at Sheet Metal Local Number Two Union. This is—what we're talking about here is, we're talking about a plan for everybody. This isn't just a management plan; this is an everybody plan. This is an idea that we've all got to come together—whether you're union or management, Republican or Democrat, people from all walks of life must put their minds together to get something done, so our youngsters are not strapped with a system that's going to make it hard for this country's economy to continue to remain the best in the world, where people are not going to be able to realize their dreams. That's what we're talking about.

So thanks for coming, Dwight.

Mr. Dillard. Thank you, sir.

The President. You did a heck of a job. Carlos—Carlos Huertas. *Bienvenidos*.

Carlos Huertas. *Gracias*.

The President. Why were you interested in joining us? First of all, let's talk about your family.

[*Mr. Huertas, support engineer, PerkinElmer, Riverview, FL, made brief remarks.*]

The President. Very good. And—so tell me about—let's see, what do you do for a living?

Mr. Huertas. I'm a support engineer for a company that makes—manufactures electronic laboratory equipment.

The President. Good, yes. How's business?

Mr. Huertas. It's good. Actually, it's a very good company.

The President. It's good to hear. It's nice to hear, isn't it? Actually, speaking about business, we had some good news today. The national unemployment rate dropped to 5.2 percent, and 146,000 jobs were added in January. That's good.

Mr. Huertas. That's very good.

The President. Keep going. You're planning for your retirement, although you're awfully young.

[*Mr. Huertas made further remarks.*]

The President. Yes, see, it's an interesting thing, what he's saying. First of all, he says he's got a 401(k). When I was coming up, those were three numbers and one letter in the alphabet. No one knew what it meant, 401(k). There's a different mentality amongst younger folks in America. A 401(k) means it's a plan that he owns and he manages. That's how the retirement system works. He gets the statements.

Mr. Huertas. Right.

The President. He sees the mix of stocks and bonds grow. I presume it's been growing.

Mr. Huertas. Yes, it has. And the thing I like about the proposed reforms to Social Security is that, just like I do on the 401(k), I can invest in the market where I get a better return, plus I can keep control of my finances just like I like it.

The President. Yes. See, people say, "Well, I wonder if I can do that?" In the employee thrift plan, you've got five plans to choose from. We're not talking about needing to become a great financial analyst in order to make decisions. These are decisions that are commonsense decisions that anybody can do over—with a little—just a little confidence. And you might explain to people how easy it is in a 401(k) to make rational decisions for your own money.

Mr. Huertas. Normally, there's a manager, right, that is the finance manager that controls the funds. All you need to do is decide how much money you want to put on each account. And of course, there's always a choice of—whether you are younger, you usually put more money on the risky finances and less money on the other one. When you are older, like I'm getting, I will put less money on those risky—[*laughter*].

The President. I wish I was your "old." [*Laughter*]

Mr. Huertas. So anyway, it's pretty simple. There's obviously a lot of funds out there. But my understanding is that in this reform, there's going to be just a few of them.

The President. Yes, just a few choices to choose from, and no high-fliers, reasonable—reasonably managed risk. And that's important for people to know.

Thanks for coming, Carlos. You did a fine job there.

Mr. Huertas. My pleasure.

The President. Yes, I'm looking forward to meeting your wife, sons, and daughter.

Jennifer—Jennifer has got the hardest job in America. She's a single mom.

Jennifer Lalani. Well, thank you. Thank you.

The President. All right, Jennifer, what do you do?

Ms. Lalani. What do I do? Besides raising my two lovely children, which again, like you said, it is the hardest job, the most challenging job, but the job I really, truly love—I'm actually a pharmacist. And I currently work for a major chain, and what I do is I manage 30 of their stores.

The President. So you're a manager?

Ms. Lalani. Yes, so being a mom was a great training ground for the corporate job. [Laughter] It taught me about multitasking.

The President. Very good. Nice long word, multitasking. Very good. [Laughter] Inject a little intellectual strength here in this conversation.

Ms. Lalani. Yes, there you go. Corporate talk.

The President. That's right. It is. All right, tell me what your concerns are on the Social Security plan.

[Ms. Lalani, district pharmacy supervisor, CVS, Windermere, FL, made further remarks.]

The President. Yes, that's an interesting point. I don't mean to interrupt you, but it's a great point. If you put a lot of money in the system and you die early and your child is over a certain age, that asset of yours goes to somebody else. That's the way the system works. In other words, you have nothing left over, under the current system; that's what you're saying.

Ms. Lalani. Absolutely. From what I've read, these personal retirement accounts, whatever is in there would go on to your estate and to its heirs.

The President. Absolutely.

Ms. Lalani. I think the single moms out there who have to help fund their kids' college education, if they were to pass on, at least there would be something there for the children.

The President. Precisely. The point is, is that as Jennifer has mentioned, it's her money that she has been paying in, but yet there was nothing there to give. And there's something—I think one can achieve peace of mind by having assets that you call your own, that you can pass on. And that's one of the interesting aspects of a personal account. It's, to me, promoting the idea of a mom working and saying, "This is—I'm building up this for my kids," is really an important part of a stable and generous society.

And so I want to thank you for bringing that up. Good job.

By the way, people say, "Can you afford to do this?" Well, first of all, I don't think you can afford not to do it. But we have got a plan; our idea is that we phase in these accounts slowly so that the transition cost is manageable in the budget process. In other words, these things just don't start all at once. You can start by putting \$1,000 aside or up to 4 percent, which is ever less, and over time that grows \$100 a year so, eventually, you get to the 4 percent cap—4 percent of your income. So if you're making \$90,000, you can have an account of 3,600 a year. But it's going to be phased in so that the transition cost is manageable.

We believe—this administration believes that the slower you start and let these accounts grow, the more people will see that it's fiscally—a fiscally responsible way to begin a brandnew idea.

Jim Browne. He's the youngest guy up here. Congratulations. [Laughter] All right, what do you do?

Jim Browne. I work for the Pinellas County government at the tax collector's office. [Laughter]

The President. Great. Thank you. [Laughter]

Mr. Browne. Sorry.

The President. That's good, he knows something—in other words, he's an expert on the subject. [Laughter] You had some interesting things to say.

Mr. Browne. Yes. Well, first off, I'd like to say how much I appreciate you bringing up the subject of the future of Social Security. For many of my generation, we don't anticipate the system being there for us as it stands.

The President. Let me stop there. Hear what he said? First of all, when I was 27 years old, I don't remember having a discussion with anybody about whether or not Social Security would be there. Any other baby boomers here remember talking about Social Security and its viability when we were 27? No. The dynamic has changed. There are 27-year-olds all over the country saying, "Is the system going to be there, and what are you going to do about it?" Go ahead. [Laughter] Not, what are you going to do about it; what I'm going to do about it. [Laughter]

[Mr. Browne, tax assistant, Pinellas County, FL, made further remarks.]

The President. Portability means when you change jobs, the account goes with you. It's yours, like, forever, until you pass it on to somebody else. Good point. I wish I'd have thought of that. [Laughter] Is that it? You're full of wisdom. You might as well—you're on a roll. [Laughter]

Mr. Browne. Well, I just hope that Congress will work together in a bipartisan fashion, because this is—well, this is something that is not going to be anything that's going to disappear anywhere in the near future. Well, actually, the way it stands, it just might. [Laughter]

The President. No, it won't disappear in the future because there's still going to be liability—people are still going to want the checks the Government has promised. The problem won't go away. It just gets worse. That's exactly right. When you're getting your check and the Government says they're going to give you one, you expect it. And so as this thing gets redder and redder and redder, the measures become more and more draconian to make sure we fulfill the obligations.

It's not going away. You're right, it's not. Bankrupt doesn't mean it disappears; bankrupt means it's just flat broke. And it means we're going to have to do something dramatic to fix it. And now is the time to get after it.

Listen, a good presentation by all the people up here. I hope this helps you understand that this is—I mean, it's one thing for me to come and kind of opine; it's another thing for people who have thought about the issue

to give you their opinions. And there's a lot of people like them all over the country who are concerned enough to come on a stage, by the way, in front of all these cameras and express their opinions. And I want to thank you all for doing it.

Let me—I'll answer some questions, if you've got time. Let me answer some questions, and we'll get out of here. You did good. Thank you. You've got the best view in the house. [Laughter]

Any questions? Yes, sir.

Social Security "Notch" Issue

Q. [Inaudible]

The President. Yes, 19—he's worried about the "Notch" issue. We don't think that's going to be an issue. Before 1950, everything stays the same—before your—before those—for those who were born on 1950 and before, everything stays the same. And afterwards, the program will be—a personal account will begin to affect them.

Yes, ma'am.

Transition Costs

Q. [Inaudible]—to the way you're proposing?

The President. Yes, she's asking about the cost of the transition. It's estimated about 600 billion over a 10-year period of time to get the personal accounts started on the—the way we've suggested they grow. It's a good question.

Yes, ma'am.

Solving the Problem

Q. [Inaudible]—really understand how is it the new plan is going to fix that problem?

The President. Because the—all which is on the table begins to address the big cost-drivers. For example, how benefits are calculated, for example, is on the table; whether or not benefits rise based upon wage increases or price increases. There's a series of parts of the formula that are being considered. And when you couple that, those different cost-drivers, affecting those—changing those with personal accounts, the idea is to get what has been promised more likely to be—or closer delivered to what has been promised. Does that make any sense to you? It's kind of muddled.

Look, there's a series of things that cause the—like, for example, benefits are calculated based upon the increase of wages as opposed to the increase of prices. Some have suggested that we calculate—the benefits will rise based upon inflation as opposed to wage increases. There is a reform that would help solve the red if that were put into effect. In other words, how fast benefits grow, how fast the promised benefits grow, if those—if that growth is affected, it will help on the red.

Okay, better? I'll keep working on it. [Laughter]

Yes, sir.

Q. How do you like these hard questions?

The President. You know—you watch my press conferences? [Laughter] Please don't encourage him. [Laughter]

Scope of Personal Accounts

Q. I've heard this is going to be a volunteer personal account.

The President. Yes, it is.

Q. And also would a employee or a worker be able to go above and beyond what the Government is going to require if we decide to enter the program?

The President. Yes, interesting question. You can through an IRA, for example. I can't answer that as—what he's saying is, is that if he has a personal account, can he contribute more beyond that which is being contributed through a part of his payroll taxes. I would think so, yes, but I'm not sure. I do know, however, that you can complement a personal retirement account through the Social Security system with an IRA, which helps to achieve the same objective, basically setting up a personal account.

Thank you.

Yes, sir—yes, ma'am.

Q. First of all, I'd like to say that I'm a volunteer, one of your very loyal and dedicated volunteers in Plant City.

The President. Well, thank you.

Q. And I'm very happy to have you as the President.

The President. Thank you.

Q. Thank you.

The President. Okay, okay, wait a minute. Thank you very much. I appreciate you say-

ing that. Now, having said that, however—[laughter].

Disability Benefits

Q. I do have a question. I'm on Social Security.

The President. Right.

Q. And I'm disabled, and I just wondered if there's going to be an intensified program into some of the disability benefits that they have now.

The President. No.

Q. Okay. [Laughter] Whatever program that you put out for Social Security, I'm fully behind it. You have my support.

The President. Thank you, ma'am. I appreciate that. Yes, ma'am. Her question was—see, there is a Social Security benefit as a part of—there is a disability benefit as a part of Social Security. It won't change. We're talking about the retirement aspect of Social Security.

Yes, ma'am.

Youth and Social Security

Q. Will it help me when I grow up? [Laughter]

The President. That's a loaded question. [Laughter] Yes. It's—that's the fundamental reason we're here, is that the system isn't going to be worth a darn unless we do something about it now. Thank you for asking that question.

Yes, ma'am.

Former Gov. Robert Martinez of Florida

Q. President Bush, welcome to Tampa. We're so happy you're back.

The President. Nice to be back, thank you. Good to see my friend, the former mayor, Martinez, here.

Q. Yes, we're so excited about Senator Martinez.

The President. The other Martinez—I'm talking about—

Q. Oh, I'm sorry. [Laughter] My bad.

The President. Former Governor Martinez.

Flexible Spending Accounts/Management of Personal Accounts

Q. Can I make a suggestion, as well as ask a question?

The President. You can do anything you want now that you got the mike. [Laughter]

Q. Well, I think you'll like this. It's a simple suggestion. Regarding the flexible spending account, my suggestion is to encourage Congress to quickly get rid of the "use it or lose it" law, which will also supplement the help with Social Security. And then, my question is, for the three or four options that will be available, will those options be federally-run options? Or will they be from, like, commercial providers, say, like Fidelity Investments?

The President. No, no, that's a great question. They'll be from providers. We don't want the Federal Government making stocks and bond decisions. They'll be private—private sector, people who get paid to do this. And the fees, by the way, will be—we'll make sure that you don't get gouged. I mean, obviously, what we want is people's money going into their personal account, not going into big fee structures. And so there will be a—it will be regulated to that extent. In other words, there will be a certain sense of regulation; you can only invest in certain kinds of stocks and bonds to be—and the funds will be managed by people whose job it is to manage them, outside of the Government.

Let's see here—yes, sir.

Contributions to Personal Accounts

Q. Thank you, sir. I'm 19.

The President. Yes.

Q. And I want to invest as much money as I possibly can in the market because I feel I can make a lot better return on my rate.

The President. Okay.

Q. What is the—how much can we put in? What's the most we can put in to these private accounts?

The President. How much do you make?

Q. Well, I'm a student.

The President. Guess. [Laughter] Go ahead, guess how much you're going to make. First of all, let's just assume you make \$50,000 your first year. Over time, when this is phased in, so we can afford it, you'll be able to put 2,000 a year into your personal account from the payroll taxes. In other words, there will be a 4 percent cap on what you can put in. And if you make more money, you can put more money in.

But you can also—by the way, to answer this man's question, you can set up another savings account. You can set up your own IRA. And there's all kinds of options for the IRA to do that.

I like your attitude, man. Good luck. Are those your buddies next to you? Just met them. Okay. [Laughter] Would you recommend I call on them? All right, fine.

Q. Which one?

The President. Yes, sir. Either one—both.

Financial Literacy

Q. Hi, I'm a high school student. I'm just wondering is there anything I can do to prepare for this new Social Security reform when I grow up?

The President. Yes, it is. That's a good question. You know, one of the issues is financial literacy, is to pay attention to what it means, how stocks and bonds work, a compounding rate of interest. That's a very good question. A lot of people, when you say the interest grows at a certain—over time at a certain rate, people are not really sure what we're talking about. And I think the idea of becoming more literate in financial matters is a smart idea.

I also—the fact that you're here and paying attention to the issue—this is a political issue. This is an issue that is going to require Congress moving on. And sometimes it requires the people expressing their desires to get Congress moving on the issue.

And I want to thank you for coming and paying attention. I'm not so sure when I was your age I would have showed up and hear some old guy talking about—[laughter]—talking about an issue like that.

Yes, sir.

Political Involvement/Investments in Personal Accounts

Q. Thank you, Mr. President. Firstly, I'd like to say something that just—my generation doesn't believe that it will be there in its current form. I strongly believe that. I don't believe the system will be there for me. I'm 28 years old.

The President. Well, there's one thing on that. That's what's changing the debate. That's what gives me confidence that people who are—have been elected can stand up

and be rewarded for taking on the issue, not punished, because there are thousands of people like him who say, “I don’t think I’m ever going to see anything, and what are you going to do about it?”—particularly once our seniors are convinced nothing is going to change. And that is a very important point.

Go ahead.

Q. My question is, first of all, how do you prevent agendas from getting into the investment choices that we’ll have? And two, what can I do to help you?

The President. Well, I appreciate that. You can—well, you can start by writing your Senators. One of them is sitting right here. I know he agrees with what we’re doing. [Laughter] He’s in good shape. [Laughter] Well, I’m not picking on anybody. Just—there’s two of them, and here’s one. You can just verbalize with one.

So, it’s a very interesting question, what can you do to stop agendas? I’m not exactly—I’ll try to read what you mean in that question. It also—it kind of teams up with this woman’s question here about, will Government be kind of getting people to make certain kinds of investments? And the answer is no. Government’s job is to make sure that the risk portfolio—in other words, the mix of investments—is suited to getting a good return at lower risk. But Government’s job is not to try to steer you to one industry or another. We don’t want Government making investment decisions on behalf of the American people. We want American people with good advisers making investment decisions.

And that’s a good question. The Government’s role is to set the guidelines. In other words, there will be—and we do this. The thrift savings account—if anybody works for the Federal Government, is an investor in the thrift savings account, you know what I mean. There’s a series of five different programs that you can choose from that have been, obviously, carefully screened, and it combines a mix of stocks and bonds so that, like a 401(k), you can—higher-risk portfolio the younger you are, if you feel like it, and a lower-risk portfolio with a lower rate of return the older you get. And there’s—people are expert at managing this in the private sector.

Listen, I can stand here all day long answering questions, but I’m not, because I’ve got to go back and have dinner with First Lady Laura Bush, and I can’t wait.

Thank you all for coming. God bless. Thanks for being here.

NOTE: The President spoke at 4:07 p.m. at the Tampa Convention Center. In his remarks, he referred to Gov. Jeb Bush of Florida; President Hamid Karzai of Afghanistan; 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. This item was not received in time for publication in the appropriate issue.

The President’s Radio Address

February 5, 2005

Good morning. This week, in my address to Congress and the American people, I was pleased to report that the state of our Union is confident and strong. Many challenges still lie before us, and I will work with Congress to do what Americans have always done, leave a better world for our children and grandchildren.

Meeting this responsibility to the future starts with being good stewards of the American economy. I welcome the bipartisan calls to control the spending appetite of the Federal Government. On Monday, my administration will submit 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. In the long run, the best way to reduce the deficit is to grow the economy, and we will take steps to make the American economy stronger, more innovative, and more competitive.

We must also strengthen and save Social Security for our children and grandchildren. For those of you born before 1950, I have a message: The Social Security system will not change in any way for you. For younger workers, the system has serious problems

that will grow worse with time. With every year that passes, we have fewer workers paying ever-larger benefits to ever-increasing numbers of retirees. In 2018, Social Security will be paying out more than it takes in. By the time today's younger workers retire in 2042, the system will be bankrupt unless we act now.

Fixing Social Security will require an open, candid review of the options. I will listen to anyone who has a good idea to offer, and I will work with Members of Congress to find the most effective combination of reforms. As we proceed, we will adhere to a few basic principles. We will make Social Security's finances permanently sound, not leave the task for another day. We will not increase payroll taxes. We will make the system a better deal for younger workers by allowing them to save some of their payroll taxes in voluntary personal retirement accounts, a nest egg they can call their own which Government can never take away.

Our second broad responsibility to the future is to preserve and pass on the values that sustain a free society. We must continue to build a culture of life that respects human dignity while advancing science. To promote the compassionate character of America, we will pursue initiatives to fight the scourge of HIV/AIDS, help our at-risk youth reject gangs and violence, and help prevent wrongful convictions in our courts. I will continue to nominate well-qualified judges who understand the proper role of courts in our democracy, and the Senate must fulfill its constitutional responsibility and give every nominee an up-or-down vote.

Finally, our commitment to human dignity and freedom at home also leads us to spread freedom and peace around the world. We remain at war against the forces of terror, and we will not rest until the fight is won. We will continue to hunt down terrorists abroad, so we do not have to face them here at home. Our budget will give our military all the tools they need for victory, and we will also honor the sacrifices of the fallen by increasing substantially the payments made to the families of our service men and women who have given their lives in the war on terror.

Recently, we have seen freedom's gathering momentum in Afghanistan, the Palestinian territories, Ukraine, and last Sunday, in Iraq. On that day, millions of brave Iraqis defied the threats of terrorists and cast votes to determine their nation's future. The whole world can now see that the assassins and car-bombers are doomed to fail, because they are fighting the desire of the Iraqi people to live in freedom. And when Iraq is democratic, at peace with its neighbors, and able to defend itself, our Nation will be safer, and our troops will return home with the honor they have earned.

The work ahead is not easy. But we go forward with confidence, knowing that America's best days are yet to come.

Thank you for listening.

NOTE: The address was recorded at 9 a.m. on February 4 at the Omaha Hilton in Omaha, NE, for broadcast at 10:06 a.m. on February 5. The transcript was made available by the Office of the Press Secretary on February 4 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

Remarks Following a Cabinet Meeting and an Exchange With Reporters

February 7, 2005

FY 2006 Budget

The President. This is my first Cabinet meeting of the year 2005. I welcomed new members of our Cabinet to the table and congratulated them on their confirmations. Today we discussed a lot of issues. I reminded them that the war on terror goes on, that—but mainly discussed the issue of the budget.

We're submitting our budget today. OMB Director Josh Bolten will be presenting the budget at noon. It is a budget that sets priorities. Our priorities are winning the war on terror, protecting our homeland, growing our economy. It's a budget that focuses on results. The taxpayers of America don't want us spending their money on something that's not achieving results.

It's a budget that reduces and eliminates redundancy. It's a budget that is a lean budget. People on both sides of the aisle have called upon the administration to submit a budget that helps meet our obligations of—our goal of reducing the deficit in half over a 5-year period, and this budget does just that. Discretionary spending is—will increase at a rate less than inflation. Plus, we've begun some reforms on the mandatory side. Congress needs to look at this budget, and Congress needs to act on this budget in a fiscally responsible way.

I'll be glad to answer some questions. Terry [Terence Hunt, Associated Press].

Visits by Israeli and Palestinian Leaders

Q. Mr. President, what do you hope to accomplish by inviting Prime Minister Sharon and President Abbas to Washington separately? And why do you think there's a better chance of success now, than early effort—earlier efforts like the Red Sea summit?

The President. First of all, Prime Minister [President]* Abbas comes to the table with a mandate from a lot of Palestinians. He has been through an election. He was endorsed by the Palestinian people.

Secondly, any meeting is part of a process, because in order to achieve the objective of two states living side by side in peace, there needs to be a level of trust between all parties—"all parties" being, obviously, Israel and the Palestinians but trust with the United States, trust with the United Nations, trust with Europe, trust with the parties who are going to be investing in a Palestinian state, for example. And so what you're watching is a process unfolding, where people are becoming more trustworthy.

I have been impressed by Prime Minister [President]* Abbas' commitment to fighting off terror. I've been impressed by what he is—his public statements. I've also been impressed by the fact that Israel helped the Palestinians have an election, went out of their way to make sure that people were allowed to go to the polls. And the meetings just indicate that there's more work to be done, and I look forward to meeting with them.

Steve [Steve Holland, Reuters].

FY 2006 Budget

Q. Thank you, sir. How hard is it going to be to get Congress to go along with your budget when it cuts some popular programs that Congress has refused to go along with in the past?

The President. Well, that's a great question. I look forward to explaining to the American people why we made some of the requests that we made in our budget. I fully understand that sometimes it's hard to eliminate a program that sounds good. But by getting people to focus on results—I was saying to Members of Congress, "Show us the results as to whether or not this program is working"—I think we'll get a pretty good response.

I will tell you, we go into this process upbeat because we've worked closely with the Congress the last four budget cycles. And the Congress appropriators—Congress and the appropriators met our budget requests. I mean, there's a collaborative effort. We've had a history of being successful in terms of passing good, strong budgets, and so I'm very optimistic that we can do so again this year. Josh Bolten will be up, outlining the budget, our Cabinet Secretaries will be talking about certain aspects of their respective budgets, and I think people will see that it's a commonsense approach to the budgets.

April [April Ryan, American Urban Radio Networks].

Q. Yes, Mr. President. I'm ready, too. [Laughter]

The President. Did somebody tip you off that I might call upon you, or is it just—

Q. I've been watching you lately. [Laughter]

The President. All right. [Laughter]

Q. First of all, you're talking about equality and keeping everything on a level playing field for everyone. Many people are saying that this budget proposal is not even. You're cutting out many programs for the disadvantaged. And also, what was one of the main programs that you cut that you really had a hard time in cutting as you looked at things that were copies of another?

* White House correction.

The President. I'm going to let Josh answer the degree-of-difficulty question because we've—we're asking for Congress to cut and/or reduce 150 different programs. The important question that needs to be asked for all constituencies is whether or not the programs achieve a certain result. Have we set goals, and are those goals being met? And the poor and disadvantaged absolutely ought to be asking that question too. In other words, what is the goal of a particular program? And if that goal isn't being met, the question ought to be asked, why isn't the goal being met?

And that's the questions we've been asking. And after a while, we get tired of asking that question. So, finally, it is to take resources and direct them to programs that are working. And that's what you'll find in the education budgets and the health budgets, for example. And those are very legitimate questions, and the people deserve to have them answered, which this administration will answer in a forthright fashion.

Thank you all for coming.

NOTE: The President spoke at 11:15 a.m. in the Cabinet Room at the White House. In his remarks, he referred to President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority. A reporter referred to Prime Minister Ariel Sharon of Israel. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Proclamation 7868—National African American History Month, 2005

February 7, 2005

By the President of the United States of America

A Proclamation

Throughout our Nation's history, the contributions of African Americans have stirred our Nation's conscience and helped shape our character. During National African American History Month, we honor the determination and commitment of generations of African Americans in pursuing the promise of America.

The theme of National African American History Month this year, "The Niagara Movement: Black Protest Reborn, 1905–2005," honors the grassroots movement of 1905 to 1910 that was organized to fight racial discrimination in America. Led by W.E.B. DuBois, the movement called for voting rights for African Americans, opposed school segregation, and worked to elect officials committed to fighting racial prejudice. Americans today carry on this movement as our Nation strives to live up to our founding principle that all of God's children are created equal.

It is important to teach our children about the heroes of the civil rights movement who, with courage and dignity, forced America to confront the central defect of our founding. Every American should know about the men and women whose determination and persistent eloquence forced people of all races to examine their hearts and revise our Nation's Constitution and laws. As we celebrate African American History Month, we remember how great the struggle for racial justice has been. And we renew our efforts to fight for equal rights for all Americans. We have made great progress, but our work is not done.

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 2005 as National African American History Month. I call upon public officials, educators, librarians, and all the people of the United States to observe this month with appropriate programs and activities that honor the history, accomplishments, and contributions of African Americans.

In Witness Whereof, I have hereunto set my hand this seventh 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 9, 2005]

NOTE: This proclamation was published in the *Federal Register* on February 10.

**Proclamation 7869—National
Consumer Protection Week, 2005**

February 7, 2005

*By the President of the United States
of America*

A Proclamation

This year's National Consumer Protection Week focuses on the impact and problems caused by identity theft and on the steps Government is taking to safeguard personal information. Today, many Americans reveal personal information when making purchases, borrowing money, or opening a bank or credit card account. This information makes it convenient to conduct routine transactions, but consumers must take precautions to protect their names, addresses, phone numbers, Social Security numbers, and account numbers against fraud and theft.

As one of the highest impact financial crimes in our Nation, identity theft can undermine the basic trust on which our economy depends. Millions of Americans have had their identity stolen, costing them and our country's businesses billions of dollars. Identity theft can shake consumers' confidence, destroy a person's financial reputation, and damage lifelong efforts to build and maintain a good credit rating.

We are acting to protect citizens from these crimes and the grief and problems they cause. During the last 2 years, I have signed the Fair and Accurate Credit Transactions Act of 2003, which makes it easier for consumers to detect and protect themselves from fraud, and the Identity Theft Penalty Enhancement Act, which strengthens the penalties for identity theft. The U.S. Postal Inspection Service, the Federal Bureau of Investigation, and the United States Secret Service are working with State and local officials to stop the criminal networks responsible for much of the identity theft in America. The Federal Trade Commission also trains local law enforcement in detecting and investigating identity theft, and they have set up the Identity Theft Data Clearinghouse, which tracks complaints across the country and provides these records to prosecutors seeking to shut down those who steal our citizens' good names.

Consumers can learn to prevent identity theft by visiting the National Consumer Protection Week website, www.consumer.gov/ncpw. Working together, we can reduce this growing problem and protect the financial security of our citizens 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 6 through February 12, 2005, as National Consumer Protection Week. I call upon government officials, industry leaders, and consumer advocates to provide citizens with information about identity theft and how they can be responsible consumers, and I encourage all citizens to take an active role in protecting their personal information.

In Witness Whereof, I have hereunto set my hand this seventh 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 9, 2005]

NOTE: This proclamation was published in the *Federal Register* on February 10.

**Remarks to the Detroit Economic
Club in Detroit, Michigan**

February 8, 2005

Thank you all. Please be seated. I've seen head tables before—[*laughter*—I've never seen one quite so long. [*Laughter*] Thanks for having me. It's great to be back in Detroit. You know, we're only a few weeks into the New Year, but at the White House we've already had a lot of excitement. There was the Inauguration. Then we had Iraqi elections and then a visit from a group of very tall men—[*laughter*—the mighty Pistons of Detroit.

I appreciate you having me. I appreciate you giving me a chance to come and share some thoughts with you. Dieter, thank you very much for that fine introduction. Never mind about the English language thing. [*Laughter*] Beth, thank you very much for

organizing this event. It's good to be here with Rick Wagoner and Bill Ford, part of the mighty Big Three in the Detroit area. I want to thank Joe Knollenberg and Sandie, the Congressmen from the great State of Michigan. Cardinal Maida, it's great to see such a strong leader and such—one of the great faith leaders of not only this State but the country.

I appreciate the mayor being here. Mr. Mayor, it's good to see you. I may see your mother this afternoon, and I'll tell her you're looking just fine. *[Laughter]*

Glad to be here with the secretary of State of Michigan, Terri Lynn Land, the attorney general, Mike Cox. I appreciate all the State and local officials who have come out. I want to thank all the college students—middle school, high school, and college students who are here as part of the Detroit Economic Club Student Program. It was my honor to have shaken a lot of hands. I hope my advice was good, which was to aim high, make right choices, and listen to your mother. I'm still listening to mine. *[Laughter]*

Today when I landed at the airport, at the base of Air Force One was a fellow named Jim Comer. He is an active volunteer in the VIP Mentoring Program. The reason I like to bring up people like Jim is to remind people that the greatest strength of the country is the hearts and souls of the citizens of our country. That's our true might. And every chance I get, I like to herald those individuals who are taking time out of their lives to make a difference in somebody else's life.

And what Jim Comer does is he mentors children who have got a parent who may be—who is incarcerated. I can't think of a greater gift, a more noble cause than to surround a child who may hurt with love. And so, Jim, I want to thank you for being here. For those of you who may wonder how best to serve our country, find somebody who hurts and help them with your compassion and your decency.

Thank you, sir. I'm glad they gave you a good table. Thanks for doing it.

This is my second trip to the Detroit Economic Club. I was here as a Presidential candidate back in 2000, right before the Michigan primary. You can't win them all. *[Laughter]* That day I said no generation could af-

ford to take its prosperity for granted and that the job of the President is not to think about the Dow Jones today but to look down the road. That's exactly what I told the folks that were here. Little did I realize what that road would mean.

We've been down a challenging road together since the last time I came to address the Detroit Economic Club. After all, we had a stock market decline and recession. We've had corporate scandals. We had an attack on our homeland, and we've got the demands of an ongoing war. But this Nation confronted these challenges head on, and as a result, we have rebuilt our economy and we're improving the security of our Nation.

What I said in 2000 remains true today: No President should ever take America's economic growth for granted. We have an obligation to do what Americans have always done, and that is to build a better tomorrow for our children and our grandchildren. And that's what I'm here to talk about today.

We're moving forward with an ambitious agenda to ensure that our economy remains the freest, the most flexible, and the most prosperous in the world. Our strategy has three pillars. We will insist on a budget that limits and tames the spending appetite of the Federal Government. We will work with Congress to pass legislation that promotes economic growth and makes sure the entrepreneurial spirit is strong all throughout America. And we'll reform the institutions fundamental to American society.

I understand these are big goals. But the job of the President is to confront problems, not to pass them on to future generations, future Presidents, and future Congresses.

The first pillar of sound economic policy is spending restraint in Washington, DC. Yesterday I sent a budget to the United States Congress. I would call it a disciplined budget. My budget reduces spending—reduces spending—on nonsecurity discretionary programs by one percent, the most disciplined proposal since Ronald Reagan was in office. It holds discretionary spending below the rate of inflation. It includes vital reforms in mandatory spending that will save taxpayers \$137 billion over the next decade. It meets our Nation's essential needs. It

keeps us on track to cut the deficit in half by 2009.

Now, all budgets have got to be based on priorities, and mine are clear: The Government's most solemn duty is to defend and protect the American people. In a time of war, we will always provide our military and homeland security personnel with the tools they need to do their jobs. And so our budget raises defense spending by almost 5 percent and funds critical upgrades in homeland security, such as a new program to secure our chemical plants, ports, and public transportation systems.

Protecting America imposes costs that are large, and they are necessary. That means we have a duty to show even more discipline about spending in other areas. Leaders in Congress and in the business sector have expressed their concerns about Federal spending, and I've listened. And so I've delivered a budget that reflects our mutual concerns. And now Congress needs to join with me to bring real spending discipline to the Federal budget.

Spending discipline requires difficult choices. Every Government program was created with good intentions, but not all are matching good intentions with good results. And so we looked at how programs are working. Or as I told my Director of the OMB, Josh Bolten, let's focus on results. My 2006 budget eliminates or substantially reduces more than 150 Federal program that are not succeeding, that are duplicating existing efforts, or that are not fulfilling an essential priority.

For example, there's a program called Even Start. It was created more than 16 years ago to build literacy in low-income families. We're all for that. I can't think of anybody in the Congress who is not for helping low-income families become literate. The problem is, is that after three separate evaluations it has become abundantly clear that the program is not succeeding. People are not becoming more literate. Families in Even Start have made no progress toward literacy—no more progress than a similar group of families outside the program.

See, I think it makes sense for all of us involved in public policy to say to the appropriators, "Show us whether something

works." Even Start is not working, and so I've asked that the program be eliminated and focus resources on things that do work.

We're also working on mandatory programs. These are programs fixed by formula, over which the Congress and appropriators have no discretion except to fix the formula. For example—let me give you one example of where I think there needs to be change to save taxpayers' money. It's commonsense change. It is a reasonable approach to farm policy. Right now the Federal Government pays individual farmers as much as \$360,000 a year in subsidy. I think that no farmer should get \$250,000 a year in subsidy. That makes sense. That will save the American taxpayer \$1.2 billion over the next decade. These are the kind of reforms that are necessary to earn the trust of the American people. And to bring budget discipline, it is essential that those who spend the money in Washington adhere to this principle: A taxpayer dollar ought to be spent wisely or not spent at all.

To reduce deficits, we must do more than just spending restraint. We've got to make sure we have progrowth economic policies. We've got to do things to make sure this economy continues to expand, in order to create jobs, increase wages, and enhance the entrepreneurial spirit. I mean, I love the entrepreneurship of America. I think it's what makes us a unique place. I can't tell you how positive it is when I hear the stories of person after person who creates his or her own job, regardless of their status in America. There's nothing better than to be a part of a society in which, if you dream the big dream, you can achieve that dream. And that's why progrowth economic policies are vital for a positive future for America.

So the second pillar of a sound economic policy is to build on an environment that encourages initiative, lowers the cost of doing business, constantly thinks about how to promote economic vitality and growth.

Progrowth policies have helped overcome a recession and helped make this country's economy the fastest growing of any major industrialized nation in the world. Over the past year, America has created more jobs than Germany, Japan, Great Britain, Canada, and France combined.

Parts of our country struggle, just like Michigan. I'm very aware of that. But that's all the more reason to make sure our economy is more flexible and that we remain competitive. The goal ought to be America must be the best place in the world to do business.

A progrowth strategy must ensure that tax relief is here to stay. Most new jobs in America are created by small businesses. Many of those businessowners pay business taxes at the individual tax rate. In other words, they're Subchapter S corporations, sole proprietorships. And when individual tax rates are high, it affects the capacity of a small business to accumulate and spend capital. The tax relief we passed lowered all tax rates on people who pay taxes. Yet in 2011, those tax rates are scheduled to go back up. If Congress fails to act, taxes on dividends and capital gains will also go up, and the child credit will be reduced, and the death tax will come back to life. [Laughter] Allowing these scheduled tax increases to take effect, allowing taxes to go back up would only discourage growth and cost this country jobs and reduce paychecks. The United States Congress needs to make the tax relief permanent.

A progrowth strategy must address the growing burden of junk lawsuits. Last month I met Bruce McFee, who runs a manufacturing company in North Lansing. A few years back, Bruce bought a company called Sullivan Palatek. In the 1940s, another company with the name "Sullivan" in it made a product with asbestos. The two companies are in no way related. But that hasn't stopped trial lawyers from filing 53 asbestos claims against Bruce's company.

Here's what he said about the lawsuits: "If they put us out of business, the replacement is going to be an overseas business. I believe there are hundreds of companies in the same mess, and it's sucking money out of our State." And he's right.

Junk lawsuits have driven the cost of America's tort system to more than \$240 billion a year, greater than any major industrialized nation. Think about that. It creates a competitive disadvantage in a global economy, for the American economy to have so many lawsuits. It imposes unfair costs on job creators. It raises prices for consumers. Our

legal system must serve the cause of justice, not the interests of trial lawyers. Congress needs to pass meaningful class-action and asbestos legal reform this year.

A progrowth strategy must roll back excessive Federal regulation. Many of you in this room probably spend hours filling out paperwork to send to Washington, DC. I can't promise you any of it has ever been read. [Laughter] We've got to understand that. People writing the regulations must understand, the people who are implementing regulations must understand that. And we're making some progress. We've streamlined tax reporting requirements for small businesses, and that saved American entrepreneurs an estimated 50 hours—50 million hours of unproductive work. And there's more to be done. We've got to strip away unnecessary mandates. We want people figuring out how to hire people, not hiring people to fill out forms.

A progrowth strategy must confront the cost of—the rising cost of health care. I understand that. Whether it be the automaker or the family restaurant in Michigan, escalating health costs are making it difficult for people to do business and to get the coverage they need for their workers. More than half of the uninsured are small-business employees. To me, that makes sense to start there. To make sure the health care system works, why don't we address the reason why small businesses aren't able to afford health care. And one of the reasons why is because they're not able to get the economies of purchase that big companies are able to do. We ought to allow small businesses to pool across jurisdictional boundaries so they can get the same discounts that big companies are able to do.

I'm a big believer in tax-free health savings accounts. If you're a small-business owner or a sole proprietor, I urge you to look at health savings accounts. They're innovative ways for people to control their own destiny when it comes to health care, get catastrophic coverage to give them security, and be able to pass from one year to the next on a tax-free basis any money you do not spend in your health account. And to make them more widely available, we ought to—we will, if Congress passes laws that allow us to provide

incentives for small businesses and low-income workers to open up health savings accounts.

We should create a national marketplace for health insurance, so people can shop on the Internet across State lines to get high-quality coverage at lower prices. That makes sense, doesn't it—to break down barriers to create a marketplace for the consumer when it comes to health care. To reduce the cost of medicine for every doctor, every patient, and every business, Congress needs to pass medical liability reform this year.

A progrowth strategy must ensure affordable, reliable supplies of energy. It is hard to be in a growing economy if you're not sure whether or not you got energy, if you're not sure whether or not there's cost certainty when it comes to energy. As you found out here in Detroit and others found out across our Nation during the blackout that hit this city two summers ago, a disruption in energy supplies can cause and will cause serious problems in our economy. And so that's why I sent Congress a comprehensive energy strategy almost 4 years ago. And as I said in the State of the Union the other night, 4 years of debate is enough. We don't need debate; we need action when it comes to an energy plan.

And that plan must modernize the electricity grid, and it must encourage conservation, and it must encourage increases in domestic production. And we can do so in an environmentally friendly way. We're spending money—and important money and good money—on new technologies such as clean coal technologies and ethanol and hybrid and fuel cell vehicles. I believe that we ought to expand the use of safe and clean nuclear power. And I think we ought to allow for exploration in environmentally responsible ways in the Arctic National Wildlife Refuge.

For the sake of this economy and for the sake of national security, Congress needs to pass an energy plan and get it to my desk as soon as possible so we can become less reliant on foreign sources of energy.

A progrowth strategy requires a policy of free and fair trade. America is the home to about 5 percent of the world's population. That means 95 percent of our potential customers are abroad. Millions of American

jobs—and this is important for the people of Detroit to understand—millions of Americans jobs are supported by exports, including one in every five factory jobs. Here in America, it's the fifth largest exporting State. You know firsthand that economic isolation would mean economic disaster.

My administration has worked hard to open up markets for U.S. products. We've completed free trade agreements with 12 countries that will open up markets of 124 million consumers, and that's good. That's good for entrepreneurs. Listen, if you're good at something—and we're good at a lot of things—we ought to break down barriers so we can be selling to people. And I'm going to continue to work to open up markets. And at the same time, we will vigorously enforce trade laws that are on the books. You see, with a level playing field, our businesses, our entrepreneurs, and our workers can compete with anybody, anytime in the world.

The third pillar of a sound economic policy is to put in place reforms that will keep America's businesses and workers competitive in the century ahead. It is time to confront great challenges. If you care about the quality of life for our children and grandchildren, now is the time—not later but now is the time to confront problems.

To keep America competitive, we've got to make sure that the education system works. The No Child Left Behind Act is working. We have challenged and are challenging the soft bigotry of low expectations. We will not stand for a school system that gives up on kids and just moves them through. So now we're asking the question, "Can you read and write and add and subtract?" And when we find a child that needs help, we're providing help early, before it's too late. There's nothing better than setting high standards and having accountability to make sure every child learns. And it's working. There's an achievement gap in America that is growing—is narrowing every year. And we've now got to extend those reforms to our high schools so that a high school diploma means something.

The fastest growing occupations in America require at least 2 years of college. And so we're going to reform our job training system and strengthen our community colleges

to help thousands of workers get the—gain the skills they need to fill the jobs of the 21st century. You know, one of the wonderful things about the community college system is that they're flexible, and they're available, and they're affordable. And for those youngsters who cannot afford a community college or for those workers who cannot, we're going to increase the size of Pell grants to help them afford a community college and/or a college education.

What we want is, we want the education system to actually educate people for the jobs which exist. And that's why I'm such a big believer in the community college system. Curricula can change with the times. Flexibility is important when it comes to helping our workers gain the skills necessary to fill the jobs of the 21st century.

To keep this country competitive, we've got to change our outdated immigration laws. This economy will be stronger and our Nation will be more secure by having a rational system when it comes to immigration. First, I don't believe, and I'm against blanket amnesty. Secondly, we need to know who's coming in and out of our country. And thirdly, I believe that we ought to allow a willing worker and a willing employee to match up so long as an American won't fill the job.

I don't like a system which encourages illegal trafficking on the borders, fake documents, smuggling in the desert in the heat of the day. We're more compassionate than that. This country ought to say, "If you're a willing worker and an employer can't find an American, we ought to match them up for a period of time." This is a guest worker program that will bring sense to border policy and employment policy in the United States of America and, at the same time, treat people with dignity.

We got to simplify the Tax Code if we want to have a progrowth economy. Today, this code of ours and its accompanying regulations are almost 11 times longer than the complete works of Shakespeare. [Laughter] And he wrote a lot. [Laughter] To help you determine how much you owe the IRS, our Government kindly offers hundreds of separate forms, instructions, worksheets, and publications. [Laughter] A growing number of Americans also have to calculate their tax

burden twice, once under the regular tax rules and once for the alternative minimum tax. And then when you're done figuring out both totals, you get to pay the higher amount. [Laughter] No wonder we now have more people in the business of preparing tax returns than we do in the entire United States Army.

Americans shouldn't need advanced degrees in accounting to fill out their tax returns. So I've appointed a bipartisan commission led by former Senators John Breaux, Democrat, and Connie Mack, Republican, to examine the Tax Code, top to bottom. I will receive their recommendations, and I will work with the United States Congress to deliver a Tax Code that is progrowth, easy to understand, and fair to everyone.

And to keep this America—country of ours competitive in the 21st century, we have got to honestly and openly address the structural problems of Social Security. In the last few days, I've traveled to North Dakota and Florida and now to Michigan to discuss my ideas and plans. And I'm going to continue traveling. I'm going to spend a lot of time on this issue because I feel strongly that we better address it. And I'll tell you why.

I've reminded everybody I've spoke in front of that the Social Security system was one of the great moral successes of the 20th century, and I believe it was. And I assured them that today's seniors do not have a problem with Social Security. For those who have retired or nearing retirement, born before 1950, the Social Security system is fiscally sound and will not change at all. And that's an important message for our seniors to hear: "You're in fine shape, and nothing is changing."

But I warned every audience I've spoken in front of that the Government has made promises to our younger workers that it cannot pay for. Social Security will go broke when some of our youngsters get ready to retire, and that's a fact. And the whole world is watching to see whether or not we've got the courage to fix this problem. It's part of our structural deficit. Social Security means that we've got unfunded liabilities, debts that we owe to future generations that are going to be real hard to pay. And here's why.

Half a century ago, about 16 workers paid into the system for every one person drawing benefits. That's a nice, healthy contribution ratio, 16 to 1. But today, it's 3.3 workers to one. And over the next few decades, the numbers paying in for every beneficiary will be 2 to 1, two workers for every beneficiary. But that's only half the problem. The other problem is people like me, what they call baby boomers, are fixing to retire, and there's a lot of us. And not only are we fixing to retire; we're living longer, much longer than when the Social Security system was first designed. And not only that, the benefits that the Government has promised are going up. They're increasing. So think about it. With every passing year, you've got fewer workers who will be paying ever higher benefits to an ever larger number of retirees.

And that is the math. Thirteen years from now, in 2018, the Social Security system will be paying out more than it takes in. That's called being in the red. And every year afterwards, the problem gets worse. The shortfall is bigger than the year before. So, for example, in the year 2027, the Government will somehow have to come up with an extra—in other words, above and beyond the payroll taxes being collected—an extra \$200 billion in that year alone to keep the system afloat. And in the year 2033, that shortfall will have grown to \$300 billion. We've got a problem, and it is plain to see. It is such a problem that in the year 2042, the system is going to be broke.

If you're a younger person, you ought to be asking Members of Congress and the United States Senate and the President what you intend to do about it. If you see a train wreck coming, you ought to be saying, "What are you going to do about it, Mr. Congressman, or Madam Congressman? Are you going to sit there and let the train run over younger workers, or are you going to act?"

I'm calling upon the Congress to act, because if we don't act now, imagine what life is going to be like trying to fill the hole. When you're 200 billion short, and a couple of years later you're 300 billion short, and the shortfalls grow every year, there aren't many options available to you if you don't do something now. In other words, you can raise taxes significantly; that will wreck the economy.

You can dramatically slash benefits. You can borrow a lot of money. But whatever the case is, the closer you get to the day in which we start going into the red, the problem only accelerates.

And that's why I stood in front of the United States Congress and said, "Why don't we work together to fix this system—not for those who've retired; you're fine—but for a young generation of Americans coming up." And I fully understand that any long-term solution is going to require the discussion of a lot of options. And that's why I told the Congress, with the exception of running up payroll taxes or raising payroll taxes, all options are on the table.

There have been a lot of interesting suggestions from the United States Senator from New York named Daniel Patrick Moynihan, who, unfortunately, passed away, or to President Clinton. Over time, people have suggested different options, different ideas as to how to permanently fix Social Security for younger workers. Nothing changes for older workers. Some have suggested limiting the benefits for wealthy retirees. Others have suggested indexing benefits to prices rather than wages. Some have been bold enough to suggest increasing the retirement age. Some have thought it's a good idea to change the benefit formulas or include penalties for early collection of Social Security benefits. I'm going to work with Congress. To any Congress man or woman, regardless of party, bring forth your ideas.

Now, there are some who say we don't have a problem. I suspect over time the voters are going to say to those folks, "You better figure out we've got a problem. Just don't pass it on. Show some leadership." And then they're going to say to people like me and those of us who recognize we have a problem, "Come on. Show me your ideas." And that's what I want to assure the people of the Detroit Economic Club: I'll be open to anybody's ideas.

And I got an interesting idea for younger workers that I want the Congress to consider. I believe we have a chance to make a better deal for our younger workers, and that is I believe younger workers, if they so choose, ought to be allowed to set aside some of their

own money in the form of payroll taxes into a personal retirement account.

I think the first principle involved here is that it's the younger workers' money. It's not the Government's money, to begin with. It's your money. You're working hard. And a personal account would allow that person to invest in a conservative mix of stocks and bonds. You know, you can't take it to the lottery. [*Laughter*] You can't go across the river and roll dice with it. [*Laughter*] There's guidelines about that which you can invest in. And these accounts would have low administrative fees. They would provide simple and easy to understand choices, just like the Thrift Savings Plans used by Federal employees. These monies would be available for retirement. In other words, you couldn't withdraw money prior to retirement. And obviously, there would be a limit on that which you could withdraw. You can't pull it all out at one time. It's meant to supplement the Social Security check you'll be getting from the Federal Government.

And so why does this make sense? And by the way, we will phase these plans in—the retirement accounts in, over time, eventually allowing a worker to set aside 4 percent of his or her gross pay in the form of a personal account. And the reason you allow them to phase in is so that they become easier to pay for the transition costs, is a fiscally sound way of approaching this issue.

Now, here's why I think they're—I know they're a better deal for younger workers. The rate of return on a conservative mix of stocks and bonds will be greater in a personal account than that which the younger worker is earning in the Social Security trust. In other words, you get—your money works for you better.

And that's important. Take the young person who earns an average of \$35,000 a year over his or her working career. By the time he or she retired, their personal account would be nearly \$250,000. Think about that. That's the power of the compounding rate of money. That's what that means. Over time, your money grows, in the most conservative of stocks and bonds.

That money would provide a nest egg for the owner of the account. It would supplement that person's Social Security retirement

income. It is money that that person can pass on to whomever he or she chooses. Best of all, the accounts would be replacing the empty promises of Government with the real assets of ownership. A personal account would be your account. You would own it, and the Government could never take it away.

Now, I'm looking forward to discussing with Congress this issue. We have a fantastic opportunity to show our country that people can put aside their party and work what's best for the future. And I'm looking forward to it. And I'm looking forward to traveling the country, telling people as plainly as I can that we've got a problem, and I'm willing to work with people to come up with a solution. And I'm willing to put out interesting ideas—at least I think they're interesting—[*laughter*—]—to help people understand there is a way forward and, at the same time, promote what I like to call an ownership society.

I think all public policy—or as much public policy as possible—ought to encourage people to own something. I want more people owning their own home. I can't tell you how exciting it is to meet a first-time homeowner. I've never seen this, personally, as the President, but I can just imagine somebody opening their door of their home and say, "Welcome to my home. Welcome to my piece of property." I like the idea of people from all walks of life starting their own business. I've met entrepreneurs all across America who've said, "I've started my business. I'm an employer. I'm excited about the future."

We want people owning and managing their own health care accounts. That's why I believe health savings accounts are an important part of helping to control the cost of medicine. And we want people controlling and owning their own assets when it comes to their retirement. The more people own something in America, the more likely it is a—future generations of America will have a vital stake in the future of this country.

No one knows the power of ownership better than American entrepreneurs. John Bailey is with us. It's an interesting story about entrepreneurship and optimism. Nine years ago, after a life in public relations, he found himself trapped in a company that offered

no hope for advancement. His wife—sounds like a pretty straightforward woman; I'm about to quote her—kind of reminds me of Laura. She said, "What part of writing on the wall can't you understand?" [*Laughter*] "They don't want people over 50," is what the wife was telling John. He didn't get discouraged. He responded in true American fashion. He went out and he founded his own firm. And today, John's business is one of the largest public relations firms in Michigan.

And here's what he had to say: "It's very daunting to go out there. But I learned that it can be done, that hard work and strong ethic pays." He went on to say, "It sounds corny, but good guys do finish on top."

The dream of a hopeful America is to say that if you work hard and dream big, no matter who you are, you can finish on top.

Thanks for letting me come. God bless.

NOTE: The President spoke at 12:23 p.m. at the COBO Conference/Economic Center. In his remarks, he referred to Dieter Zetsche, chief executive officer and president, Chrysler Group, DaimlerChrysler; Beth Chappell, president and chief executive officer, Detroit Economic Club; G. Richard Wagoner, Jr., chairman and chief executive officer, General Motors; Bill Ford, chairman, Ford Motor Company; Sandie Knollenberg, wife of Representative Joe Knollenberg; Adam Cardinal Maida, Archbishop of Detroit, MI; Mayor Kwame M. Kilpatrick of Detroit, MI, son of Representative Carolyn C. Kilpatrick; Michigan State Attorney General Mike Cox; and John J. Bailey, president, John Bailey & Associates, Inc.

Remarks at a Celebration of African American History Month

February 8, 2005

Good afternoon, and welcome to the White House, the people's house. Laura and I are pleased you're here so we can celebrate together the 79th celebration of African American History Month. We're here today because of the dedication and persistence of a man named Dr. Carter G. Woodson.

In the 1920s, Dr. Woodson argued that if African Americans were to take their rightful place in society, young Americans of all races needed to learn about the black contribution to our history and culture. So in 1926, he launched the first black history

week. Today, a movement that began in black churches and schoolrooms is observed all across America, including the White House. Welcome.

The civil rights pioneers of Dr. Woodson's era also had another dream, a national museum to celebrate the history and achievements of African Americans. On December 16, 2003, I was proud to sign legislation that will create the National Museum of African American History and Culture within the Smithsonian Institution. Laura and I are pleased to welcome to the White House so many who were instrumental in the passage of that legislation and those who will help us make the museum a reality.

I welcome Members of the Congress. Senator Chris Dodd, thank you for coming. Rick Santorum, Sam Brownback, and Barack Obama, welcome. Congressman Mel Watt, the Chairman of the Congressional Black Caucus, is with us. Thank you for coming, Mr. Chairman. Eleanor Holmes Norton, delegate from the District of Columbia; Jack Kingston from the State of Georgia—welcome, Congressman, thank you for coming. And finally, Congresswoman Carolyn Kilpatrick. Now, I've got a report for you: Today I was with her son, the mayor of Detroit, who looked mighty special. [*Laughter*] Welcome.

It's such an honor to be with Dr. Dorothy Height. You look great. Thanks for coming, Dorothy.

Members of the Council of the National Museum of African American History and Culture, thank you for serving. Today is the first day in which folks are able to contribute to the building of the museum. Laura and I want to be one of your first contributors, and so I—you know where to find me. [*Laughter*]

I'm honored that members of the original Tuskegee Airmen have joined us. We're proud of your service. I told the members of the Tuskegee Airmen how important the example they set for those who wear our uniform today, and it is a shining example. And you've just got to know that you've made a huge difference in the lives of a lot of people.

I also want to welcome Mary Moore, or "Rosie the Riveter." Thank you for coming. We're proud you're here. Frederick Douglas

IV and his wife, B.J., are with us. Thank you for coming. And Cicely Tyson—the ever-beautiful Cicely Tyson.

As we celebrate this month, we must remember a great actor, Ossie Davis, who passed away on Friday. Laura and I and many in this room were honored to salute Ossie and his remarkable wife, Ruby Dee, at the Kennedy Center Honors last December. The entire Davis family are in our prayers. May God comfort them in their sorrow.

I appreciate so very much the chance to have gone to Goree Island in Senegal. Laura and I traveled there during my Presidency. It was an amazing experience for us. It was gut-wrenching to see the cramped cells where Africans were held right before they began their journey to America in chains. We stood in the “door of no return.” I’ll never forget that feeling. It’s a door through which so many innocent men, women, and children passed through. They would be loaded as cargo on to ships for the long voyage across the Atlantic to a future of slavery and servitude.

You know, it reminded me, standing in that door—as I think back to standing in that door, it reminds me how important the museum is going to be, because young Americans study this shameful period in history in their schools, and they read their textbooks, but most young Americans will never go to Goree Island or get the same sense that we felt.

And so when the National Museum of American History and Culture opens—and it will open—visitors will be able to have a much more vivid sense of what slavery meant for real men and real women. It is important to know—and this museum is going to be a really important museum, because it’s important that our children know that there was a time in their Nation’s history when one in every seven human beings was the property of another. They need to know how families were separated, denied even the comfort of suffering together. It’s an important lesson of a shameful period that the young must never forget.

And they need to know that bigotry and discrimination did not end with slavery, that within the lifetimes of their own parents and grandparents, Americans were still barred by

law from hotels and restaurants, made to drink from separate water fountains, forced to sit in the back of a bus, all because of the color of their skin. We need to teach them about the heroes of the civil rights movement, who by their courage and dignity forced America to confront the central defect of our founding.

And we all need to learn more about the men and women whose determination and persistent eloquence forced Americans of all races to examine our hearts, revise our Constitution and laws, and make America into the Nation it was always supposed to be.

The theme of this year’s African American History Month is the 100th anniversary of the “Niagara Movement.” Led by W.E.B. DuBois and John Hope and William Monroe Trotter, the Niagara Movement rejected any accommodation with discrimination and challenged our Nation to grant its African American citizens the same rights enjoyed by other Americans. In so doing, it helped lay a foundation for the civil rights movement that would change America in the decades that followed.

Like Dr. Woodson, W.E.B. DuBois placed his hopes in our youngest citizens, those who had not yet been taught to hate. So he directed his call to them. He said, “We appeal to the young men and women of this Nation . . . Stand up for the right, prove yourselves worthy of your heritage and . . . dare to treat men as men.” His appeal echoes across a century, doesn’t it? It made sense then; it makes sense now. And serves to remind us that while slavery has been abolished and segregation outlawed, the struggle for justice and equality has not yet ended.

At the start of this new century, we will continue to teach habits of respect to each generation. We will continue to enforce laws against racial discrimination in education and housing and public accommodations. We’ll continue working to spread hope and opportunity to African Americans with no inheritance but their character, by giving them greater access to capital and education and the chance to own and build and dream for the future. In this way, African Americans can pass on a better life and a better nation to their children and their grandchildren, and that’s what we want in America.

We're making progress, but there's more work to be done. Today, American schools are no longer separate, but they're not yet equal. Too many of our children still face what I have called the soft bigotry of low expectations. With the No Child Left Behind Act, we've raised expectations. We believe every child can learn, and we expect every school to teach. And we measure. And guess what's happening? Test scores are going up. There's an achievement gap for minority children that is closing in America.

Today, the minority homeownership rate in America is at an alltime high. That's incredibly good news. I love it when more and more people open the door to their house and say, "Welcome to my home"—not just, "Welcome to where I live," but, "Welcome to my home." And we'll continue to expand opportunity for homeownership in America.

We'll work to strengthen families. Children from two-parent homes are less likely to end up in poverty or drop out of school. It's important that families be strong in America. HIV/AIDS brings suffering and fear into so many lives, and so we need to focus on fighting this disease among those with the highest rates of new cases, African American men and women. We need to give our young people, especially young men in inner cities, better options than apathy or gangs and jail. And I want to thank Laura for taking on this incredibly important initiative to help young men realize a great future in America.

You know, in the last half-century, the cause of liberty has made great strides in this country and around the world. At each stage and on every front, African Americans have helped to lead this advance. African Americans struggled peacefully for their own freedom on the streets of Birmingham and on the Mall here at Washington, DC. Some of you were probably there. They have fought for America's freedom on distant battlefields, and at this moment many are serving bravely in Afghanistan and Iraq. And we respect their courage, and we honor their sacrifice.

They know, as we do, that success of freedom on the homefront is critical to its success in foreign lands. As I said in my Inaugural Address, we cannot carry the message of

freedom and the baggage of bigotry at the same time.

We've made progress, and our work is not yet done. But we can proceed with faith in our country and confidence in our cause. See, history moves toward freedom because the desire of freedom is written in every human heart. As W.E.B. DuBois declared nearly a century ago, "The battle for humanity is not lost or losing . . . The morning breaks over blood-stained hills. We must not falter. We must not shrink. Above are the everlasting stars."

I want to thank you all for coming. Thank you for helping us celebrate this month as well as to make it clear to our fellow citizens we have a chance to build a fantastic museum, right here in the heart of Washington, DC, on the Mall, to stand proud. And I'm confident there will be an appropriate web page—[laughter]—for people to be able to tap in. Perhaps you should start, if you're interested, in going to the Smithsonian web page, and I suspect there may be an avenue that will direct you toward this important museum and cultural center, that will enable our fellow citizens to participate in helping to build it.

There will be a reception at the end of the hall here. We're really thrilled you're here. And may God continue to bless our great country.

NOTE: The President spoke at 3:19 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; civil rights leader Dorothy Height; and actor Cicely Tyson.

Message on the Observance of the Lunar New Year, 2005

February 8, 2005

I send greetings to those celebrating the Lunar New Year, the Year of the Rooster.

For many Asian Americans, the Lunar New Year is a special time of thanksgiving and celebration. It has long been an opportunity for families to honor the past and welcome the future. In marking this special occasion, you help preserve your rich heritage and ensure that your values of family, faith,

and respect for tradition are passed on to future generations. This observance also reminds all Americans of the unique fabric that makes up our country and the diversity that has made our Nation stronger and better.

Laura joins me in sending our best wishes for peace and prosperity in the New Year.

George W. Bush

NOTE: An original was not available for verification of the content of this message.

**Message to the Congress
Transmitting a Report on
Implementation of the Plan for
Securing Nuclear Weapons,
Material, and Expertise of the States
of the Former Soviet Union**

February 8, 2005

To the Congress of the United States:

Consistent with section 1205 of the National Defense Authorization Act for Fiscal Year 2003 (Public Law 107-314), I am providing a report prepared by my Administration on implementation during 2003 of the plan for securing nuclear weapons, material, and expertise of the states of the former Soviet Union.

George W. Bush

The White House,
February 8, 2005.

NOTE: This message was released by the Office of the Press Secretary on February 9. An original was not available for verification of the content of this message.

**Remarks Following Discussions With
President Aleksander Kwasniewski
of Poland and an Exchange With
Reporters**

February 9, 2005

President Bush. The President and I will have opening statements. I'll answer a question from the American press; he'll answer a question—or somebody will answer a question from the Polish press. And we'll do this twice.

Thank you all for coming. Welcome back to the Oval Office. It is my great pleasure to welcome my friend back here to discuss important international policy and policy related to our bilateral relationship. We've discussed and will continue to discuss very important issues. We'll talk about, of course, Iraq and our mutual desire to train Iraqis so that they can defend their own freedom. We'll talk about my trip to Europe. I'm looking forward to advice from my friend.

We'll continue to discuss the Ukraine, and let me just step back and say that I'm impressed by the leadership of President Kwasniewski when it came to the Ukraine. He showed remarkable leadership. And the people of Ukraine are better for it, and the world appreciates that, and I appreciate it.

We'll spend time continuing to talk about the importance of our bilateral relationship, whether it be trade and commerce or whether it be the ability of Polish folks to travel to the United States of America. The visa policy of the country has been under review for a while, and now we've got a way forward to make trips to America easier for Polish citizens.

I want to thank you for your leadership on that issue, Mr. Prime Minister. I mean, Mr. President. Excuse me. I demoted him. [*Laughter*] Well, it's not a demotion.

President Kwasniewski. No.

President Bush. It's a lateral transfer. [*Laughter*] Anyway, I am thrilled you're here and look forward to seeing you not only over lunch but in Brussels on my trip. Welcome.

President Kwasniewski. Thank you. So I should speak Polish in the beginning.

Mr. President, ladies and gentlemen, first of all, I would like to express my joy that this is my fourth visit already to the White House, visiting President George W. Bush.

I want to tell you that we talked about Polish-American cooperation, which has now a strategic, lasting character. And in the recent years, we have had many successful events in cooperation with the United States.

During our meeting today, we talked about Iraq. Poland participates in the stabilization mission in Iraq, and we are full of optimism thinking about that country and about the successful completion of our mission.

We have been talking about the transatlantic relationships, and we are very happy that America is getting closer and is having better and better relations with our European neighbors and also with Poland. We talked about bilateral cooperation, and both President Bush and myself talked about the adoption of the roadmap that is going to solve the visa problem. And it implies concrete decisions that are going to be made in relation to the visa regime, doing away with some old information—old data, statistics concerning the immigration violation from before 1989, easing the procedures, review of different—*[inaudible]*—that are connected to the visa system, and further cooperation with the Congress in order to facilitate the process as much as possible.

We hope that the roadmap that has been accepted will be a very good solution. Poland will have to observe many rules, and it will bring about a final doing away with this problem that has been present in our talks for many years now.

I would like also to say that as far as the thank-you words concerning Ukraine are concerned, everything wouldn't be possible without the participation of the United States. And without the United States' role, it wouldn't be possible to finish the crisis situation in Ukraine and strengthen democracy in that country. It is the success of Ukraine and the Ukrainian people, but it is also the success of all of us.

President Bush. Very good, thank you. Deb [Deb Riechmann, Associated Press].

Iran

Q. Mr. President, Secretary Rice said today in Brussels that the United States would not tolerate foot-dragging by Tehran on accounting for their nuclear programs. Is time running out for Iran to come to terms with the European negotiators?

President Bush. The Iranians just need to know that the free world is working together to send a very clear message: Don't develop a nuclear weapon. And the reason we're sending that message is because Iran with a nuclear weapon would be a very destabilizing force in the world.

And I look forward to going over to Europe to continue discussing this issue with

our allies. It's important we speak with one voice. I'm very pleased with the response that European leaders have given to Dr. Rice on this issue. She has made—her trip, by the way, has been a fantastic trip. I want to thank Aleksander, the President, for being so gracious to her on the first leg of her trip and—
or one of the first legs on her trip. But the message is, is that we're going to speak with one voice, and we'll continue to do so.

Yes, Polish—

President Kwasniewski. Yes, please, Polish press.

Visa Policy

Q. I have a question to President Bush. Are you going to—concerning the visa problem, are you going to support the legislation being introduced in the Congress? I talked to some Congressmen; they say they keep receiving mixed signals from the White House concerning the issue.

President Bush. Well, we've got a way forward to answer the questions of a lot of the Members of the United States Congress to get this issue solved. And the President has been very hard at work in helping develop a roadmap that is fair to the Polish people. And I adopt the principles and accept the recommendations of the roadmap, and that will become the basis for legislation.

Adam [Adam Entous, Reuters].

Medicare Drug Benefit

Q. Mr. President, Mark McClellan is now acknowledging the new Medicare drug benefit will cost \$720 billion, far more than the White House initially said. Will you consider steps to lower the cost? Might Medicare be a bigger problem now than Social Security?

President Bush. Well, there's no question that there is a unfunded liability inherent in Medicare that we're—Congress and the administration is going to have to deal with over time. Obviously, I've chosen to deal with Social Security first. And once we accomplish—once we modernize and save Social Security for a young generation of Americans, then it will be time to deal with the unfunded liabilities in Medicare. The same issue that deals with—creates a problem with Social Security creates a problem for Medicare. In other words, baby boomers are retiring with

fewer payers going into the system. And I look forward to working with them.

Listen, the reforms haven't even begun yet. I signed a piece of legislation last year, and the major reforms of providing prescription drugs for our seniors kicks in next year. And I look forward to watching those reforms take effect. I'm convinced they'll have cost savings for our society, and I know it will make the life of our seniors better.

And so we look forward to working with Congress to make sure that the Medicare reforms that are in place are fully enacted, and the people can realize the benefits of them.

U.S. Aid to Poland's Armed Forces

President Kwasniewski. [*Inaudible*]

Q. I've got a question to President Bush.

President Bush. Yes, well, that's generally the way it works.

Q. Sir, will the United States increase its assistance in modernization of Polish armed forces?

President Bush. We—Aleksander and I, the President and I, talked about that. He has been very insistent that—about our mil-to-mil relations. He's been very forthright and very clear, and I appreciate his leadership on this issue. I am—intend—I say “intend” because our system is one where I make requests; Congress has to appropriate the money. But we will make requests that will enable there to be a mil-to-mil expenditure to help Poland modernize and fulfill its mission of about \$100 million this year.

Now, again, I repeat, I don't get to write the checks in the American system. The Government—the Congress does that. But I get to put out requests. And I assured the President that would be—when it's all said and done, that would be the request that we would put forward. I'm confident the Congress will respond.

Listen, Poland has been a fantastic ally, because the President and the people of Poland love freedom. And I know the people of your country must have been thrilled when the millions of people went to the polls and showed that people from all parts of the world want to live in a free society, just like your great nation has shown the world over the last decade.

So, Mr. President, welcome. Thanks for coming. I value our friendship.

President Kwasniewski. Thank you, Mr. President.

President Bush. Thank you all.

NOTE: The President spoke at 11:50 a.m. in the Oval Office at the White House. President Kwasniewski spoke partly in Polish, and those portions of his remarks were translated by an interpreter.

Remarks in a Discussion on Class-Action Lawsuit Abuse

February 9, 2005

The President. Carlos, thank you. Thank you all. Not so fast, Senator. Carlos, thanks. I appreciate your service, Carlos. Thanks for agreeing to be the Cabinet Secretary. Thanks for leaving the private sector to come to Washington and bring your family here to serve our country. You're going to be—he's going to be a great Secretary. And for those of you here who work in the Commerce Department, you're lucky to have him as a boss. Welcome.

I appreciate my friend Orrin Hatch joining us. Senator Hatch, thanks for coming. Senator Hatch and Senator Cornyn from the great State of Texas are leaders when it comes to legal reform. I want to thank you for being here. Congressman Bob Goodlatte from the great State of Virginia is with us as well. We're honored three Members took time out to come and hear this, what I think is a vital discussion about how to make America the best place in the world to do business. Welcome, glad you all are here.

I want to thank the entrepreneurs who are here, the small-business owners and the association members, people who care about legal reform. I appreciate you coming. I also want to thank our panelists. We're going to have an interesting discussion about why we need to do something about class-action lawsuits. That's what we're here to discuss.

I do want to put it in the larger context, though, about why we even ought to take on this issue. As Carlos said, lawsuits are—a litigious society is one that makes it difficult

for capital to flow freely. And a capitalist society depends on the capacity for people willing to take risk and to say, "There's a better future, and I want to take a risk toward that future." I'm deeply concerned that too many lawsuits make it too difficult for people to do that.

And so I've called upon Congress to work with the administration on legal reform, whether it be to reform the asbestos litigation issue, or medical liability reform to make sure medicine is cost-effective to our citizens, or whether it be class-action reform. Legal reform is part of a larger agenda to make sure this economy of ours continues to grow.

We're seeing good growth now. As you know, last month, in the month of January, this country created 146,000 new jobs. The national unemployment rate is down to 5.2 percent. This is all progress. But it's important for the Congress to work with the administration to keep this progress going. And so legal reform is part of a strategy for economic vitality and growth.

So is a disciplined budget part of that strategy. I submitted a budget earlier this week. I'm not surprised some people are yelling about it already. But it is a budget that is lean and effective and says we'll spend money on programs that work. And I look forward to working with Congress to get that budget passed.

It is time for Congress to pass an energy bill. We've been debating it for too long, and now is the time for action. And I'm confident we can get it done. I believe that Congress has heard the message from the people that, let's work together to encourage conservation and renewable sources of energy, and let's spend money wisely on new technologies, why don't we promote clean and safe nuclear power—all aimed at not only protecting our environment but, at the same time, making us less dependent on foreign sources of energy. So my call to Congress again, like I did a week ago today, was, let's stop the debate on energy and get a bill to my desk to show the American people that we can respond.

We'll continue to open up markets for goods overseas and, at the same time, enforce our trade laws. Carlos is going to be a part of the enforcement mechanism of our trade laws. We opened up markets to 12

countries over the past 4 years through new free trade agreements in countries like Australia and Singapore. And over the next 4 years, we'll continue to open up markets.

And the reason I believe that it's important is because when we're good at something, we ought to make it easier to sell what we're good at overseas and create new customers for U.S. entrepreneurs and farmers and ranchers. Given a level playing field, this country can compete with anybody, any time, anywhere. And so we're going to continue to work with Congress to advance good trade policy.

We'll work on things like simplifying the Tax Code, reasonable, wise immigration reform, good health care policy, as well as taking on the tough task of strengthening the Social Security system for younger generations to come.

Now, I understand some have been listening closely to this debate, and I want to make two points about Social Security before we get to the subject at hand. One is, we have a problem. For those of you in Washington who say we don't have a problem, all you've got to do is look at the facts. We don't have enough people paying into the system to take care of baby boomers like me who are living longer and longer and longer and are going to be promised more benefits. We've got more people who are going to be receiving benefits over time, with fewer payers into the system. And those who are receiving benefits will live longer and will receive more money. That says we've got a problem.

It is a funding problem. In the year 2027, the Federal Government is somehow going to have to come up with \$200 billion more than the payroll tax to make sure we fulfill the promise. And the problem gets worse and worse. Starting in 2018, which isn't all that far away, 13 years away from now, the system goes into the red. That means more money coming out of Social Security than going in.

Some in our country think that Social Security is a trust fund; in other words, there's a pile of money being accumulated. That's just simply not true. The money—payroll taxes going into the Social Security are spent. They're spent on benefits, and they're spent on Government programs. There is no trust. We're on the ultimate pay-as-you-go system.

What goes in comes out. And so, starting in 2018, what's going in—what's coming out is greater than what's going in. It says we've got a problem. And we'd better start dealing with it now. The longer we wait, the harder it is to fix the problem.

Secondly, if you're a person who is retired or near retirement, nothing will change. There is enough money. You're in good shape. I know there are some who have heard talk about Social Security around the country here, saying, "Oops, he's going to take away my check." That's not going to happen. I don't care what the rhetoric is, what the mailings say, what the TV ads say, you're in good shape. It's the younger workers who ought to be asking the Members of the Congress and the President of the United States, "What are you going to do to fix the problem?"

And I'm looking forward to working with Congress to fix the problem. All ideas are on the table except running up the payroll tax. And I'm convinced by setting aside partisan politics and focusing on what's right for younger Americans, we can do the job that people expect us to do here in Washington, DC.

We're here to talk about class-action lawsuit abuse. And we've got some experts here to help us understand what class-action lawsuits are all about and how best to effect good public policy. Look, there is a bill working its way through the Senate now, and I want to thank both Republicans and Democrat Members of the Senate for working on that bill. My call to them is to listen to the experts. And we're about to hear from two—actually three—two people who have studied the issue and one who has actually lived with it.

It is important, for the sake of this country and for the sake of our economy, to have a fair answer to a problem that is escalating. The problem is, people are filing suits all over the country in a State courthouse that's affecting people in other States. And often-times businesses are getting drug into it or people are getting drug into it that are unaware they're getting drug into it. And if they are getting drug into it, when there's finally a settlement, they don't get much. And the people—the lawyers get a lot.

And so we've worked with Congress to come up with a reasonable solution. And they've come up with a reasonable solution that says interstate class actions ought to be conducted in the Federal court. And my call to the Senate today is to get that bill done as quickly as possible so we can get it to the House and get it to my desk. And the Senate has got to pass the bill on the floor without amendment. They need to pass a clean bill, one that makes sense for the American people.

I have asked, and Walter Dellinger has kindly agreed to come. He is a practicing attorney. He is a professor. He's so good at being an attorney, he's teaching others how to be an attorney at Duke University, if I'm not mistaken. He was telling me today—I don't know if you know this or not; this falls in the "small world" category—and if our mutual friend is listening on C-SPAN, it will blow his mind we're talking about him—but I was raised in Midland, Texas, and the fellow who lives across the street from him in North Carolina's father was the baby doctor for my three little brothers. [*Laughter*] Now, how about that for small world? Tell Rodin hello.

Walter Dellinger. I will.

The President. Walter, why are you interested in the issue? He's actually served in Government for the previous administration. He represents the spirit needed to have good legal reform, and that is the bipartisan spirit. And tell us why you're here, and give us your interest in the subject.

[*At this point, Mr. Dellinger, chairman of the appellate practice, O'Melveny & Myers LLP, and Douglas B. Maggs Professor of Law, Duke University, made brief remarks.*]

The President. Tell people what a class action is.

Mr. Dellinger. Well, a class action—the idea of class action started when we realized that often there were many people that had small—the same small injury. If I cheat a million people out of \$10 apiece, I ought not be able to sit back and think, "Well, they'll never be able to sue me because it's \$10 apiece." So if they're really common questions of law and you can resolve the whole dispute in one action, it's a very effective way of doing it.

[Mr. Dellinger made further remarks.]

The President. So in other words, a class-action lawsuit that is tried at a State level means you could be doing business in California but be sued in Illinois court.

Mr. Dellinger. That's right. And one of the problems is that you sometimes have, in one of these State class actions, a State court judge making law for the whole country, making law for DC or for California, for Arizona, sitting right in West Virginia or in Illinois, when he's not elected by these other people.

[Mr. Dellinger made further remarks.]

The President. Let me stop you. Before we get to how it does it, why is it more fair to be in the Federal court, in your judgment? I think people need to understand why the remedy is going to make the system more fair to them. I mean, I agree with you completely that there needs to be a judicial system that honors people who have been harmed. We want the system to be fair. If you get hurt, you ought to have access. And yet, on the other hand, we understand the cost of frivolous lawsuits, people just filing lawsuits for the sake of filing lawsuits, forcing people to settle even though there's no merit to the lawsuit.

But explain why going from a State court to a Federal court, in your judgment, would be fair. He actually testified on the bill, so, I mean, you talk about an expert; we're beyond just somebody who theorizes, we're somebody who went in and front—dared go to the Halls of the Senate and testified. How did Senator Cornyn treat you?

Mr. Dellinger. They did very well. [Laughter] And Senator Hatch.

[Mr. Dellinger made further remarks.]

The President. It sounds fair to me. I mean, it sounds reasonable. I think if somebody is out there wondering whether or not this is a reasonable proposal, it's reasoned to use the Federal courts for what they were intended to be used for, which is adjudicate disputes among the States, for example. Anyway, why is this fair, beyond moving to the Federal court? I interrupted you before. You were saying this bill is particularly fair because—

Mr. Dellinger. Well, because it still allows these cases to proceed under the standards we've developed for where you can try cases involving people from different States. You get into Federal court, and if some of the harmful amendments that are being suggested are defeated so that you get a clean bill sent to you, the Federal courts will do what they've always done. They look at a case involving multiple States, and they say, "Can we fairly try this? Are these State laws sufficiently alike that we can try this in one lawsuit?" If they're not, then you can bring those suits back in a single State. Everybody in Pennsylvania can bring a lawsuit in Pennsylvania courts. But you can't do it for multiple States if you just tell judges, "You can pick the law of one State, whether people in other States like that law or not."

And you're going to hear this afternoon some very telling examples of what's gone wrong when one State makes law for the whole country without the rest of the country being able to participate. People in Texas and North Carolina don't get to vote for who's the State court judge in Illinois, and we don't get to vote on what the law should be in those other places. And this is precisely designed for that.

[Mr. Dellinger made further remarks.]

The President. Great job. Thanks for coming. Appreciate you taking time.

He mentioned—he said they're trying to amend the bill. That's code word for they're trying to weaken the bill. They're trying to make the bill not effective. That's why I called for a clean bill and Walter called for a clean bill as well. And I'm confident that the Senate will hear that call and get a good piece of legislation off the floor. Then we'll move it to the House, and then it will get to my desk quickly, and we'll show progress, working together.

By the way, I repeat, this is a bill that is cosponsored with Republicans and Democrats. It's a good piece of legislation.

Larry Mirel—what do you do, Larry?

Lawrence H. Mirel. I'm the commissioner of insurance, securities, and banking for the District of Columbia.

The President. Right around the corner.

Mr. Mirel. Right around the corner—right across the street.

The President. Right across the street. Well, that's good. So that seems like an unusual connection. Here you are, sitting next to the President talking about class-action lawsuit, and it seems like you're really not involved with the law, but are you?

Mr. Mirel. Yes, indeed. And let me explain and add to what Walter said before. My job—I'm actually a State official, and my job is to protect the people of my jurisdiction, the District of Columbia, and in particular those who buy insurance. And I worry about that, and I take that seriously. I implement the laws of the District of Columbia, as passed by the Council and approved by the Congress.

[*Mr. Mirel made further remarks.*]

The President. They settled because—not necessarily because of the merits of the lawsuit; they settled for threat of loss. In other words, it's kind of like a lottery sometimes when the system isn't balanced right.

Mr. Mirel. Right. I'll give you some examples of it. The first one settled \$7.5 million to the attorneys who brought the suit, nothing for the class members. Those class members are all over the United States, including people in the District of Columbia, everybody who bought a policy from that company. The second one settled for \$10 million to the lawyers, nothing to the plaintiff class—

The President. I'm beginning to get the picture of why there was 34 filed. Slowly but surely, the settlements are getting bigger. Anyway—

Mr. Mirel. Even the Association of Trial Attorneys objected to that one. So they went back, and they gave something now to the members of the class. What is it? A hundred dollars off your next life insurance policy that you buy from that company.

The President. If it's still around.

Mr. Mirel. That's right. And the lawyers walk off with \$10 million. Seven cases were settled. The total payout so far is \$40 million. And nothing has gone to trial, and that's the real evil.

[*Mr. Mirel made further remarks.*]

The President. See, it's interesting. What he's saying is, is that he has said—he's doing his job in the District, and yet, a lawsuit that affects people in the District begins to redefine what you've laid out as what is fair.

Mr. Mirel. That's exactly right. I'll give you another simple example. There's a case in Los Angeles Superior Court claiming that one of our very largest companies, State Farm, which is a mutual company, has too much in reserves and should give that reserves back to its members. Well, what I do for a living is make sure the companies that sell insurance in this jurisdiction, including State Farm, have enough reserves.

The President. —enough reserves. [*Laughter*]

Mr. Mirel. Right. And the notion that a jury of laypersons in the Los Angeles County Court can overturn my decision—

The President. Do your job better than you can—yes.

Mr. Mirel. That's the part that I have problems with.

The President. It's an interesting situation, isn't it, and it's one that really goes back to what Walter was talking about as far as the Framers' view of how a fair system ought to work. If I were someone who was out there wondering whether or not we were making the right decision, I would go back and harken back to the papers of the Founding Fathers, when they talked about adjudicating disputes like this, so that in this case, a jury doesn't make the decisions for the good folks in Washington, DC—a jury afar.

We've also got with us Alita. Are you ready to go? All right, how many kids do you got?

Alita Ditekowsky. I have two children.

The President. They don't happen to be here—are they?

Ms. Ditekowsky. Yes, they are.

The President. I can see them. How old are they?

Ms. Ditekowsky. Marissa is 10, and Jessica is going to be 9 in 2 weeks—

The President. Going to be 9.

Ms. Ditekowsky. —3 weeks.

The President. Fabulous. Well, happy birthday-to-be. Got Mom up here on stage. Pretty cool, huh? [*Laughter*] Where do you live?

Ms. Ditekowsky. I live in Commack—Commack, Long Island.

The President. State? New York?

Ms. Ditekowsky. New York.

The President. Not everybody knows where Commack is. Of course, I did. [*Laughter*] So why are you here? No—

Ms. Ditekowsky. Well, Mr. President—

The President. Give us your story. This is a very interesting tale.

Ms. Ditekowsky. Okay. Well, first, I would never believe in a million years I'd be talking to you face to face, and I would never believe that I'd be talking to you about my TV set. [*Laughter*] But here goes.

The President. This is being recorded on film, so you can play it back just to prove it actually happened. [*Laughter*]

[*Ms. Ditekowsky, class-action member, Thomson Consumer Electronics lawsuit, made further remarks.*]

The President. I'm going to stop you there. So you open up the mail—

Ms. Ditekowsky. Right.

The President. —and somebody sends you a coupon.

Ms. Ditekowsky. Correct.

The President. —meaning that you were a party to a lawsuit.

Ms. Ditekowsky. Exactly.

The President. —but you didn't know you were the party to the lawsuit.

Ms. Ditekowsky. Had no clue.

The President. Interesting isn't it? Whew. [*Laughter*] First, I'm glad I wasn't the Thomson salesman, you know? [*Laughter*] So you get the—what, you get a \$50—

Ms. Ditekowsky. A \$50 rebate if you make a purchase of \$100 or more.

[*Ms. Ditekowsky made further remarks.*]

The President. So, therefore, there should have been a recourse. I mean, a just society is one in which she buys the TV that is a lousy product, and there's a warranty, and there's some protections for a consumer. They ought to reward her those protections.

Ms. Ditekowsky. And as a consumer of this product, we sent out a warranty card that said if there's a problem with the TV, the company is supposed to notify us.

The President. Right. And so the TV company was wrong, and the verdict was guilty, and you got \$25.

Ms. Ditekowsky. I got a \$50 rebate—

The President. Fifty dollars.

Ms. Ditekowsky. —to go buy a new TV from them.

The President. Yes, I know. So it made you even hotter.

Mr. Dellinger. Why did you get such a bad deal?

Ms. Ditekowsky. Well, as I was going to tell the President, that I just found out that the lawyer in this case, who took this case to a very small court in Madison County, Illinois—

The President. Oh, yes, I've been there. [*Laughter*]

Ms. Ditekowsky. Madison County. I am going to—

The President. It is the most—there are more lawsuits filed in Madison County, Illinois, than anywhere in the country, I think. I mean, I went there to talk about legal reform in Madison County, Illinois. There are—people are filing lawsuits there all the time. You had your case heard in Madison County. I cannot believe it. Anyway, keep going.

Ms. Ditekowsky. Well, apparently this lawyer—and nowhere is it in the fine print of this little \$50 coupon that this lawyer got \$22 million.

The President. We've got a problem.

Ms. Ditekowsky. Twenty-two million dollars. I'm still left with a broken TV. He got \$22 million. Where is the justice in this?

The President. Yes, and that's exactly why—thank you. We're all here because we want the system to be fair. The economy depends upon a fair legal system. People's faith in the system, our country depends upon a fair legal system. And what we're highlighting here is the system isn't fair. And the positive news is, in this town, people have come up with a fair solution that will treat people with respect and give them justice when they need it and, at the same time, hold people to account when they need to be held to account, without affecting our capacity to grow our economy. Fairness is all we ask for.

The scales of justice need to be balanced, and they're not balanced today. And so good

people from around the country, including Walter and Larry, have come to the Halls of Congress to help balance those scales. And fortunately, there are good Senators and fair Congressmen who understand that all we seek is balance. And now is the time for the United States Congress to balance the scales when it comes to class-action lawsuits, to do their duty to make this country as good a country as it can possibly be.

I want to thank our panelists for coming. I hope you've enjoyed this as much as I have. I'm honored that you would take time and stay over from getting back home to help explain the need for this country to act on this important issue.

Thank you for coming. God bless.

NOTE: The President spoke at 1:31 p.m. at the Department of Commerce.

Statement on a Supplemental Appropriations Request To Support the Areas Recovering From the Indian Ocean Earthquake and Tsunamis

February 9, 2005

More than 6 weeks have passed since the tsunami took over 150,000 lives in one of the world's worst natural disasters. Thanks to the immediate and effective response of the U.S. military and the U.S. Agency for International Development, the United States, working with other members of the international community, was able to prevent additional loss of life and to deliver relief to those in need.

I will seek \$950 million as part of the supplemental appropriations request to support the areas recovering from the tsunami and to cover the costs of relief efforts to date. This amount includes an additional \$600 million above my initial commitment of \$350 million. We will use these resources to provide assistance and to work with the affected nations on rebuilding vital infrastructure that reenergizes economies and strengthens societies.

I appreciate the efforts of former Presidents Bush and Clinton to raise private donations in the United States, and we are grate-

ful to all of those who have donated money to help those in need.

Proclamation 7870—To Modify Rules of Origin Under the North American Free Trade Agreement

February 9, 2005

By the President of the United States of America

A Proclamation

1. Presidential Proclamation 6641 of December 15, 1993, implemented the North American Free Trade Agreement (the "NAFTA") with respect to the United States and, pursuant to the North American Free Trade Agreement Implementation Act (the "NAFTA Implementation Act"), incorporated in the Harmonized Tariff Schedule of the United States (the "HTS") the tariff modifications and rules of origin necessary or appropriate to carry out the NAFTA.

2. Section 202 of the NAFTA Implementation Act provides rules for determining whether goods imported into the United States originate in the territory of a NAFTA party and thus are eligible for the tariff and other treatment contemplated under the NAFTA. Section 202(q) of the NAFTA Implementation Act (19 U.S.C. 3332(q)) authorizes the President to proclaim, as a part of the HTS, the rules of origin set out in the NAFTA and to proclaim modifications to such previously proclaimed rules of origin, subject to the consultation and layover requirements of section 103(a) of the NAFTA Implementation Act (19 U.S.C. 3313(a)).

3. I have determined that the modifications to the HTS set out in the Annex to this proclamation are appropriate. For goods of Mexico, I have decided that the effective date of the modifications shall be determined by the United States Trade Representative (USTR).

4. Section 604 of the Trade Act of 1974, as amended (the "1974 Act") (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, of other Acts affecting import treatment, and actions thereunder,

including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

Now, Therefore, I, George W. Bush, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States, including section 604 of the 1974 Act, section 202 of the NAFTA Implementation Act, and section 301 of title 3, United States Code, do hereby proclaim:

(1) In order to modify the rules of origin under the NAFTA, general note 12 to the HTS is modified as provided in the Annex to this proclamation.

(2) Any provisions of previous proclamations and Executive Orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

(3) The modifications made by the Annex to this proclamation shall be effective with respect to goods of Canada that are entered, or withdrawn from warehouse for consumption, on or after January 1, 2005. The modifications made by such Annex shall be effective with respect to goods of Mexico that are entered, or withdrawn from warehouse for consumption, on or after a date that the USTR announces in the *Federal Register*.

In Witness Whereof, I have hereunto set my hand this ninth 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, 8:51 a.m., February 11, 2005]

NOTE: This proclamation was released by the Office of the Press Secretary on February 10, and it and its attached annex were published in the *Federal Register* on February 14.

Memorandum on Delegation of Reporting Authority

February 9, 2005

Memorandum for the Chairman of the Railroad Retirement Board

Subject: Delegation of Reporting Authority

By the authority vested in me as President by the Constitution and the laws of the United States, including section 301 of title 3, United States Code, I hereby delegate to you the functions and authority conferred upon the President by section 7(b)(6) of the Railroad Retirement Act and section 12(l) of the Railroad Unemployment Insurance Act to provide the specified report to the Congress.

You are authorized and directed to publish this memorandum in the *Federal Register*.

George W. Bush

[Filed with the Office of the Federal Register, 8:51 a.m., February 11, 2005]

NOTE: This memorandum was released by the Office of the Press Secretary on February 10, and it was published in the *Federal Register* on February 14.

Remarks in a Discussion on Strengthening Social Security in Raleigh, North Carolina

February 10, 2005

The President. Thank you all for coming. Thanks for coming. Okay. Thanks for the warm welcome. We got a lot of work to do here. [Laughter]

Audience member. [Inaudible]

The President. Yes, thanks. Okay. Listen, we're here to talk about an important subject. And I want to thank some of our fellow citizens for agreeing to join me up here on the stage. It's not easy, frankly, to go from kind of a quiet civilian life to agree to sit up here with the President and all the cameras. [Laughter] But I think you're going to find

this to be a very interesting dialog about Social Security.

I've got some things I want to say before we talk about Social Security. First, I send greetings from Laura. On the way out she said, "When you get down to North Carolina, tell everybody hello, and make sure that the panelists get to talk." [Laughter] She knows me well. [Laughter]

I know that Elizabeth Dole helped set up this event. I am—she is staying back in Washington because there are crucial votes coming up. I believe that one of our—an important initiative, and that is to bring reasonable legal reform on class-action lawsuits, will pass. So she and Senator Burr are staying back to vote. I hope you excuse them. I certainly did. [Laughter]

I'm also pleased that a person who set an example of what it means to be a person who sticks to his principles and is a fine United States Senator has joined us, Senator Jesse Helms. Thank you for coming. Proud you're here. It sounds like to me they still remember you. [Laughter]

I want to thank the statewide officials who are here. They were bravely standing at the base of Air Force One when I arrived, and the wind was blowing hard, but they nevertheless stuck it out and greeted me. I want to thank you for being there. I want to thank the local folks who are here.

I met a fellow named Jim Van Strien. He's what I call a USA Freedom Corps volunteer. He works for the RSVP program. He's been helping to welcome U.S. service men and women home. He's the kind of fellow who—[applause]—let me finish, and then you can thank him. He's the kind of fellow who's taken time out of his day to volunteer to make somebody else's life better.

Now, the strength of this country is the fact that we've got millions of citizens who are willing to do so. The true strength of America is we've got people of open hearts and great spirit who are willing to make society a better place as a result of volunteering. If you're interested in serving our country, feed the hungry, find shelter for the homeless, put your arm around somebody who hurts and say, "I love you, Brother, or Sister."

Jim, thank you for setting such a good example, and welcome.

The world is getting more free, and therefore, a future generation of Americans and kids around the world is more likely to live in peace. I hope you are as enthused as I am about what has happened recently in the course of world events. Think about the elections in Afghanistan. Millions of people voted for the first time in ages for a President. And the first voter was a woman. And that's miles away from a time when people were tormented by ideologs of hatred called the Taliban. And the world is better off when a part of the world that has longed for freedom sees a free society emerge in Afghanistan.

And then there was an election in the Palestinian Territories. And I've been impressed by President Abbas' willingness to stand and say, "We must defeat terror and establish a democracy in order to achieve peace with our friend Israel." And I look forward to working toward peace in that part of the world.

And then we had the elections in the Ukraine, and—which are a beginning of a— a continuation of a democracy movement in a part of the world that hadn't known freedom for ages. And then of course, some—a week ago last Sunday, against all odds and defying all expectations, millions of Iraqi citizens said, "We will not be terrorized. We want to be free," and they went to the polls.

Freedom is on the march. And my job and the job of the United States of America, with our friends and allies, is to continue to promote free societies, because I understand freedom equals peace. And I believe we have an obligation, as we protect our homeland from terrorist thugs, to make the world a more peaceful place for generations to come. And I'm looking forward to the challenge. I'm looking forward to going to Europe in a couple of weeks to say, "Listen, we share a lot of values. We believe in human dignity, human rights. Most of all, we believe that every soul should be free."

I laid out in my Inauguration Address what I think is a noble goal for generations to come, to end tyranny in our world. And the United States of America, working with friends and allies, over time has got the capacity to do so.

One of the challenges we face is how to make sure this economy of ours continues

to grow. The national unemployment rate is down to 5.2 percent. The unemployment rate here in North Carolina is lower than the national unemployment rate. That's all good. But we must continue to make sure that we advance reasonable economic policy so the entrepreneurial spirit is strong, small businesses can flourish, and most importantly, people can find work.

I'm looking forward to working with Congress to put reasonable plans in place to make that happen. One of the most important things that I've done in the new term is to submit a budget that says, "Let's address the deficit." I've heard from business leaders, entrepreneurs, small-business owners, Republicans, Democrats, Congressmen, Senators—all say we got an issue with the deficit. I said, "Fine. I have a responsibility to submit a budget." I did. It's lean. It's focused. It sets priorities, and it says if we've got programs that aren't working, let's get rid of them for the sake of the taxpayer.

And I'm looking forward to the deliberations, and I'm looking forward to working with people on both sides of the aisle to get a lean budget out. That's what the American people expect, and that's what I'm going to sign.

I'm looking forward to working with Congress to continue to make sure health care is available and affordable. One of the ways to do that is, we need medical liability reform out of the United States Senate. It's important for people to receive justice when they're harmed, but it's important for the scales of justice to be balanced. And the scales of justice are not balanced. Too many doctors are getting sued by frivolous lawsuits, which is running up the cost of medicine, which is costing taxpayers money, which is driving good doctors out of business. It is time for the United States Congress to pass national medical liability reform.

I'm looking forward to working with Congress to get an energy bill out. We've been debating energy for 4 years. We don't need any more words on energy. It's time for them to get a bill to my desk. I have laid out a blueprint on how to get there. It encourages conservation. It encourages the use of renewable sources of energy. It says, "Let's—why don't we be wise about the use of nuclear

power." I believe we can expand safe nuclear energy. I know we ought to be exploring in environmentally friendly ways for natural gas here in the continental and in the State of Alaska. All of this is aimed to make us less dependent on foreign sources of energy. And Congress needs to act and get a bill to my desk.

On taxes, I'm looking forward to getting the bipartisan commission's report to me on how to simplify the code. But in the meantime, I know this: We got to make the tax relief we passed permanent. We ought not to be running up taxes on entrepreneurs.

I look forward to working with Congress on education matters. I will not let the United States Congress roll back the reforms of the No Child Left Behind Act. The No Child Left Behind Act is challenging the soft bigotry of low expectations. We're raising standards. We believe every child can learn, and we expect every school to teach. And we want to know, in return for our money, whether or not schools are meeting expectations.

And I know you've got a fantastic community college system here in North Carolina. And I intend to make sure that the workforce programs utilize this fantastic community college system so people are able to get the skills necessary to fill the jobs of the 21st century. And so we'll continue to work with Congress on education matters.

But I'm here to talk about an issue that is going to be an interesting experience in dealing with the Congress. [Laughter] And that is Social Security, formerly known as the third rail of American politics. [Laughter] That meant if you touched it, there would be certain political death. I believe the job of a President is to confront problems and not pass them on to future Presidents and future generations. That's what I believe. [Applause] Thank you. Thank you all. Okay, thank you. Thank you for the warm welcome.

I see a problem, and I want to discuss with you why I see a problem. For those who got to worry about the politics of Social Security, let me just give you my perspective. I ran on it twice. [Laughter] I said, "Elect me, and I will do the best I can to work with Congress to strengthen the system for all. Give me a chance to be the President, and I will take

the issue head on.” I did so in the 2000 campaign. Obviously, the issue wasn’t solved, and so I did it again in 2004. I believe candidates are rewarded, not punished, for taking on tough issues. I say that to give assurance to the Members of Congress who may feel somewhat fearful of taking on the issue.

Secondly, I intend to campaign on this issue around the country. This is one of two stops today. Right after my State of the Union speech I went to five States, and I’m going to keep traveling the country talking about the problem of Social Security, assuring seniors that nothing changes and saying I’m willing to discuss all options with Members of the United States Congress. And I’m looking forward to it. I like to get out of Washington. I like to talk to people. But I also know that when the people speak, people in the Congress listen. So I’m kind of sharing with you a little bit of my strategy about how to move this issue forward.

So what’s the problem? The problem is, is that Social Security—the basic assumptions of Social Security are shifting dramatically from when Social Security was founded. In 1950, there were 16 workers per one putting money into the system, which means that when somebody retired, there’s 16 workers contributing to that person’s retirement. Today, there’s 3.3 workers contributing for each beneficiary. And when youngsters retire, it’s going to be 2.1—2 workers per beneficiary. In other words, the burden of paying for retirees is increasing on workers. That’s part of the equation.

The second thing that has changed is, is that life expectancy has changed. It used to be 60 years was life expectancy; today, it’s 77. I suspect over the next decade, it will continue to increase. I certainly hope so. [Laughter] As well baby boomers are getting ready to retire. That’s me and you. [Laughter] And do you realize, today, for example, there are 37 million people receiving Social Security benefits; in the year 2031, there will be 71 million people. Those are baby boomers. Baby boomers are living longer. And more people are retiring. So part of the equation is, more people will be receiving benefits longer than anticipated when the system was first set up.

Thirdly, benefits promised to people like me are dramatically higher than benefits given to today’s retirees. Politicians, over time, say, “We’ll just—elect me, I’ll increase the benefits.”

So when you think about it, when you add up the equation, you’ve got more people living longer, receiving greater benefits, being supported by fewer people. And to me, that says we got a problem. And as a matter of fact, the numbers say that. There is a chart over here that says “Cost of Inaction,” because in 2018, the system goes red. That means there’s more money going out of the system than coming into the system. The leading edge of baby boomers are retiring; they’re living longer; benefit structures are bigger; fewer people paying in; the system goes negative.

Now, some of you probably think there is a kind of—a bank, a Social Security trust bank. But that’s not what’s happened over time. Every dollar that goes into Social Security has been paid out, either to retirees or Government programs. It is a pay-as-you-go system. It is a flow-through system. There is no kind of—[inaudible]. There are empty promises, but there’s no pile of money that you thought was there when you retired. That’s not the way the system works.

To make matters worse, as more baby boomers retire, as people live longer, as more benefits kick in, the cash deficit increases. So for example, in 2027, the Government is going to have to come up with \$200 billion more to meet the promises that we’ve made, above and beyond payroll taxes. Every year from 2018 to when the system goes broke in 2042, the cash deficits required to meet promises increase. That says to me we’ve got a problem.

Now, I know 13 years doesn’t sound like a lot—2018—it may seem like a lot to people whose perspective is maybe 2 years. But as I told you, I think we’ve got to anticipate problems, particularly on this issue, because the longer we wait, the more difficult the solutions become. That’s just a fact.

And so step one of my strategy is to continue saying to the American people, “We have got a serious problem.” In other words, sometimes they say, “Is it serious? Is it a crisis?” Look, whatever you want to call it, just

look at the chart, and you come up with the conclusions. It is serious because if Congress says no to the President, we're not going the move forward on this. Imagine what the solutions will be when the 200 billion hits, or the 210 billion a year, or the 300 billion. I mean, you're looking at either major tax increases, major cuts in benefits, major cuts in other Government programs, or massive debt. And so now is the time to move, and that's what I'm saying to the Congress.

The second goal of mine is to make sure our people who have retired, our senior citizens, and people who were born before 1950 know that nothing changes. That's important for you to understand. I fully understand a lot of people are very dependent upon their Social Security check. And when they hear somebody like me saying we're going to strengthen the system, their immediate reaction in some cases is to go, "Oh, that means I'm not going to get my check." You might remember those campaigns around, which I'm sure you've seen them in States where people say, "Elect somebody, and he's going to take away your check." That happened to me, for example. They said, "Old George W. gets in; you're not going to get your check." Fortunately, they got their check after I got in, so they kind of rung hollow in 2004.

You'll hear the same kind of thing being put out there, that seniors need to worry about this. And I'm going to spend a lot of time assuring people who've retired or near-retired that nothing changes. The system—when we talk about insolvency, the insolvency issue doesn't relate to you. It relates to your grandchildren. And that's the issue we're confronted with: What do we do about the retirees' grandchildren? As I said in my State of the Union, we have an obligation to do what others have done for my generation, and that's to leave a better world behind. And that's why I was willing to dedicate as many words as I did in the State of the Union to what used to be the third rail of American politics, Social Security.

Now, it's one thing to define the problem; it's another thing to be a part of the solution. And I have an obligation as the President not just to define the problem but to encourage dialog by putting out some ideas of my own. I stood up in front of the Congress and

said, "In order to truly fix it, in order to have a permanent solution, all options are on the table, except for running up payroll taxes."

And that means a lot of different things. Democrats, like Senator Moynihan, who Senator Helms served with, had some really constructive ideas as to how to address the root cause of a—of the problems with Social Security. President Clinton had some ideas; former Democrat Congressman Tim Penny. And the ideas range from raising the retirement age to delaying benefits to calculating benefits not based upon wage increase but price increase. A little esoteric here, but in other words, there's some serious ideas on the table to how to permanently fix Social Security.

And that's why I said to the Congress, "All ideas are on the table, and if you got a good idea, bring it forward." Now is the time for people from both sides of the aisle to address the problem. And I'm willing to listen to anybody's idea. And I'm looking forward to a good, constructive dialog about how to seriously address the problem, making sure that those who've retired have nothing to worry about and, at the same time, making sure there's a Social Security system for younger people coming up.

I put out some ideas, and I want to talk about one of them that I hope you find interesting. I certainly did, otherwise I wouldn't have put it out. [*Laughter*] And that is, as a way to allow younger workers to more nearly—or come closer to the promises that have been made but can't be fulfilled, we should allow younger workers to take some of their own money, their own payroll taxes, and set it aside as a personal retirement account. This is a novel idea for Social Security, but it's not—it's a novel idea for Social Security. It is not a novel idea for Federal employees. There is such a thing that's called a Thrift Savings Plan, which allows Federal employees to take some of their own money and invest it in stocks and bonds so as to increase their retirement benefits.

And why does that happen? Because when you're able to get a rate of return on money invested, over time that money grows, that money accumulates, that money expands. And so I believe younger workers ought to be allowed to set up a personal account and

invest in stocks and bonds so that their money can increase faster, at a faster rate than that which their money increases in the Social Security system. That's what I believe ought to happen.

And so—that's called the compounding rate of interest—just trying to show off a little bit, kind of—[laughter]—not bad for a history major. [Laughter] Let me give you an example of what I'm talking about. By the way, our plan is one where I believe we ought to phase in the accounts so they're more affordable, so that the transition costs are more manageable to get to such accounts. I believe ultimately a worker ought to be allowed to put 4 percent of the payroll tax aside as a—4 percent of the 12—as a—in the personal account. So money stays in the system, but money also would be allowed to grow with interest. Your option, by the way. Younger workers shouldn't be forced to do this. Younger workers—if you're interested in this, you can do so.

Now, if you're a worker who earns \$35 [\$35,000] * a year over your lifetime, and this system were in effect where you could put 4 percent of your payroll taxes in a personal account, and you start at age 20, by the time you retire, your personal account would grow to \$250,000. That's compounding rate of interest.

A couple of guidelines that need to be—I mean, you just got to understand there will be guidelines, like there are for the employee thrift—Federal employee Thrift Savings Plan. There's got to be—you can't say, let's have a good retirement system, and let somebody take their money down to the lottery and invest it. That's not a wise investment, with all due respect to the lottery players. In other words, there's got to be a—certain guidelines, a conservative mix of stocks and bonds. We don't want people taking their money and investing in high-fliers. There's a way to manage risk and get a better return than that which is in the Social Security trust. I mean, there's all kinds of people that are expert at this.

As a matter of fact, that's what the Thrift Savings Plan does, is says, "Here are some options for you, easy-to-understand options,"

* White House correction.

which will defy those who say certain people aren't capable of investing—a concept which I totally reject, by the way. The person with the \$250,000 account couldn't take it all out the moment he retires or she retires and spend it. In other words, there's a—there would be a—guidelines for a drawdown.

You see, the money coming out of the personal account is to complement the Social Security money, however much is still available after the congressional reforms. So it's a complement to Social Security. It is to mirror. It's to help out. It's to enable you to retire.

There's other benefits, however, to a personal account, besides growing faster than the money if it were to stay with the Federal Government. One, it's your money. And that's an interesting idea, isn't it? It's your money to begin with, and it's your money at the end. And you can do with it what you want. You can't take it to the lottery. You can't gamble. You can't try to increase it with silly investments, and you can't pull it all out at once. In other words, you have to use it for retirement. On the other hand, if you choose not to spend it, you can pass it on to somebody you choose.

Obviously, I didn't listen to Laura. [Laughter] I've got some other things to say real quick.

The current system today—think about this—if you work for 30 years and you start at age 20 and you're putting money in the Social Security system and you die, that money that you put in the system, if your survivors are over 18 years old, goes away. I think it makes sense to try to encourage people, particularly for the security of their families, to be able to have something to pass on beyond other things they're going to pass on.

I like the idea of having an account where people say, "I own this," and are able to look at a quarterly statement to watch their own asset base grow. And I like people being able to say, "I've got an account that the Government cannot take away. It's mine."

Some people say, "Well, you can't afford to do this." My answer is, you can't afford not to do it, if you look at the chart. And I'm looking forward to working with the Congress. I've done my part. I've laid it out there.

I'm going to work hard. I'm going to spend a lot of time talking to the people about this issue. And I've put out some interesting ideas. And I'm looking forward to people assuming leadership in the House and the Senate on both sides of the aisle. And I'm willing to listen to their ideas. For the sake of the country, for the sake of a younger generation of Americans, we must act.

Andrew Biggs. We are here with one Andrew Biggs, a fine lad, as you can see. [Laughter] What do you do? Work for me, of course. [Laughter] Tell them what you do, Andrew, please—Andrew and I have done this before, see, so I'm used to needling him. [Laughter]

Dr. Andrew Biggs. My name is Andrew Biggs, and I'm Associate Commissioner for Retirement Policy at the Social Security Administration, which in short language means I think about Social Security reform quite a bit. The good news on Social Security, even if it seems very complex—

The President. Andrew has a Ph.D., by the way. [Laughter] Which—it's an interesting lesson for those of you who are worried about your college career. Andrew has a Ph.D., and I got a C. [Laughter] And look who's working for who. Anyway—[laughter]—

Dr. Biggs. All those years of effort gone to waste, I guess.

The President. It's a cheap shot, Andrew, I know. Do we have a problem with Social Security? You look at it; you analyze it.

Dr. Biggs. Sure, we do. The good news is, you don't need a Ph.D. to understand how this works. [Laughter] The biggest misunderstanding people have—

The President. I'll let it pass, Andrew. [Laughter]

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

The President. Good job, didn't he? Fine job.

All right, Noel—Noel Council. Where do you live, Noel?

Noel Council. I live right here in Raleigh, born and raised right here in Raleigh.

The President. There you go. Did you stay up late last night watching a little basketball? [Laughter]

Mr. Council. No, but—

The President. Never mind. Kind of old, us kind of baby boomers, isn't it, to stay up late. Anyway.

Mr. Council. Yes. I did watch Karl Rove, though, on the FOX channel. [Laughter]

[Mr. Council, retired senior, Raleigh, NC, made further remarks.]

The President. Well, I appreciate the spirit. Look, I mean, the key statement that I heard him say is it's not going to change for him. So, evidently, the message has gotten to some—[laughter]—and we got to keep getting it out. Senior citizens must hear the truth, which is that the Social Security system will take care of them, and they need not fear a discussion about how the children—a system that works for our children and grandchildren will cause them not to get the promises the Government made. And that's just important, and I appreciate you bringing that up.

I also love the spirit of somebody saying, "I'm not worried about me; I'm worried about somebody else." And we really need to be. We really need to be. I mean, it just would be, I think, a dereliction of duty not to take on the tough task now. Of course, some of them are saying, "He's not going to be around but for 4 more years," but I can assure you of this: For the next 4 years, we're going to be taking on the tough problems like Social Security.

Dawn Baldwin. Are you ready to go?

Dawn Baldwin. I'm ready, Mr. President.

The President. All right. Where do you live?

Ms. Baldwin. I live in Merritt, North Carolina, down in eastern North Carolina.

The President. Fabulous, yes. Wish I could say I knew where it was—I'll play like it is. [Laughter]

Ms. Baldwin. We'll have you come down there sometime.

The President. How far away from here is Merritt, roughly?

Ms. Baldwin. About 2½ hours due east of here.

The President. Well, fantastic. Thanks for coming.

Ms. Baldwin. It's good to be here.

The President. You're a mom.

Ms. Baldwin. I am a single mom, and I do want to say quickly, though, that I thank you for mentioning the community college system, because I am a part of the community college system. I teach at Lenoir Community College in Kinston.

The President. What's your subject matter?

Ms. Baldwin. English.

The President. English, yes. Some say I could use a little extra work. [Laughter]

[Ms. Baldwin, teacher, Lenoir Community College, Merritt, NC, made further remarks.]

The President. Is this your first home?

Ms. Baldwin. This is my very first home.

The President. Imagine, "Welcome to my home." That's fantastic.

You know, I was talking with Dawn, and she was talking about a 401(k). It's an interesting concept. Many of you know what a 401(k) is. Thirty years ago, no one would have known what a 401(k)—maybe they would have. I don't think so. I think 401(k)s are a relatively new invention—401(k)—you've got one?

Ms. Baldwin. I do. And I'll tell you, Mr. President, it was a kind of scary situation when I first started at a community college system and was asked whether I wanted a 401(k). I had never gotten involved with stocks, bonds, didn't really know what it was about, but I can tell you that it is very nice every quarter getting those reports to see how well my investment is doing.

The President. So you get advice?

Ms. Baldwin. I do.

The President. Yes, see, she gets advice. In other words, it's a little nervous at first.

Ms. Baldwin. But it pays off well.

The President. Yes. [Laughter] And you get your—you see your statement quarterly?

Ms. Baldwin. I do.

The President. Watch your asset base grow, which—

Ms. Baldwin. And it is another sense of ownership.

The President. Yes.

Ms. Baldwin. And it makes you proud to be an American.

The President. Well, it's an interesting—I think one of the—I hope people take away—one of the things that I find so attrac-

tive about enabling people to save some of their own money is the sense of participation in the system, I guess is one way to say it. It's—as you said, it makes you proud, but it's your asset base. And your little guy, 13-year-old son—some day, if you choose, it becomes a part of his asset base. And the capacity to pass property from one generation to the next is more than just passing a piece of land—which is a fabulous story, by the way. But there's other assets you can pass on. And I think it stabilizes society. I think it makes society more hopeful when people say, "This is what I own, and I'm going to choose to pass it on to whomever I want."

And I—and it's got—by the way, that concept must spread throughout all society. It should not be confined to just one segment of society. This isn't a Wall Street phenomena anymore. This is a phenomena of people being able to own and manage their own money all throughout the country, and it seems like it makes sense for us to give a younger generation of Americans the same opportunity to do so through the Social Security system.

You did a great job. Welcome.

Cyndi Godfrey.

Cyndi Godfrey. Yes, sir. [Laughter]

The President. You live?

Mrs. Godfrey. In Statesville, North Carolina. I have some friends here.

The President. Half the town came. [Laughter] How many people in Statesville?

Mrs. Godfrey. How many live in—

The President. Yes, how many live there?

Mrs. Godfrey. I think about 23,000—

The President. That's good, yes. It's big, bigger than it sounds.

Mrs. Godfrey. Might not want to quote me on that. [Laughter]

The President. How many children you got?

Mrs. Godfrey. I have two little girls. One is 4, and one is 6.

The President. Fabulous.

Mrs. Godfrey. We call them the "Princess" and the "Bulldozer." [Laughter]

The President. Sounds like kind of like my mother used to talk. Anyway—[laughter]—you're sitting up here on the stage. Here's your chance to tell me. First of all, you work?

Mrs. Godfrey. I do work. I believe that the world is run by those who show up. So I showed up today on behalf of my friends and my family and about 80 employees at Godfrey Lumber. It's a small, family-owned business started by my late father-in-law, Woodrow Wilson Godfrey. You would have loved him. It's actually——

The President. Woodrow Wilson?

Mrs. Godfrey. Woodrow Wilson.

The President. Yes.

Mrs. Godfrey. His mother was a staunch Democrat.

The President. Yes. [Laughter] Guy is a heck of a businessman, though. [Laughter] Anyway, Godfrey Lumber.

[Mrs. Godfrey made further remarks.]

The President. I kind of took your regulation statement there—I'm kind of trying to read between the lines. Are you saying to me that you're worried about the system I'm talking about will cause you to have more regulations on you, a little bit? Maybe, in other words, small businesses are burdened by regulations, and there's a concern I've heard.

Mrs. Godfrey. I would very much like to know if this is going—if your plan, if your proposed plan is going to help the small business, because we need all the help we can get.

The President. She doesn't want to be managing the personal accounts, is what she's saying; she doesn't need any more Government telling her what to do. And the answer is absolutely not. It will not burden small businesses. And that's important for small-business owners to understand. This is not an added regulation on top.

By the way, my suggestion is what needs to be part of an overall plan. I just want to make sure that I disabuse people of the notion, personal accounts alone won't permanently solve the problem. That's what people have got to understand. It's a part of an overall solution. It just will mean that the younger workers will get a better deal when the solution is finally decided upon.

Go ahead. Here's your chance to get people to buy a little lumber. [Laughter]

[Mrs. Godfrey made further remarks.]

The President. That's good. I appreciate you saying that. The concept of people managing their own money has changed dramatically. I promise you, when I was most of the panelists' age, we weren't sitting around wondering whether or not Social Security would be there. When I was 30 years old—is that what you——

Mrs. Godfrey. Twenty-nine.

The President. Yes, when I was 29—[laughter]—we didn't have forums where people came and said, "Gosh, I wonder if Social Security is going to be around when I retire." That never entered a baby boomer's mind. Nor did the concept of people—more and more people being able to manage their own money in the different kinds of retirement systems, Roth IRAs and all the different retirement funds that are now available for people to invest in. The world has changed; Social Security hasn't yet.

And so I find it incredibly interesting to hear younger folks talk about life the way it is, workers being able to manage their own account, saving something for my son.

Skip Long, he's here. He's got some ideas and thoughts. You can see he's a young-looking guy—actually young chronologically, too. You live in Raleigh?

Matthew "Skip" Long. I live here in Raleigh. Most of my time has been spent in southeast Raleigh.

The President. Good.

Mr. Long. And I want to say my wife and son—my wife is there, and my 10-year-old son——

The President. Oh, yes, looking forward to seeing you afterwards. What do you do? Thanks for coming.

[Mr. Long, president and chief executive officer, National Jobs Partnership, Raleigh, NC, made brief remarks.]

The President. Before we get to Social Security, I think one of the most important initiatives of this administration is to encourage faith-based and community-based organizations to help find people help they need. You're a faith-based man.

Mr. Long. Thank you.

The President. I can't think of a better organization than one founded on the principle, you shall love your neighbor just like

you love yourself, in order to help somebody coming out of the prison system find proper job training and get the skills and comfort necessary to know that he or she can take on life's tough problems.

All right. So I'm going to keep pushing the faith-based initiative, is my point. Back to Social Security.

[Mr. Long made further remarks.]

The President. There you go. How about that? Great job.

The system can be designed so that people can learn what it means to invest. And that's important for people to know. I've heard some people say, "Well, you know, there are certain people in society that just aren't capable." Forget it. Why do we want that kind of attitude in America, "Certain people can, and certain people can't?" We've got to believe everybody—everybody—should be allowed to take their own money and, under certain guidelines, make wise choices. And that's going to happen. There's a cultural change that needs to take place, obviously, in some quarters of society.

And I love the spirit you're talking about. Because if you own something, you have a vital stake in the future of your country. And that's exactly one of the key points behind this notion about allowing people to take some of their own money and investing it.

I think the panelists did one heck of a job up here. I want to thank you all. I'm getting kind of old, so I need to stand up. Let me take some questions, a few questions. And then I've got to head on over to Pennsylvania to continue the dialog.

Yes, sir.

Extending the Age for Benefits/Citizens' Influence on the Process

Q. My main concern is, you said during your State of the Union that all options was on the table. And I support your plan to strengthen Social Security, but one thing I'm concerned about is extending the age in order to be able to fund it. I would like to receive my benefits—my money that I paid into it, into my own personal account as soon as possible.

The President. Well, I appreciate you saying that. One way to make sure people affect

policy, with all options on the table is to—first of all, let me say, I'm not taking options off the table until Congress comes to the table and starts discussing. And secondly, if a lot of people, younger workers are concerned about that option, you ought to let the people know. And you're just letting me know, and I appreciate it. Yes, I'll sign that book too. It's a fine book. If you're interested in getting some sleep, read Chapter Five. [Laughter]

Q. Mr. President, on behalf of northeastern North Carolina, thank you, thank you, thank you for what you do for our country.

The President. Thank you, sir.

Q. God bless George W. and Laura Bush.

The President. Thank you, sir.

Expanding Benefits

Q. Here's my question: In your effort to strengthen Social Security for the 21st century, will you be able to use your bully pulpit in perhaps persuading our own Congress, who does a great job but also has a generous retirement system, take a look at that system, itself, in an effort to make, possibly, the retirement system for everyone in this room and throughout the country a little more generous?

The President. Yes, I appreciate that. See, what he's saying is, is that there is a go-by. In other words, this is a—I haven't invented this; it's already happened. Federal employees get to do this. I said in my State of the Union, younger workers ought to have the same option of ownership, decisionmaking, better rate of return, that the Federal employees have. And you bet I will.

You're right. I mean, this is—again, I repeat to you, this is going to be an issue that's going to require good, close cooperation. And it's not going to happen unless people of good will come forward and say, "Let's get in this—get after this issue together." It used to be that people would feel like they were lured out on the issue and then all of a sudden had to pay a political price. What I'm saying to the Members of Congress, "We're all in this deal together." We're all going to—we're going to be blamed together, or we're going to be praised together.

But I will do my part—I will do my part, initially, of not only putting the issue out there for people to hear, which I did in the State of the Union, but I’m going to travel our country, State after State after State, conducting discussions just like we had here, as open and frank as we can be, talking about the problems, talking about the assurances, and assuring Congress it is now time to act. That is my duty. I look forward to doing that. It also gets me out of Washington.

Preserving Current Benefits

Q. [Inaudible]

The President. Yes, sir.

Q. [Inaudible]

The President. We’re not going to take away your Social Security check, for starters. Go ahead.

Q. [Inaudible]

The President. Absolutely. [Laughter] I tell you what, that guy right there I’m delegating. [Laughter]

Q. God bless you, Mr. President!

Q. Unfortunately, I don’t have a letter for you to read, Mr. President, but I just want to say it’s such an honor to be speaking with you. I’m very happy to be here.

The President. Thank you.

Benefits for Younger Americans

Q. I just wanted to let you know that as a young person, I think it’s very inspiring and encouraging to see how much confidence you have in my generation’s ability to make decisions. And I think that your plan to strengthen Social Security is just another reflection of your high level of trust and respect for the American people, and I wanted to thank you for that.

The President. Thank you very much. You know, it’s interesting—I appreciate you saying that. Somebody was telling me the other day—I also had Congress men and women come into the White House, the Oval Office there—actually, the Cabinet Room, in this case—and I’m sitting down with them individually and talking about, just like we’re talking here. And a person said—he read an interesting poll; he said that a lot of younger workers felt like they’re more likely to see a UFO than get a Social Security check. [Laughter] It’s an interesting dynamic, isn’t

it, when you think about it. There are a lot of young people, when they analyze Social Security and think about it, that they just don’t think the Government can fulfill the promise, which is a powerful—it’s powerful leverage for Members of Congress to listen to.

In other words, the dynamic has shifted. The reason people are comfortable about taking on the Social Security issue, in the political sense—I believe it must be done. That’s the nature of the job; that’s the nature of the Presidency. But in a political sense, it’s because people are beginning to realize that once seniors understand nothing changes, there’s a lot of folks out there who are demanding change for their sake. They’re saying, “What are you going to do about saving the system for me? I’m coming up. I have a better chance of seeing a UFO than getting a check from the Government. What are you and the Government going to do to make sure I get my check?” That’s the dynamic that’s happening.

And that’s why I’m optimistic something is going to get done, because people are beginning to speak out. Younger Americans who understand the math and know the reality are beginning to say to those of us who have been elected, “What are you going to do about it? You’re up there in Washington, DC. Do more than just occupy the office. Solve problems, and do your job.”

Survivor Benefits

Q. Thank you, Mr. President. First of all, I just wanted to thank you for your service to our country.

The President. Thank you, sir.

Q. Thank you. I have a question about Social Security benefits that relate to things other than retirement, which is what you’ve put a lot of focus on. In 2001, I lost my father, and he left behind my mother to raise three kids, all under 18, and pay for everything that they needed and support them financially. By the year 2042, this pay-as-you-go situation is going to be pretty much exhausted. If that happens to someone after that point, they’re going to pretty much be depending upon this small percentage that the Government is allowing them to put into their nest egg fund. At that point they have to pull out of funds

early. Their index funds they'll have to pull out of early, which won't get to grow very much, and their long-term bonds won't mature. So how does your plan really—

The President. On survivor benefits? Are you talking about survivor benefits under the current system?

Q. Yes. Yes, sir.

The President. First of all, the plan is only addressed to the retirees, not to the disabled and survivor benefits. In other words, we're focused on the retirement aspect of Social Security. Secondly, the notion that a personal account—frankly, we haven't got to the emergency withdrawal aspects of the personal account. The idea, though, is not to let people—the main principle is not to let people withdraw money, who've retired, from the personal account because it needs to be used for retirement. In other words, you can't just lump-sum it out. This is a complement to Social Security.

As to whether or not you, a young worker—I mean, a survivor of a worker that passes on an account, whether you can draw it all out at once, that's something we just got to work out with Congress. But remember this, is that a plan that says you've been able to inherit something other than survivor benefits, a chunk of assets, is I think better—will be better than the current system.

Q. Yes, sir, I completely agree. From what I've seen of the system, I absolutely love it so far. I just hadn't heard you talk to that point yet.

The President. No, I appreciate that.

Q. Thank you.

The President. So you lived on—your mom and you lived on the survivor benefits of your dad?

Q. We didn't live on it completely.

The President. I mean, it helped you—helped you.

Q. Helped make ends meet, absolutely.

The President. Yes, well, there's survivor benefits in the current system if you are younger than 18 or your siblings are younger than 18 years old. If you're over 18, there are no survivor benefits for the kids. There will be a permanent survivor benefit if there's an asset that's been accumulated to be able to pass on. Whether or not you can take it out or not to solve a family emergency after

the person who accumulated the assets moves on, is something we just got to work out with the Congress.

Q. Yes, sir. One more thing, I just wanted to introduce myself so that I can say that I met you. My name is Bart Thornberg.

The President. Good job.

Yes, sir.

Q. Mr. President, Thomas Stith, Durham city councilman—

The President. Welcome.

Q. Good to be here.

The President. Thanks for serving.

Q. Thank you. More importantly, I'm a husband and a father of three young daughters. And first of all, I want to say thank you for bringing faith back to the White House.

The President. Thank you. Appreciate that. Thank you.

Addressing the Problem

Q. My question is simple. Certainly, we are very energized here today, supportive. The system is clearly broken. What can we do once you leave here today to ensure—

The President. Yes.

Q. —that we can assist you in helping to fix this system?

The President. No, I appreciate you saying that. And part of my reason to travel the country is to explain to people that there is a problem. The Honorable got it—there is a problem. What we can do to help you fix it? First step is to make it clear to people there is a problem, because if the people in Congress say, "There's not a big enough problem. Let's just move it on," nothing will happen. In other words, there has to be a sense of—in your voice, as you pointed out—urgency. And it's going to take me a while to convince people of the urgency to act.

I believe that once Members of Congress—and therefore, step one is to convince people there's a problem, of both political parties. And once people—once it gets in their mind that there is a problem, the followup question is, "Okay, now you see the problem. Now what are you going to do about it?" And we haven't got quite to the "What are you going to do to about it" stage yet.

We're going to continue—and I want to thank you for that. When—write, talk—when

you see people who say, “Well, there’s really not a problem,” just—the facts speak for themselves. Again, this is not a political issue. This is policy at its most pure, I think. And the facts are clear. And the facts say it’s time to get something done. But I readily concede there’s a—we need a little more—I need to spend more time convincing people that we’re going to—we got the problem.

And then once we get to there, sir, it is—and I try to stimulate discussion or at least prepare the way for a good discussion by saying, “I’m willing to listen.” And if you put an idea on the table, you won’t get—it won’t be used to club you over the head politically with it. In other words, there needs to be an honest, open dialog. You deal with problems at your level, and the best way to deal with it is for there to be an honest discussion about different solutions without fear of political reprisal. And that’s my—one of my pledges to the Members of the United States Congress and the Senate.

And that—and so, but when the time comes, the other thing you can do is assure people that nothing changes. Again, I just know—there are people out there who rely upon Social Security who are very worried when they hear political people like me talking about reform. They—the concept of reform means, “I’m not going to get my check,” or “I’m not going to get all my check,” or “I’m not going to get enough of my check.” And we just have to continue to assure older citizens in Durham, North Carolina, and around the country that nothing will change—nothing will change. And once that assurance is fully understood, then I’m confident the dynamic of younger workers saying—or younger folks saying, “What are you going to do about me,” becomes a much more viable—becomes a driving force for reform of the Social Security system.

I’m probably talking too much strategy and tactics, but I think it’s—people who are interested in the subject, you got to know how I think this issue is going to unfold. And—so thanks for your great comment.

One thing about faith: It’s very important for this country to always remember that our strength, as opposed to some of these ideologues of hate that we deal with, our strength is the fact that you can worship or

not worship and be equally patriotic. And if you choose to worship, you’re equally patriotic if you’re a Christian or a Jew or a Muslim or a Hindu. That is the wonderful thing about the United States of America. And regardless of what you believe and your beliefs, we must always jealously guard that great freedom of ours.

Yes, ma’am. I hate to tell you—we could be here all day—but I am headed toward Pennsylvania. Last question. I know you’re disappointed.

Age for Opting Into a New Social Security System

Q. Mr. President, an honor, sir. I thank you for your perfect segue into my question to you. I think the constituency most skeptical about reform appears to be those 55 and older. And I think the part of your program that’s most appealing to that skepticism is that part that talks about opting in. Can you address more specifically the age in which you are allowed to opt in or not?

The President. People born from—after 1950. That’s a pretty easy question to answer. [Laughter] And that would not be me.

Listen, I am so honored you all came. What a fantastic setting. I appreciate your time. I want to thank our panelists again for coming.

God bless you all. Thank you.

NOTE: The President spoke at 11:12 a.m. at the BTI Center for the Performing Arts. In his remarks, he referred to former Senator Jesse Helms of North Carolina; President Hamid Karzai of Afghanistan; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; and former Representative Timothy J. Penny of Minnesota.

Remarks in a Discussion on Strengthening Social Security in Blue Bell, Pennsylvania

February 10, 2005

The President. Thank you all. Please be seated. Thank you. Thanks a lot. Senator Santorum read that just like I wrote it. [Laughter] Thanks for coming. I appreciate Rick—I call him Rick—for coming over from Washington. Today the United States Senate

did something constructive. They voted to reform class-action lawsuits so that frivolous lawsuits won't drive up the cost of doing business in America and so that people—and I want to thank you for your leadership on that issue, Rick.

I appreciate so very much Karen Stout, the president of Montgomery County Community College, for having us. I want to thank all the professors and students who are here. If you're a younger student here at Montgomery Community College, this is a really interesting conversation for you to hear. I mean, it's important that you listen.

I want to thank our panelists who are here. I want to thank the county commissioners who are here, Jim Matthews being the chairman. Appreciate you, Mr. Chairman. Yes, lousy seat, doing a fine job, though.

I love the community college system in America, and I'll tell you why. Community colleges are flexible, available, and affordable. Community colleges can adjust curriculum to meet the needs of the time. Community colleges are a—Rick mentioned the word “hopeful”—a really hopeful place for people to gain the skills necessary to fill the jobs in a changing world.

And so I asked Karen, I said, “Have you got anything going on here that's different from the past?” She said, “Quite a few things. We've got a biotech curriculum now that will train workers for the jobs which actually will exist.” She said, “We've got a fantastic nursing program. There's a huge demand for nurses.” And she talked about medical assisting programs. I mean, there's a lot going on here, which says to me—it speaks for the vitality of an education system that's capable of adjusting to meet needs.

And so I want to congratulate those of you who support your community college system. I assure you that I will work with the Congress to see to it there's funding available to make sure people are trained for the jobs which will exist as we head into the 21st century. Thanks for having us. It's a fitting place to talk about the future, in an institution that is so dedicated to the future.

Today when I landed, I met David Bulkley. I don't know where David is. I hope he got a better seat than the chairman. There he is—yes, you did. *[Laughter]* I'm glad

you're here, David. David is what we call a USA Freedom Corps volunteer. He is a mentor. And the reason I like to herald folks like David is that the true strength of America lies in the hearts and souls of our citizens. If you really think about it, we're a remarkable country because there are millions of people who are willing to take time out of their busy lives to volunteer to help somebody else.

David chose to do so through Big Brothers/Big Sisters Amachi Mentoring Program. It is a fabulous program. It's one to help youngsters whose mom or dad may be incarcerated. It is a necessary program. It is a vital program, and it works because loving people are willing to support it. If you're interested in serving your country, if you want to make your community a better place, feed the hungry, find shelter for the homeless, and surround somebody who hurts with love, just like David Bulkley has done.

I appreciate the example you've set, and thank you for coming.

Before I talk about Social Security, I do want to talk about a few other issues. You know, when the President gets the mike—*[laughter]*—I told her, she said—Laura said, “Where are you headed today?” I said, “I'm going down to North Carolina, and then I'm going to Pennsylvania.” She said, “Let the panelists talk.” *[Laughter]* She knows me well. *[Laughter]*

But I do want to talk about what a hopeful—how hopeful the world has been recently. There's been—some amazing things have happened. The people of Afghanistan voted for a President. Millions of people went to the polls after the country was rid of the Taliban. We acted in our self-defense in two ways: One, we rid the country of the Taliban that was fostering and providing safe harbor to Al Qaida, which had attacked our country, but we also enhanced our defense by working with that country to promote democracy—democracy in the part of the world that a lot of folks said it's just impossible to happen. But I don't subscribe to that kind of doubt or cynicism because I believe deep in everybody's soul is the deep desire to live in freedom.

And the Afghan people, when given that chance—I say that our security is more enhanced because democratic societies are peaceful societies. Democracies promote peace as they listen to the hopes and aspirations of their people.

And then there was the vote in the Palestinian Territory. And I want to commend President Abbas for his leadership, his desire to fight off the terrorists so that a democracy can evolve in the Palestinian Territories, which will make it more likely we'll have peace with Israel.

And of course, the Ukrainian elections were a great inspiration for all. I'm looking forward to meeting President Yushchenko on my trip here to Europe. I think I'm going a week from today—2 weeks from today—soon—[laughter]—before the month is out. [Laughter]

And then, of course, a week ago Sunday, something amazing happened—that in spite of terror and fear and assassination attempts and threats, millions of people in Iraq went to the polls to say, “We will not be intimidated. We want to be free.”

These are important events. They're incredibly important events. And I don't know if you suffered through the State of the Union, but there was an amazing moment where the Iraq human rights activist who voted and the mom of the fallen marine hugged, which spoke volumes to me about, one, the appreciation of the Iraqi people for the sacrifices being made on their behalf and, secondly, a mom honoring a fallen soldier, honoring her son. And I hope she realized then and I hope you all do, too, that by having a free society, not only are we more secure in the short run, but in the long run our children are more likely to grow up in a peaceful world. Freedom is on the march, and for the next 4 years as your President, I will continue to work with friends and allies to spread freedom and therefore peace around this world.

A couple of other things I want to talk about. The economy is moving—created 146,000 new jobs in January. The national unemployment rate is 5.2 percent. People are working. The fundamental question is, how do we keep it growing? I'm a big believer in legal reform. Today, I mentioned,

the Senate took a big step. The House will then respond. I hope to be signing the bill relatively quickly. We need to do the same thing for asbestos lawsuits. We need to fix the system. Legal reform is an important part of making sure America is the best place in the world to do business and that the small-business sector remains strong and the entrepreneurial spirit is vibrant.

And so is good budget policy. I submitted a good, lean budget to the United States Congress the other day. I've heard from business leaders, both large and small. I've heard from community activists. I've heard from Members of both sides of the aisle say, “Let's do something about the deficit.” I said, “All right, let's go, and here's a budget.”

And inherent in that budget is, one, Government must set priorities. And when Government finds programs that aren't working, it must have the courage to eliminate them. And that's precisely what our budget does. It's a budget that sets priorities and a budget that makes it clear we will be wiser about how we spend the taxpayers' money. And I expect Congress to pass that budget.

We have an obligation to confront problems. Again, I want to talk about Social Security, which for years has been called the third rail of American politics. If you touch it, you expire politically. [Laughter] But I believe the job of the President is to confront problems, not to pass them on, not to say, “Okay, somebody else will solve it.” And so I want to talk about Social Security, just like I did in the State of the Union and like I will do over and over and over again around this country to make it clear we have a problem.

And here's the problem. Rick mentioned it. I want to, again, say what he said. Baby boomers like me are fixing to retire, and there's a lot of us. There's a whole bunch more of us than perhaps at any other time in our history. And yet, we're living longer, and the Government has promised us greater benefits than the previous generation. And yet, as Rick mentioned, fewer people are paying into the system. So you can see the math. You've got more people living longer, getting greater promises with fewer people paying for it, which means, in the year 2018, the system starts to go into the red—in other

words, more money going out than coming in.

Now, one of the myths about Social Security is there's a pile of money sitting there accumulating, because you put money in, the Government saves it for you, and then when you retire, you get it out. That's not the way the system works. Every dime that goes in from payroll taxes is spent. It's spent on retirees, and if there's excess, it's spent on Government programs. The only thing that Social Security has is a pile of IOUs from one part of Government to the next. This is a pay-as-you-go system.

And so, therefore, when you have more retirees living longer for greater benefits with fewer people paying in, the system inevitably will go into the red. In 2018, 13 years down the road, it starts to go negative. And every year thereafter, the situation gets worse—in other words, more money is required to meet the promises, so that by the year 2027, the Government is going to have to come up with 200 billion additional dollars above and beyond the payroll taxes to meet promises; and greater the next year and greater the next year; 300 billion in 2037; until 2042, it's broke. And that's the dilemma we're faced with.

And the fundamental question is, are we willing to confront it? And so my first mission is to travel our country making it clear to people of all political parties, all demographics, we've got a problem. And you can define it "crisis," "big problem," whatever you want to define it. All I ask is that you look at the chart, and you can define the problem however you want to define it. If you're a young person who's going to have to tote the bill, I would call it a significant problem.

Now, it is not a problem for people who've retired and are near retirement. And so part of the reason I'm going to travel the country is not only to say to folks, "We got a problem, and here it is," but, "If you've retired, the system is in good shape for you. You don't have a darn thing to worry about. I don't care what the ads say. I don't care what the spinners say. You're in good shape. The system will meet its promises to you." And that's an important thing for seniors to hear, because I fully understand a lot of seniors rely upon

Social Security. There's a lot of folks that count on this very important program in order for them to live.

And so for the next weeks, I'll be continually traveling our country saying two things: One, we've got a problem; and two, if you've retired or near retirement, born before 1950, you don't have a darn thing to worry about; the system will meet its promises.

Now, once people see there's a problem, the next question is going to be, what are you going to do about it? And I have an obligation to participate in the process. As Rick mentioned, my predecessor, President Clinton, addressed this issue. And there was a lot of interesting ideas that were floated about how to permanently fix Social Security. There's no need to put a bandaid on it now. Now is the time. If we're going to address it, we might as well fix it forever. And so we talked about different ideas. And as I said in my State of the Union, all ideas are on the table. If you've got a good idea, whether you're Republican or Democrat, bring it forth. People should feel free to be able to debate this issue without fear of political reprisal.

Now, I've got some ideas myself. And one of the ideas is to allow younger workers to take some of their own money and set up a personal retirement account. The idea is to allow a younger worker to be able to earn a better rate of return on his or her money than that which is being earned as a result of the Social Security money going through the Federal Government. It's called the compounding rate of interest.

I'm not going to try to get on your turf. I was history major, C student. *[Laughter]* There's hope for you C students; there's hope for you. But let me give you an example of the compounding rate of interest. Now, the program that we're suggesting to Congress is that personal accounts start slowly so that we can better fund the transition to personal accounts, and that eventually, though, workers should be able set 4 percent of their payroll taxes aside in a personal account.

So assuming that the 4-percent level is reached, a person earning \$35,000 a year over their lifetime, setting aside 4 percent of the money, with the compounding rate of interest, by the time he or she retires, will

have a nest egg of \$250,000. Now, that's a capital base from which that person can draw money to supplement his or her Social Security check she'll be getting, however great that may be. So the personal account will be able to earn money over the course of time at a greater rate than the money that the Government holds. And that's important.

Now, people say to me, "What does a personal account mean? Is there an example of a personal account? Tell me—this sounds like a brandnew idea. It's not a new idea." If you're a Federal employee, you've got what's available—what's called a Thrift Savings Plan that says you can take some of your money and invest it in stocks and bonds. So we've done this before. My view is if it's good enough for Federal employees, it ought to be good enough for younger workers. In other words, it's an attractive way for people to build assets. We ought to, in Washington, at least be consistent in our thought. We ought to be fair in our dealings with people.

People say, "Well, what kind of investments could I invest in?" Well, obviously, we're not going to let you take your money and put it in the lottery. That would mean you wouldn't have anything left, in all due respect to those people who run the lotteries. Lotteries aren't meant for you to win. [Laughter] They're meant for a few people to win at best. Or you can't take it and shake dice at the local casino to try to enhance your return. In other words, there will be—the types of investment vehicles you'll be investing in will be regulated. There will be a conservative mix so that the risk is held down but the reward is greater than that which is in the Social Security trust.

People say, "Well, when I—if I'm the 35,000-a-year person, and I've got the 250,000 upon retirement, can I draw it all out?" No. You can't draw it out—all out. It is meant there to supplement your Social Security check. In other words, it is part of a retirement fund.

The distinct advantage of this is not only a greater rate of return, it's your own assets. I think there is something incredibly vital about a society in which people own something. And we want more people owning things in America, your own home, your own business, and owning and managing your

own retirement account. I think it's a healthy thing for people to be able to have a quarterly statement, watching their asset base grow. It certainly would cause people to pay attention to the economic policies of the Federal Government. And I know that an account will be a vital part of a person planning for their future.

So, for example, if this person decides not to take all the money out of the account over time to retire, he could pass it on or she could pass it on to whomever she chooses. It becomes a part of a family legacy.

And so personal accounts have got a lot of advantage. And they're a new thought in terms of Social Security, but I think over time, as this debate takes place, people will see they're an essential thought. Personal accounts alone will not solve the problem. But personal accounts coupled with other reforms that fix the problem will make it more likely a younger worker is going to get the benefits that the Government has promised—closer to the benefits the Government has promised. And that's important.

And so I'm looking forward to not only talking about the problem and the need for those of us who have earned the trust of the people to do something about it, but also to reassure the American citizens who've retired, "You don't have a thing to worry about. You're going to get your check," but also say to young people, "You better pay attention to this issue. If nothing happens, you're going to get stuck with an enormous tab: 200 billion in 2027; bigger every year until it's bankrupt. The longer we wait, the more severe the fix becomes."

We have an obligation and a duty to confront problems and not pass them on to future generations, and that's what we're here to talk about today.

And we're going to start with Olivia Mitchell. Olivia, you live in Pennsylvania. What do you do?

Dr. Olivia Mitchell. Thank you very much, Mr. President. It's a pleasure and a delight to be here. I teach at the Wharton School at the University of Pennsylvania. And I have to say I've been teaching in the area of Social Security and retirement for, shall we say, more than 25 years. What I have

found over the years is that it takes an enormous amount of effort to get young folks to care about retirement planning. But this year, Mr. President, you've made a difference, because this year they're sitting up and paying attention. In fact, I was even able to get my 16-year-old daughter, sitting over here, to attend. So I thank you for that.

The President. Don't mention her. [Laughter] I tried that once, introduced my 16-year-old daughters, and they didn't speak to me for months. [Laughter]

You know, since she talked about young people—sorry to interrupt—I'm not listening to Laura, obviously. [Laughter] Somebody told me an interesting—they saw a survey that said younger people believe they're likely to see a UFO than get a Social Security check. [Laughter] Anyway. [Laughter] I don't know if it's true.

[At this point, Dr. Mitchell, director, Pension Research Council, Wharton School, University of Pennsylvania, made brief remarks.]

The President. Thank you.

Robin Reedy, you ready to go?

Robin Reedy. I'm ready as I'll ever be.

The President. If that's the case, speak in the mike. [Laughter]

Ms. Reedy. Yes, okay. I'm sorry. [Laughter] Guess I wasn't ready. [Laughter]

The President. Robin has got a compelling story. Why don't you share your story with us, please.

[Ms. Reedy, widow, Camp Hill, PA, made brief remarks, concluding as follows.]

Ms. Reedy. Without the income from my husband and without the future income that he is going to be providing, I am really struggling now to try to come up with a plan that can keep me going if, God willing, I'm around for another 20 or 40 years.

The President. You look like you will be.

Ms. Reedy. Thank you. [Laughter] I hope so.

The President. She claims she's a grandmother.

Ms. Reedy. Guys, if you're out there, hi. [Laughter]

[Ms. Reedy made further remarks.]

The President. Her husband pays into the system; he passes away unexpectedly; and for

a period of time, there is—the money he has contributed has no value to her.

Ms. Reedy. It's gone. He put it in—for 45 years he's paid money in there.

The President. Now, there will be survivor benefits starting at the age 60.

Ms. Reedy. Some, yes.

The President. But not nearly as much as he put in. And the point of a personal account is that, for peace of mind in this case, there would be a nest egg, your money, your assets, that—on which you could live. And that's one of the benefits. And the system has worked great for a lot of people. But there are some glaring errors, and here is one. And a personal account, an asset base, helps address that error.

Ms. Reedy. It would be something that would be mine, and it would not belong—go back to the Government.

The President. Absolutely. Are your kids taking care of you?

Ms. Reedy. Are my kids—oh, my kids are great.

The President. Well, good, keep doing it, kids.

Ms. Reedy. They help. They're wonderful. They're wonderful.

The President. Listen to your mother as well. [Laughter]

Ms. Reedy. But I think a lot of the young women here need to realize, too, that—and I didn't realize this until I became a widow, that by the age of 60, one in six of us will be widows. I mean, that's just a statistical fact. And that goes up—it goes up very rapidly after that. So to have something like that that is left behind to you, that can help you through a very difficult period, I think would be a very, very good thing. It would be a godsend, and it would be fair, and it would be just.

The President. Good job. Thanks for coming.

All right. Sukha Brooks.

Sukha Brooks. Hi, good evening, Mr. President.

The President. Sukha, where do you live?

Ms. Brooks. I live in Morton, Pennsylvania.

The President. Morton, Pennsylvania.

Ms. Brooks. Morton, Pennsylvania.

The President. And?

Ms. Brooks. I'm currently going through a divorce, and I have three children. Social Security is very important to me. I'm 37 years old. I have an 18-year-old that's started Delaware County Community College, and she's majoring in education. She's—her aspirations are to become a teacher.

The President. Good, that's good—noble.

Ms. Brooks. Two more children, and Social Security is very important, being a single mother. We anticipated a lot more investing on my husband's side. I work for a small business, so we did a lot of the investing through his company. And now at the age of 37, I was happy that—when you talked about this revamping Social Security, particularly on the aspect of personal accounts, because I need to make up some lost time. And I think what you're proposing is giving someone that's in my situation an opportunity to be able to take a personal account into my retirement and to look forward to something, particularly a higher return in what you're proposing.

The President. Yes. You know something amazing, I was just thinking, listening to Sukha—when I was her age, there wasn't a lot of talk about, one, whether Social Security was going to go down the tubes. Fellow baby boomers here, back me up, will you? There wasn't much doubt in our mind, right? It wasn't a conversation. Nor was there a lot of talk about 401(k)s, IRAs, personal accounts. The world of ours has changed. Here's Sukha saying, "Give me a chance to invest my own money." There has been a shift of attitude amongst Americans—all walks of life—all walks of life.

And I appreciate that spirit of wanting to own something to bring peace of mind and to pass something on to your children.

Ms. Brooks. I appreciate you giving us the opportunity.

The President. I'm glad you're here. Thanks for coming, Sukha. Great job.

Tommy McManus.

Thomas McManus. Mr. President.

The President. Tom, glad to see you.

Mr. McManus. First, I want to welcome you back to the great State of Pennsylvania.

The President. Oh, yes, glad to be back. Thank you. I heartily concur.

Mr. McManus. I'm here today with my lovely wife, Kim, my young daughter Chey-

enne, who is 4½, and my mom and dad who are Social Security participants. My young son Brendan is at home with my—his grandmother. He's three. And I've got two major concerns with the current status of Social Security.

The President. First, what do you do—give us a read on what you do. I think people—

Mr. McManus. I am a certified financial planner.

The President. Good.

Mr. McManus. What I do in my professional life, I help people build dream retirements.

The President. Right.

Mr. McManus. I work for a local company right here in Montgomery County called Lincoln Investment Planning. And my main objective every day is to help people achieve their retirement dreams.

The President. Before we get to why you care about Social Security, let me ask you a couple of questions about investment vehicles. See, people wonder whether or not it is possible to design a system that is simple for all to understand and achieves an investment objective which is limited risk and a better rate of return than the paltry sum that is now garnered within the Social Security. This is kind of a leading question. I'm not even a lawyer, but do you—[laughter]—I presume that happens all the time at your business.

I mean, people have got to understand. There's some concerns about what a personal account means—what can you invest in and what can you not invest in? And is it possible to design a system that helps us achieve the objective, which is security upon retirement?

Mr. McManus. Well, I agree with you, Mr. President. My own feeling is—and I convey this in my practice—a dream retirement consists of three components: your employer-sponsored plan, your personal savings and investments—IRAs, 403(b)s, 401(k)s, that kind of thing—and Social Security.

[Mr. McManus made further remarks.]

The President. See, that's an interesting dynamic for those political scientists out there. Let me share some—a view on what he just said. See, I campaigned on the issue

because I realized, one, we needed to do something and I wanted people to think that if the guy got in he would take on big problems, but also I recognized there were a lot of young people in America who feel the same way Tom feels. They're not going to see anything. In other words, the dynamic has shifted dramatically.

And it will particularly shift once senior citizens fully understand nothing changes. See, once the senior citizen understands that the system is solvent for them, the drivers of this policy are going to be people like Tom who say, "Wait a minute. You've taken care of one generation. How about us?" And it's amazing what happens when people start to speak on an issue. Congress—if they speak loud enough and consistently enough and long enough, Congress tends to respond. And that's why I'm hopeful we can get something done.

Keep going.

[Mr. McManus made further remarks.]

The President. I'm going to be holding those hands right with you, because it's the truth. No matter what the rhetoric might be, the truth is you don't have a thing to worry about. The people that have something to worry about are youngsters. You're a youngster. [Laughter] And—I'm no longer a youngster—and that's why we've got to act.

Speaking about youngsters, Sara is with us. Sara Holcombe. Welcome.

Sara Holcombe. How are you?

The President. Well, I'm doing pretty good. Thanks very much. Feeling pretty spunky. [Laughter]

[Ms. Holcombe, recruiter, Gateway Search Associates, Blue Bell, PA, made brief remarks.]

The President. Yes, see—I'm going to say it again. People are thinking differently about their own money. It is a remarkable generational shift, isn't it? If you really think back, if those baby boomers here think back, we weren't really spending a lot of time talking about, "Oh, I want to be able to take my own money out of Social Security and put it in something that would grow over time." It's really changed. And I think a lot of younger workers are now beginning to say,

"Just give me a chance to do a better job than the Government has done on my behalf."

I repeat to you, the 35,000-a-year person—that's 35,000 over his or her lifetime—taking 4 percent of the payroll tax, which isn't all that much money, compounds, though, over a period of time to 250,000. So if you're—I don't know if it works—if you were to say the person who makes 70,000 over their lifetime and you compound the same, it actually ends up being 500,000, but it's substantially more than 250. We're talking about people over their lifetime being able to accumulate quite a sizeable nest egg to supplement that which the Government may be able to pay.

Keep going. We've got to kind of fill some time here. [Laughter]

Ms. Holcombe. I also have parents that are nearing the retirement age and a grandfather who is 100-percent dependent on his Social Security check. And part of my attitude in this is, I want to make sure that the system stays the same for them but is progressive enough to be there when my generation needs it.

The President. Yes, that's the question. She's actually laid out the dilemma: Can we do that? And my answer is absolutely. Now, it's going to require a political will that is a little different than what's taking place in Washington, I fully concede. I mean, if this is all viewed through the prism of, "Well, I can't cooperate with so-and-so because they're of a different political party," then I can't say that's going to happen. But I do believe that the people, if they speak loud enough, are able to affect policy. And I do believe if young people pay attention to this issue and start saying, "We expect you—we expect you, Mr. President, and we expect people, regardless of their party, to come together and get this thing fixed now, before it is too late," we've got a shot at getting it done.

My pledge to you is I'm going to work hard on the issue. I think it is a vital issue. I like to get out of Washington, and I like to travel around the country. I went to five States after the State of the Union. I went to two States today. Every week—except for that which I'm going to be in Europe—I'm going to

keep traveling the country reminding people of the obligation that we have in Washington, DC, to bring folks together and to fix this problem, so that people will say, when it's all said and done, "They came, they went, and they did their job."

Listen, I want to thank you all for coming. I hope you found this conversation interesting, informative. It is—I believe it's necessary. And I want to thank our panelists who did a fantastic job of sharing with us what's on your mind. There's a lot of people like you out there that are asking the question, "What are you going to do about it?" And I'm ready to lead on the issue.

May God bless you all. Thanks for coming.

NOTE: The President spoke at 4:22 p.m. at Montgomery County Community College. In his remarks, he referred to James R. Mathews, chairman, Board of Commissioners, Montgomery County, PA; 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.

Statement on Senate Action on Class-Action Lawsuit Reform Legislation

February 10, 2005

Our country depends on a fair legal system that protects people who have been harmed without encouraging junk lawsuits that undermine confidence in our courts while hurting our economy, costing jobs, and threatening small businesses. The class-action bill is a strong step forward in our efforts to reform the litigation system and keep America the best place in the world to do business. I applaud the strong bipartisan majority in the Senate for passing this bill, and I call on the House to act promptly so that I can sign it into law.

Memorandum on Waiving Prohibition on Use of Fiscal Year 2005 Economic Support Funds With Respect to Jordan

February 10, 2005

Presidential Determination No. 2005–20

Memorandum for the Secretary of State

Subject: Waiving Prohibition on Use of Fiscal Year 2005 Economic Support Funds with Respect to Jordan

Consistent with the authority vested in me by section 574 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2005 (the "Act"), Division D of Public Law 108–447, I hereby:

- Determine that it is important to the national security interests of the United States to waive, for a period of 6 months from the date of this determination, the prohibition of section 574(a) of the Act with respect to Jordan; and
- Waive the prohibition with respect to this country for that period.

You are authorized and directed to report this determination to the Congress, and to arrange for its publication in the *Federal Register*.

George W. Bush

NOTE: This memorandum was released by the Office of the Press Secretary on February 11.

Remarks at a Swearing-In Ceremony for Michael O. Leavitt as Secretary of Health and Human Services

February 11, 2005

The President. Good morning. I'm proud to visit this fine Department and to congratulate my friend Michael Leavitt on becoming America's 20th Secretary of Health and Human Services. Congratulations.

Secretary Leavitt. Thank you, Mr. President.

The President. I know this is a particularly special day for Mike—after all, it's his 54th birthday. [Laughter] And it's always a

special day for him when his family members are here. He loves his family. He's got a great wife named Jackie; Westin is here representing his brothers and sisters; his dad's first name is Dixie—kind of sounds like he should be from Texas. *[Laughter]* Appreciate the other members of the Leavitt family who are here.

I want to thank Senator Bob Bennett from the great State of Utah for joining us, and Congressman Ralph Regula for being here. I appreciate you both coming. I want to thank other members of my Cabinet and administration who have joined us. I particularly want to thank the men and women of Health and Human Services for your hard work and remind you that you're serving during a critical time for America's health and well-being.

Thanks to Secretary Tommy Thompson's superb leadership, HHS has helped our medical community prepare for a new era in public health. You've made groundbreaking progress toward new cures for disability and disease. You've led a bold initiative to win the global fight against HIV/AIDS. The good work of this Department is making America healthier and more hopeful, and I thank each of you for your commitment and your compassion.

As Secretary Leavitt begins his service, HHS is embarking on a set of new challenges and historic opportunities. One of your most important responsibilities will be implementing the Medicare Modernization Act, which I signed some 14 months ago. This law is a landmark achievement in American health care, and millions of older Americans are already benefiting from its reforms.

Because we acted, Medicare now covers preventive medicine, including screenings for heart disease and diabetes, and a "Welcome to Medicare" physical. Instead of waiting to get sick or facing costly treatments, seniors can now identify problems early and manage them before they grow worse. By reducing major surgeries and longtime hospital stays, preventive medicine will save money, and more importantly, it will extend the lives of our seniors.

Because we acted, Medicare will also cover prescription drugs. Under the old system, Medicare would pay \$28,000 for ulcer sur-

gery but not the \$500 a year for the prescription drugs that eliminated the cause of most ulcers. That system didn't make any sense. It made no sense for our seniors. It made no sense for American taxpayers.

Because prescription drugs are expensive, many seniors face the terrible choice between buying groceries and buying medicine. We left those days behind with the Medicare Modernization Act. Low-income seniors can get up to \$600 to buy medicine this year. Next January, every senior in Medicare will have the option of a prescription drug benefit. And so that all seniors can get the care they need, low-income seniors will get extra assistance and will pay a reduced premium or no premiums at all on prescription drugs.

Because we acted, seniors in Medicare will have more control over their health care. Seniors will be able to choose a health plan that meets their needs, and health plans will compete for their business, which will lower costs throughout the program. The system probably sounds familiar to some here—*[laughter]*—after all, it's what we offer Federal employees. If choosing your health plan is good enough for the Federal employees, it's good enough for America's seniors as well.

Putting these reforms into action will be challenging. But with the leadership of Secretary Leavitt and Administrator McClellan, I know you're up to the task. We all know the alternative to reform, a Medicare system that offers outdated benefits and imposes needless costs. For decades, we promised America's seniors that we can do better, and we finally did. Now we must keep our word. I signed Medicare reform proudly, and any attempt to limit the choices of our seniors and to take away their prescription drug coverage under Medicare will meet my veto.

Secretary Leavitt will also lead important reforms in the Medicaid program. He will work closely with the Governors to make Medicaid more fair and more flexible. And together, we will take new steps to ensure that Medicaid fully serves our most vulnerable citizens, especially our children. Both Medicare and the State Children's Health Insurance Program—it's what's called SCHIP—offer preventive care to low-income families at little or no cost. Yet, millions

of eligible American children are not signed up. So I proposed a billion dollar effort called "Cover the Kids" to help States and community groups and faith-based charities enroll more children in Medicaid and SCHIP. We must not allow a lack of attention or a lack of information to stand between these children and the health care they need.

To reinforce America's health safety net, we are also increasing support for community health centers. These compassionate facilities meet a critical need by providing primary care to the poor and the uninsured. They also take the pressure off of our emergency rooms and our hospitals. When I took office, I pledged to open or expand 1,200 community health centers by 2006. Thanks to the hard work of this Department, we've opened or expanded 619 centers so far, and we're on track to meet our objective by the end of next year. Now Secretary Leavitt and I are working toward a new goal: We will ensure that every poor county in America has a community health center.

As we deliver quality health care to those in need, we must also help more adults find private health insurance at their jobs. More than half of all the uninsured Americans are small-business employees and their families. To help these people get good coverage, I have asked Congress to allow small businesses to pool together to buy insurance at the same discounts that big companies get. I've proposed tax credits for small businesses and low-income workers that would allow more people to open tax-free health savings accounts. To reduce health care costs and prevent medical errors, we're working to expand the use of information technology in health care. And to make health care more affordable for every doctor, patient, and entrepreneur, Congress needs to pass medical liability reform this year.

At HHS you bring the hope of better health to millions of your fellow citizens, and you do much more. HHS promotes adoption and abstinence and preschool education and leads our efforts to stop drug abuse and domestic violence. Secretary Thompson has called this "America's Department of Com-

passion," and I know Secretary Leavitt sees it the same way.

Many of your greatest allies in the armies of compassion are found in faith-based and community groups. With Secretary Leavitt's leadership, we'll continue to support the hopeful works of these caring citizens. We'll also work with Congress to reauthorize welfare reforms that require work and strengthen marriage and promote responsible fatherhood. We'll continue the lifesaving work of combating HIV/AIDS at home and abroad.

As you fulfill all these duties, HHS is also meeting the needs of a nation at war. Researchers at NIH and the Centers for Disease Control are on the frontlines of defending America against the threat of bioterror. FDA inspectors are expanding efforts to secure the food supply and ensure the safety of medicine. We've completed the doubling of funding for medical research at NIH. Yet spending is not our only measure of success. When we commit taxpayer dollars, we will insist on results in return. And in every scientific pursuit, we will uphold the values of freedom, equality, and human dignity. We must never sanction the creation of life only to destroy it.

With this new responsibility, HHS Secretary Leavitt continues a distinguished career of public service. I've known him as a Governor. We're members of the ex-Governor's club. [Laughter] I've known him as the Administrator of the EPA. I've witnessed his integrity and creativity and compassion. He has a proven ability to move beyond the partisan debate, to work with leaders at all levels of government, and to improve the lives of the people he serves. That is what I've asked Mike to do as America's Secretary of Health and Human Services. With your help, I know he will succeed.

Congratulations.

NOTE: The President spoke at 10:45 a.m. in the Great Hall at the Department of Health and Human Services. The transcript released by the Office of the Press Secretary also included the remarks of Secretary Leavitt.

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.

February 5

In the morning, the President had an intelligence briefing.

February 7

In the morning, the President had an intelligence briefing.

Also in the morning, the President had a telephone conversation with New England Patriots owner Robert Kraft to congratulate the team on their February 6 Super Bowl victory.

In the afternoon, in the Oval Office, the President met with 2004 Nextel Cup NASCAR champion driver Kurt Busch. Later, also in the Oval Office, he met with Secretary of Commerce Carlos M. Gutierrez and his wife, Edilia.

February 8

In the morning, the President had an intelligence briefing. Later, he traveled to Detroit, MI, where, upon arrival, he met with USA Freedom Corps volunteer Jim Comer.

In the afternoon, the President returned to Washington, DC. Later, in the Cabinet Room, he met with Republican Members of the House of Representatives to discuss Social Security.

The White House announced that the President will host President Traian Basescu of Romania at the White House on March 9.

The President announced his intention to nominate Jeffrey Clay Sell to be Deputy Secretary of Energy.

The President announced his intention to nominate Patricia Lynn Scarlett to be Deputy Secretary of the Interior.

The President announced that he has named Karl Rove as Assistant to the President, Deputy Chief of Staff, and Senior Adviser.

The President announced that he has named Michael J. Gerson as Assistant to the President for Policy and Strategic Planning.

February 9

In the morning, the President had a telephone conversation with Prime Minister Thaksin Chinnawat of Thailand to congratulate him on his party's February 6 parliamentary election victory and to discuss relief efforts following the December 26, 2004, earthquake and tsunamis in the Indian Ocean. He then had an intelligence briefing.

Also in the morning, the President had a telephone conversation with Prime Minister Anders Fogh Rasmussen of Denmark to congratulate him on his February 8 election victory and to discuss the elections in Iraq, the situation in the Middle East, and the President's upcoming visit to Europe.

In the afternoon, in the Residence, the President had lunch with President Aleksander Kwasniewski of Poland.

Later in the afternoon, in the Dwight D. Eisenhower Executive Office Building, the President made remarks at a business roundtable.

The President announced that he has named John E. Straub as Special Assistant to the President and Director of the Office of Administration.

The President announced that he has named William McGurn as Assistant to the President for Speechwriting.

The President declared a major disaster in Kentucky and ordered Federal aid to supplement Commonwealth and local recovery efforts in the area struck by a severe winter storm and record snow on December 21–23, 2004.

The President declared a major disaster in Kansas and ordered Federal aid to supplement State and local recovery efforts in the area struck by severe winter storms, heavy rains, and flooding on January 4–6.

February 10

In the morning, the President had an intelligence briefing. Later, he traveled to Raleigh, NC, where, upon arrival, he met with USA Freedom Corps volunteer Jim Van Strien.

In the afternoon, the President traveled to Blue Bell, PA, where, upon arrival, he met with USA Freedom Corps volunteer David Bulkley.

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

The President announced his intention to name Roland W. Betts as a member of the New York Committee on the Olympic Games Board of Directors.

February 11

In the morning, the President had an intelligence briefing.

The President announced his intention to nominate C. David Welch to be Assistant Secretary of State for Near Eastern Affairs.

The President announced his intention to nominate John B. Bellinger III to be Legal Advisor at the Department of State.

The President announced his intention to nominate R. Nicholas Burns to be Under Secretary of State for Political Affairs.

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 February 8

Brig. Gen. William T. Grisoli, USA, to be a member of the Mississippi River Commission.

Submitted February 10

Robert B. Zoellick, of Virginia, to be Deputy Secretary of State, vice Richard Lee Armitage, 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 February 7

Transcript of a press briefing by Press Secretary Scott McClellan

Fact sheet: The 2006 Budget: Meeting the Nation's Priorities

Transcript of a press briefing by Office of Management and Budget Director Josh Bolten on the FY 2006 budget

Transcript of a press briefing by Office of Faith-Based and Community Initiatives Director Jim Towey on how the FY 2006 budget continues to support partnerships between faith- and community-based groups and Government

Released February 8

Transcript of a press gaggle by Press Secretary Scott McClellan

Transcript of remarks by the First Lady at a Helping America's Youth event

Statement by the Press Secretary: President Bush To Welcome President Basescu of Romania

Fact sheet: Ensuring America's Prosperity

Released February 9

Transcript of a press briefing by Press Secretary Scott McClellan

Transcript of a press briefing by Brig. Gen. John R. Allen, USMC, Office of the Secretary of Defense, Alan P. Larson, Under Secretary of State for Economic, Business, and Agricultural Affairs, Andrew S. Natsios, Administrator, U.S. Agency for International Development, and Paul D. Wolfowitz, Deputy Secretary of Defense, on Indian Ocean tsunami recovery efforts

Statement by the Press Secretary: President Bush Announces Solidarity Initiative To Support Our Partners in Freedom

Statement by the Press Secretary on disaster assistance to Kentucky

Statement by the Press Secretary on disaster assistance to Kansas

Fact sheet: Setting the Record Straight: Medicare Drug Benefit Estimates Unchanged

Fact sheet: Continuing Support for Tsunami Relief

Released February 10

Transcript of a press gaggle by Press Secretary Scott McClellan

Statement by the Press Secretary: Transition of Power in Togo

Fact sheet: Strengthening Social Security for the 21st Century

Released February 11

Transcript of a press briefing by Press Secretary Scott McClellan

**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.