

Last week we learned that in the first 3 months of 1999, the economy grew at a 4.3 percent rate, with very low inflation. With record numbers of new homes being built, paychecks increasing, hundreds of thousands of young people getting new help to go to college, new businesses opening their doors, a surging market on Wall Street, we are truly widening the circle of opportunity in America.

I'm here to report to the American people on more good news about our budget. As required by law, my administration is releasing the midsession review of the budget. Here is what we have found.

When I took office, the National Government had a record deficit of \$290 billion, projected to increase indefinitely. Last year, for the first time in 29 years, we balanced the budget. In January this year, we projected a surplus for this year of \$79 billion. Today I am pleased to report that, in fact, the budget surplus for 1999 will be \$99 billion, the largest as a share of our economy since 1951. For next year, we now project a budget surplus of \$142 billion, a surplus of \$5 billion not counting the receipts from Social Security. In fact, improvements in the outlook since February have added \$179 billion to the projected budget surplus over 5 years, half a trillion over 10 years, and a trillion over 15 years.

Fiscal discipline does bring real results. I want to thank my economic team for all the work that they have done. Lower interest rates have led to a boom in business investment, to lower mortgage rates, to lower credit card rates, to lower student loan rates. Fiscal discipline has widened opportunity and created hope for all working people in our country. Now we have a chance to do even more, to use the fruits of our prosperity today to strengthen our prospects for tomorrow, indeed, for tomorrows well into the 21st century.

In my State of the Union Address, I set out a plan for how to use the budget surplus. Today, in light of the unexpectedly large surplus, I am proposing to build on that budget framework with a new approach that honors our values, meets our commitments, and makes it possible to reach bipartisan agreement on a budget for America.

First, we can strengthen our commitment to use the bulk of the surplus to save Social Security and Medicare and to pay down the national debt. The new budget numbers mean that we will run a surplus in the non-Social Security part of the budget, starting next year, much earlier than previously expected. I am pleased that Republicans and Democrats in Congress have agreed to use the Social Security surpluses to reduce the national debt. But we must go forward and achieve an even stronger lockbox than one proposed by Congress. Social Security taxes should be saved for Social Security, period. Let's finish the job and work to extend the solvency of Social Security. I'm encouraged that Republicans and Democrats on the House Ways and Means Committee are meeting together to try to accomplish this goal.

Second, our new large surplus will help us to strengthen and modernize Medicare while providing a prescription drug benefit. Tomorrow I will reveal the details of my plan to modernize Medicare. The steps I will propose to use the surplus will increase Medicare's solvency for at least 25 years. By taking additional measures to increase competition, combat fraud, and reduce costs, we can provide a new prescription drug benefit and still pay down our national debt.

Third, our new budget framework will use part of the surplus to provide substantial tax relief. It will maintain USA accounts, the largest and most progressive tax incentive ever offered to encourage savings. USA accounts will allow every American to begin saving from the first day in the work force, providing more help for those who need it, giving every American a stake in our shared prosperity.

In addition to the USA accounts, I have proposed tax cuts—targeted and paid for—for child care, for stay-at-home mothers, for long-term care, to encourage businesses to invest in poor communities, and to modernize 6,000 schools. But first things first.

Fourth, we can use this surplus to meet other vital national needs, such as maintaining military readiness, honoring our veterans, protecting the environment, promoting health research, farm security, and other core functions of our Government.

Beyond this, we have a chance to use the surplus not only to care for our parents through Social Security and Medicare but to give a greater chance in life to our young children. So today I am proposing a new \$156 billion children's and education trust fund. This commitment can enable us to offer Head Start preschool to a million children, to hire those 100,000 teachers, to provide extra help for a million children in our poorest communities, to pay for dramatic improvements in children's health.

And finally, by investing to save Social Security and strengthen Medicare, my plan now will entirely pay off our national debt. In the 12 years before I took office, reckless fiscal policies quadrupled our debt, bringing us higher interest rates, higher unemployment, higher inflation. By balancing the budget we have begun to reduce the debt. But today our national debt still totals \$13,400 for every man, woman, and child. If we maintain our fiscal discipline, using the surplus to pay down the debt and using the savings to strengthen Social Security, America will entirely pay off the national debt by 2015.

If you look at this chart, you will see that we have now cut up Washington's credit card. Now we can pay off the debt; by 2015, this country can be entirely out of debt. This is a remarkable milestone, but it is clearly within reach, if we do not squander the surplus by choosing short-term gain over long-term national goals.

The surplus is the hard-earned product of our fiscal discipline. We should use it to prepare for the great challenges facing our country: caring for our parents, caring for our children, freeing our Nation from the shackles of debt so that we can have long-term, sustained economic prosperity.

Keep in mind what this means to ordinary people. If you pay this debt off, it means interest rates will be lower. It means there will be more business investment. It means there will be more new jobs. It means there will be more money left over for higher wages. It means the cost to families of homes and cars and college educations will be lower. That's what being out of debt means.

It means the next time there is an international financial crisis, we will be relatively less vulnerable because we won't have to bor-

row so much money, and the poorer countries will be able to borrow more money at lower interest rates, bringing greater global prosperity and stability. This is a very significant achievement for our country and for a more stable and peaceful and prosperous world.

So I hope, very much, to work with Congress in the weeks ahead to pay off the debt, to finish the work of strengthening Social Security and Medicare, and to make a real commitment to our children and our future.

Again, let me thank the national economic team and all others who have supported these initiatives over the last 6 years. Thank you very much.

### **Tax Cuts**

**Q.** Are you open to tax cuts beyond those that you mentioned, Mr. President?

**The President.** I think we should achieve these objectives. Within the framework of achieving these objectives, obviously, I'll be working with the Congress to achieve them. Thank you.

### **Arkansas Senate Seat**

**Q.** Do you want to run for Senate from Arkansas? [*Laughter*]

**The President.** I think Rubin should run for the Senate from Arkansas. [*Laughter*] He's got the best timing of anybody alive.

NOTE: The President spoke at 8:59 a.m. on the South Lawn at the White House. In his remarks, he referred to Secretary of the Treasury Robert E. Rubin.

## **Interview With Mark Devenport of the British Broadcasting Corporation in Westport**

*June 28, 1999*

### **Northern Ireland Peace Process**

**Mr. Devenport.** Mr. President, it's 2 days to go until the deadline in Northern Ireland—obviously, a crucial week. The politicians still at loggerheads, apparently. What is it that you want them to do now in this make-or-break time?

**The President.** I want them to remember how strongly the people voted for peace and for the Good Friday accords and to find an

honorable resolution of the admittedly thorny problems. Because whatever the difficulties of going forward, they are very small compared to the difficulties of letting the peace process fall apart.

**Mr. Devenport.** Now, you say there are “thorny problems,” and that is the difficulty—and especially the problem of de-commissioning. Would you be urging the Sinn Fein to do what Ulster Unionists are urging Sinn Fein to do, to namely sign up to a timetable for disarmament and give a categorical assurance that the IRA will have disarmed completely by May 2000?

**The President.** I think that all the parties should fully comply with the terms of the Good Friday accords, and that’s what I would say. I think that they all have to find a way—we know what the problems, the legitimate problems the Sinn Fein have with the de-commissioning issue. But it’s an important part of the Good Friday accords, so there has to be a resolution of it that enables the leadership of the Unionists—Mr. Trimble, and the others who have fought for peace—to survive, to sustain their position, and to go forward and get everybody on their side to honor the Good Friday accords, too.

They can find a way to do this, if they decide that the price of failure is far higher than the price of compromise. And I think there’s a good chance they’ll do it, even if it’s 11th hour, I do.

**Mr. Devenport.** Well, what about the Ulster Unionists? Their position has been that there has to be guns handed over, actual hardware, before Sinn Fein can go into government. Do you think they should be considering moving ahead on the basis of pledges rather than actually looking for the armaments?

**The President.** Well, I believe that on that score, Mr. Trimble is satisfied in these talks with whatever commitment is made, and I think they should give it a chance to work.

One thing I would say to the Unionists is that they can always walk away from this if the commitments aren’t made at a later date. And they should keep in mind—they can bring this down at any time by simply walking out if the commitments aren’t kept. So I think that if Mr. Trimble can be satisfied, and they can work it through, then I would

hope the Unionists would support him and give him a chance—give this thing a chance to work.

**Mr. Devenport.** Now, this political deadline is also coinciding with the annual deadline that there is in Northern Ireland of the Drumcree march. As we speak, an announcement on the Drumcree march is imminent. There are extremely strong indications that the Orangemen won’t be allowed to go down the Catholic section of the Garvaghy Road. How concerned are you about what the impact of a refusal to let the Orangemen go down Garvaghy Road could be, both on the streets and on the political process?

**The President.** Well, as an outsider, you know, to me this looks like the most difficult of decisions because it is—there’s enormous emotional content on both sides. It’s not just a matter of a lot of people walking on a certain road. And I think however it is resolved this year, the most important thing is that the parties themselves try to find a larger, omnibus resolution for this that reflects the spirit of the Good Friday accords.

Keep in mind, I mean, the spirit of the Good Friday accords is that both sides should have respect for and get respect from one another, and that no one should have to give up his or her heritage or traditions, but they should be pursued with some sensitivity to how others feel as well.

So I think that they’re in a terrible bind now because the Drumcree deadline is coming up against the negotiation deadline. And so, however it’s resolved, I think that what the leaders should be thinking about is, what is the long-run resolution of this? How can we show one another the necessary respect and sensitivity that will put this marching issue in the context of the commitment of the Good Friday accords, which is to push toward reconciliation and equality within the principle of consent?

**Mr. Devenport.** At the time of the Good Friday agreement, you waited up through the night in Washington, inside the White House, seeing how the negotiations were working out. You went on the phone personally and spoke to the main parties and tried to coax them forward. This week, with a new deadline, are you willing to do the same, to intervene personally?

**The President.** Oh, absolutely. I'll do what ever I can to help. You know, this means a lot to me. It means a lot to the American people. We have tens of millions of Irish Catholics and Irish Protestants who are deeply invested emotionally, and many of them financially, in Northern Ireland, and would like to be more involved.

And I also believe, as I have said many times, that if this can be resolved—if we can get over this next hurdle and go forward—I think it will give courage to the advocates of peace in the face of religious and ethnic problems in other parts of the world. You know, we're just getting off the ground with our efforts in Kosovo. There are many difficulties there, and the accumulated grievances there, from mass killing and mass uprooting, are deeper, if you will, just in terms of human loss than all the things that have happened in Ireland.

But people have this sense that the divisions in Ireland go back such a long time, that if they can be overcome, I think it would give great heart to the proponents of peace in the Balkans and Africa and the Middle East, because—the new Prime Minister is about to announce a government there; we have a chance again to make progress and peace in the Middle East.

And I think that from my point of view, as someone who's interested in not only the country of my roots, but the rest of the world, I think that it's hard to overstate, it's hard to overstate the impact a positive or a negative outcome could have on such actions in the rest of the world.

**Mr. Devenport.** Finally, Mr. President, there's only so much that you, or, indeed, the British and Irish Prime Ministers can do to coax people along. Is this the time when Northern Ireland's political leaders have to stand on their own two feet?

**The President.** Well, I think they can know that we can coax them and we can stand with them and we can support them and we can bring them benefits in all kinds of ways after this is resolved, but in the end, the leaders have to decide.

Their people have voted for peace. But that's a general principle; the particulars are always difficult. And again, I would say, I think the important thing is to keep this

going. Somebody—if there is the necessary commitment given by all sides, and then, later, any of those commitments are not kept, this thing can always be brought down because the commitments were not kept. But I think it would be terrible to let it come apart now, before we get to see and feel how it really works.

**Mr. Devenport.** Mr. President, thank you very much.

**The President.** Thank you.

NOTE: The interview began at approximately 11:50 a.m. at a private residence. In his remarks, the President referred to David Trimble, leader, Ulster Unionist Party; Prime Minister-elect Ehud Barak of Israel; Prime Minister Tony Blair of the United Kingdom; and Prime Minister Bertie Ahern of Ireland.

### Remarks at a Democratic National Committee Luncheon in Westport

June 28, 1999

Thank you very much. Diane, you can give a speech for me anytime. [Laughter] That was really wonderful, congratulations, thank you.

I want to thank all of you for being here. Let me also join Joe and Beth in thanking Fran and Sandra for being so wonderful to us. I thank Martha and Ronni and the others who helped to make this a success. I also want to say a special word of thanks to Fran and Sandra for being so wonderful to Hillary as well, it really means a lot to me, and I thank you for that.

You know, I always love to come back to Connecticut, and only a fool would not love to come to Westport. [Laughter] I'm very happy to see Barbara Kennelly; and my old classmate Dick Blumenthal, who has been so good to me; and Denise, we're very pleased for your success, congratulations. And Congressman Gejdenson, thank you for being so brave in tough election after tough election. You're always there to do the right thing any way, and I admire you so much.

And Senator Dodd, congratulations on having the good sense to marry Jackie; we're proud of you. No matter how much you may like Chris Dodd, if you have not gotten to know his wife, your estimation will go way

up when you do—[laughter]—and we're really happy for you. And Jessye, thank you for coming; Cicely, thank you for coming.

And I would like to say a special thank you to Connecticut for being so good to me and to Al Gore through two elections now. I don't feel that I'm on a victory lap or a final lap or—you know, I expect people to—they're beginning to talk to me as if I'm—there is a sort of ring of eulogy about all of this. [Laughter]

As far as I can tell, I'm reasonably healthy; I still show up. I told Fran when—you've got to watch Joe Andrew, you know, as being a party chair; he hasn't been a party chair as long as Ed Marcus, but he's learned to stretch the truth creatively. He said that I got up earlier and went to bed later than anybody else. And I told Fran, I said, "Now the second half of that statement is true." [Laughter] "I do work late. I don't always beat everybody to the office."

I'd like to tell you, first of all, why I'm here and, secondly, why I hope you're here. If anybody wants me to show up at one of these events 5 years from now or 10 years from now and my party is still doing what I believe is right for America, I'll be there then, too. The fact that I was given the opportunity at a pivotal point in our country's history to serve as President is important to me, but it is incidental to my prior and enduring commitment to the ideas and values that I think are necessary to make this country all it ought to be.

You know, when you think back to the condition the country was in in 1991 and 1992 when I was running, it's almost unimaginable that we are where we are today. This morning, before I left to fly up here, I was able to make an announcement that at what is called the midsession review—which is when we recalibrate our economic assumptions—we now know that our surplus this year will be \$20 billion higher than we thought; it will be \$142 billion next year; it will be \$500 billion more than we thought it was going to be over 10 years, and \$1 trillion more over the next 15 years. That's an amazing thing.

This year—you know, we have something called a unified budget, which means that we show a surplus even if we're spending more—like income and sales taxes and

things—than we're taking in because of the Social Security taxes, because we're still taking in more than we're paying out. This year we will have a surplus without the Social Security revenues.

What this means is, among other things, is that we really can save Social Security by investing a modest amount of it in something other than Government bonds. We can do something about elderly women, who are more poor than the rest of the elderly population. We can take the earnings limit off, because we need elderly people to work more, if they choose to do so—not if they're required to, but if they choose to do so—as we have relatively fewer young people and relatively more older people. And now we can actually pay the debt of the country off and be entirely debt free by 2015—in 15 years this country can be out of debt. That's unbelievable.

The debt of the country quadrupled in the 12 years before I took office—just 12 years. And there was no end in sight. The deficit was \$290 billion when I took office. We'll have \$142 billion surplus in the last year of my Presidency.

Why should that matter to people? To those of you who are liberals and want the Government to spend money, why should you care if we're out of debt? Because if we get out of debt in a global economy, it means lower interest rates, lower home mortgages, lower business loans, lower college loans, lower car payment loans; it means more business investment; it means more money for wage increases; it means a more stable economy; it means the next time there is a world financial crisis like we had in Asia a couple of years ago, we'll be less affected by it; and it means there will be more money out there for poor countries to borrow at lower interest rates, or be given because we won't be taking any of it.

In the global society, it is the socially responsible thing for the wealthy countries to be financially responsible. It is good for our people, but it is good for people around the world. And it is good for all income groups within our society. So I hope very much that we will be able to persuade the Republican majority in Congress to work with us to save Social Security, to reform Medicare, and to

pay this debt off. It is something that no one could have thought imaginable just a few years ago.

Tomorrow I'm going to reveal the details of our plan to strengthen Medicare and preserve it for at least another quarter century and add a prescription drug benefit which will be affordable, which can be managed. But this is a big problem—I told those of you who came to the airport to meet me that one of the most stunning facts of life, if you're over 65 today and you're on Medicare, is that the average senior citizen is now spending a higher percentage of his or her income, out of pocket, for health care than they were spending in 1965, before Medicare went in. Why? Overwhelmingly, because of prescription drugs.

So if we can do something that is financially responsible to help our seniors deal with this burden, we ought to do so. We can now and we should.

Because of the size of the surplus, we'll be able to pay the debt off over the next 15 years, and at the same time create a trust fund for children and education of over \$150 billion that we can use for after-school programs, to make sure all our kids have health insurance—for a whole host of other things that need to be done.

Now, let me come back to the general point. I'm here not as a candidate, because I think it matters that the ideas and the values that we fought for be continued; because it's important to me that Sam and Chris and people like them are in the Congress. And it's important to me that—we know the Republicans will always have more money than we do. Today they'll be saying, "Well, who cares if we pay the debt off; let's have a bigger tax cut that will be skewed to most of you"—most of you would be better off in the short run being at a Republican fundraiser. *[Laughter]* You would be, and you know it. *[Laughter]*

But on the other hand, if you look at the performance of the stock market, if you look at the fact that we've got the lowest unemployment rate in 30 years, the longest peacetime expansion in history, the highest surplus as a percentage of our economy since 1951—there's something to be said for moving us all forward together. And there's something

to be said for looking to the long run, as well as the short run.

Everyone has to balance doing what is most pleasing to everyone today and thinking about what is best for the country over the long run. I've tried to take this country into the 21st century with certain basic ideas—that we could balance the budget and increase our investment in children and education, health care, and the environment; that we could grow the economy and continue to improve the environment—and we have. The air is cleaner; the water is cleaner; the food is safer; we've got 90 percent of our children immunized for the first time in history; we've set aside more land in preservation than any administration in the history of America, except those of the two Roosevelts.

So because we had good ideas—not because Bill Clinton was President, but because our ideas were right—I am glad I was given the chance to serve now. If my ability to speak, communicate, work hard, and take incoming fire had anything to do with those successes, I'm grateful.

But the most important thing is that what we stand for now, as a party, is a new direction, a departure from where either party was in the seventies and eighties, and the kind of thing that we ought to embrace going into the 21st century. And we have evidence that it works. There are lots of issues up there in Washington that we're fighting for now. Sometimes we have agreement; we're going to agree on two things that I think are great—I'll give the Republicans a little pat on the back here—the Congress is going to overwhelmingly vote, apparently, to renew the disability on disabled Americans who go in the work force and lose their Medicaid coverage. And that can enable us to get hundreds of thousands of more workers to grow without inflation.

There are a lot of disabled people who want to work, but their medical bills are \$20,000, \$30,000 a year, sometimes more, and they're paid by the Government. If they make "X" salary—anything much above poverty—they lose that Government health insurance. And that's bad for you, because they won't take the job. And we're still going to pay for their health care, as we should. So