bad, personal and political. We have talked about our children. We have talked about our parents and their deaths. We have talked about every conceivable subject, personal and political. I know him as few people do. He is a good person. He is a decent person. He is a strong person. If everything was on the line and I had to pick an American to make a decision that I knew would be good for my country when my daughter is my age, I would pick Al Gore, and so should you.

Ladies and gentlemen, Vice President Al Gore.

NOTE: The President spoke at 8:03 p.m. in Hall Two at the State House Convention Center. In his remarks, he referred to State Attorney General Mark L. Pryor; and former Senators Dale Bumpers and David H. Pryor. The transcript made available by the Office of the Press Secretary also included the remarks of Vice President Al Gore.

Remarks to the National Governors' Association Meeting in St. Louis, Missouri

August 8, 1999

Thank you so much, Governor Carper, Governor Leavitt, and Governor Carnahan; thank you for welcoming me back to Missouri and to St. Louis, a place that has been so good to me and our family and our administration.

I must tell you, this has been a great day for me already. My staff says I'm entitled to a great day once in a while. I got to spend the night in my mother-in-law's house, go to early church in my church, and have breakfast with my friends, and then come to meet with you. Something bad may happen tomorrow, but this has been a good day. [*Laughter*]

When I first spoke to the Governors as President in 1993, I promised that we would build a new partnership, and I said I would try to hold up my end of the deal in three ways: first, by bringing down the Federal budget deficit so we could have lower interest rates and greater investment and a recovering economy. I've been a Governor through one boom and two busts; the booms make the job easier. Second, I promised to work with you to end welfare as we know it, to prove that poor people could succeed at home and at work. And third, I promised to loosen the rules and lift the regulations on Medicaid, that had long stopped Governors from providing more health care for less.

Six and a half years later I think it's clear that this partnership has worked, through the hard work of the American people and the economic plan we put in place in 1993, followed up with the bipartisan Balanced Budget Act of 1997. We've turned record deficits into record surpluses, as Governor Carper said. Most of your budgets also enjoy healthy surpluses.

We have the largest peacetime expansion in history, and on Friday I announced that we've gone over 19 million new jobs in the last 6½ years, with homeownership the highest in the history and minority unemployment the lowest ever recorded.

You all know, and I think Tom referred to this, that with the welfare waivers that we granted the States, followed by the Welfare Reform Act in 1996, your initiatives have led us to the lowest welfare rolls in 32 years now. Last week in Chicago, I was able to announce that every one of your States is meeting the work requirements in the new welfare law, something that the American people should be very grateful for. And we now have 12,000 businesses in our Welfare to Work Partnership committed to hiring people from the welfare rolls into the work force.

With the bipartisan balanced budget bill of '97, we created the children's health insurance program, $24 billion, the largest expansion of health coverage since the creation of Medicaid. We've waived or eliminated scores of laws and regulations on Medicaid, including one we all wanted to get rid of, the so-called Boren amendment. And last week I signed the federalism Executive order, putting to rest an issue that has divided the administration and the Governors for far too long.

In so many areas we share a common vision. I heard Governor Hunt talking when I walked in today—I thought, I've heard that voice for more than 20 years. It's still singing more or less the same song, and it gets better every time he sings it. I thank you, sir.

So I would say to you that this country is poised to enter a new century and a new

millennium with its best days still ahead. But we have some significant long-term challenges. I think we're in a position to meet those challenges. And I'd like to talk very briefly about the next steps that could affect you on the Federal budget, on welfare, and on health care.

First, let me say that I do see this as a generational challenge—to deal with the aging of America; to deal with the children of America, which are more numerous and more diverse than ever before; to deal with the long-term economic health of America; to bring the light of opportunity to places that have still not felt any of this recovery. Those are just a few, but I think the biggest, of our long-term challenges.

So what I propose to do is to take over three-quarters of this projected surplus and set it aside in ways that would enable us to lengthen the life of the Social Security Trust Fund, in ways that would cover the entire life of all those in the baby boom generation—that is, I don't expect to be around in 2053; I'd like it if it turned out that way, but I kind of doubt it will happen—in ways that would lengthen the life of the Medicare Trust Fund, bring the best that we know in terms of competitive technologies and other things to play, have more preventive screenings to try to keep people out of the hospitals, and have a modest prescription drug benefit—something we plainly would provide if we were creating Medicare for the first time today.

If we do that, there will still be enough money to meet our fundamental obligations—in education, national defense, medical research, veterans, agriculture, the environment—and to have a modest tax cut. And we can do it, and pay off all the publicly-held debt in this country for the first time since 1835, when Andrew Jackson was President. We can do that in 15 years.

Now, I think that's important, because in a global economy where interest rates are set in part by the movement of money at the speed of light across national borders—I'll make you a prediction: In 20 years, people will think all rich countries should not have debt because that will keep interest rates lower, investment higher, more jobs, more incomes, smaller costs for everything from homes to college education. And our trading partners around the world that are struggling to lift themselves up, or countries that get in trouble as the Asian countries did over the last couple of years, will be able to get the money they need at lower interest rates, recover more quickly, and help us to continue to integrate the world into a global market.

Now, as you know, I'm having a big argument about this in Washington. And I know you've already heard the other side of it. [*Laughter*] But let me just say, I think if you hear it at first blush, the plan of the Republican leadership has some appeal. They say, ''Look, we've got this big projected surplus, and we want to let the Government keep two-thirds of it and give the people a third of it. And why is that unreasonable?''

Well, here's the problem. First of all, you all have been there; a projected surplus is not the same as one in the bank. And we don't know that. But secondly, there are—the budget problems, economic problems, and aging realities that I would argue undercut this tax bill that has passed the Congress. Let me just mention them.

First of all, the two-thirds of the surplus that the Republican leadership—and I applaud this—is committed not to spend is that produced by the Social Security taxes. So they say we're not going to spend it at all, which means the only money available for spending over the '97 budget caps is the 100 percent they want to give away in the tax cut. And it is 100 percent, because it's not just the size of the tax cut, but when you cut taxes that much, you reduce debt less, so your interest rates are higher—the interest payments are higher. So you have to add to the tax cut the interest payments that we will have to pay that we would not otherwise have to pay.

So basically, it means that the surplus we project to come from Social Security taxes will be out here, and if it's kept that way it will be used to pay down the debt. And that's good—not as much as my plan, but it does pay some down, and that is good, and I applaud that. But it also means that you and we and the American people are stuck with the '97 budget caps for the next decade.

Now, let me tell you what that means. First of all, it's not real. The same people that

voted for this tax cut are up there spending money to help the farmers, and they ought to be. We've got a terrible crisis on the farm in America, and we need to deal with the present emergency, and we need a long-term modification of the '95 farm bill to reflect the fact that it has no safety net. And we need to do it in a way that doesn't mess up market prices, doesn't go back to the bad old days of overly-managed farm programs by the Federal Government. There are ways to do this, and we have to be careful how we do it. There are a lot of good things in that farm bill, in terms of having the Government get out of telling people what to plant and where; had a good conservation reserve program, had a lot of good things, but it had no safety net.

So the Congress on the one hand is cutting the taxes and on the other hand spending money for farmers. They're putting more money back into the veterans' health budget, which they ought to do; there's some need there. They want a defense increase even bigger than the increase I want, neither of which can be funded under the new balanced budget calculations if you keep the Social Security surplus out of it. And that doesn't count what you will want us to do to help you in education or Medicaid or anything else. And it doesn't count what I hear every place I go, in every State, in communities large and small, which is that we had cuts that were too severe in the Medicare budget in 1997, which has imposed enormous burdens on the teaching hospitals in every State in the country, on the hospitals with large numbers of poor people, and on a lot of therapy services, for example, for home health care, which have been cut back.

So, on the one hand we've got a construct that sounds simple and good—we keep two-thirds of the surplus; we give you a third back, to the people—but it means that we have to stay within the 1997 budget caps, which are already being broken, and which should be exceeded. You've got to do something about agriculture. We've got to do something about these teaching hospitals. We need some relief for the Veterans Administration, and that doesn't deal with all the things that you've been talking about, probably, before I got here. Now, so that's the budget problem.

So one of two things will happen. If we had this construct, we either have huge cuts in all these things—huge—or we would have a reversion to past policies. We'd go back to deficit spending. At least we'd be deep into the Social Security portion of the surplus.

Secondly, there are the aging realities. The plan that has passed does not do anything to extend the life of the Medicare Trust Fund, nor does it do anything—even though it holds the taxes back—it doesn't do anything to extend the life of the Social Security Trust Fund.

Just taking the tax receipts and holding them separate does not extend the life of the Social Security Trust Fund. To do that, you have to do what I suggested, which is to take the interest savings you get from paying the debt down for 5 years and put them into the Social Security Trust Fund. And I believe we have to find some way of bipartisan agreement to increase the rate of return in the Trust Fund, and the only way to do that is to get out of buying something besides Government securities. And I think there's a way to do that, and I still believe we can get an agreement on that.

So there's—then the third thing is the economic realities. We have been told repeatedly, in a soft and indirect way, from the Federal Reserve Chairman to the pages of all the business articles that you read, that if—with the economy growing like it is, if we have a tax cut of this size, it will lead to larger interest rate increases, and most people will turn right around and pay back, in higher interest costs, what they are going to get in a tax cut.

Now, it is true, as Governor Carper said, that we don't have indexes of inflation here, because America has a relatively open economy and because of the breathtaking increases in productivity, because of technology and other things. We don't. But the Fed took a preventive step, as all of you know, the last time it met. And we have gotten a signal that is loud, clear, and unambiguous, that if you have a tax cut this big, an economy that's doing this well, there will be higher interest rate increases, and the people

will lose what they get in a tax cut in higher interest costs. I personally think that is a mistake.

Now, consider the flip side of this. Here we, the baby boom generation, our generation, has been derided by others and by ourselves for 30 years for being self-indulgent and all that and been poorly compared to the World War II generation. Well, in their youth, they were required to save the world and to get us through the Depression. And we had no such challenge. But in our middle age, we are being given a chance to get this country out of debt for the first time since 1835. We are being given a chance to stabilize Social Security and Medicare, so that when we retire we don't have to have our hands out to our kids to support us and take money away from them that they would otherwise spend on our grandchildren. And I think it's the opportunity of a lifetime.

Now, we can still have—my view is the way to resolve this is to stop putting the cart before the horse. To pass the tax cut before we decide what the Medicare fix is, what are we going to do on that, whether we're going to extend the life of the Social Security Trust Fund, and what we need to spend for these other things is kind of like a family sitting down to dinner and saying, ''Let's take the vacation of a lifetime; when we get home, we'll see if we can't make the mortgage payment and send the kids to college.'' You wouldn't do it. Nobody else would do it, and I think it's a mistake to do it.

Now, if you disagree with all this and you want to go back and spend the Social Security surplus, we can do it. We can do all these things. But you mark my words: Interest rates will be higher; this economy will be weaker than it otherwise would have been; and 30 years from now we will wonder what in the living daylights we did with the opportunity of a lifetime. And I think that's why one of the members of the Republican Party who voted against this was Governor Voinovich, who happens to be a Senator. And another was Senator Snowe, whose spouse was one of our colleagues.

And so I just would ask you to consider this. To me this is not politics, this is arithmetic. We went back to old-fashioned arithmetic in Washington the last 6½ years, and it worked pretty well. We had to get rid of 200 or 300 programs. We've now got the smallest Federal establishment since John Kennedy was President. And everybody had to take a little medicine they didn't like but because the economy has grown so much we've actually had more money to spend than we ever dreamed. And we've begun to lift children out of poverty; we've begun to do some other things.

But if you look at this looming problem of what the aging of America will do—twice as many people over 65 in 30 years—if you look at what you all are facing, with 2 million teachers about to retire, with the largest number of kids in schools ever, with increasing diversity—it just seems to me that—and if you look at the obligations I have and that any President would have of either party to maintain military readiness and deal with the aging of a lot of our systems, and to compete for talented young people to get them into the military when they can get so many good jobs doing other things—if you just look at all of this, and if you look at the fact that the money is not there yet, this is all projected surplus, it seems to me that the better course is to think of the long-term future of our children. And I really do believe this is a generational challenge for the so-called baby boomers, and I don't think we ought to blow it. And if I can stop it, I will.

But let me say something else. This is not—it is literally true that instead of spending more money on the farms, we'd have to cut the farm safety net programs; we'd have to eliminate the crop insurance bill. We'd have to have a $32 billion cut in Medicare, which we're not about to do. We'd have to do all these things.

But let me say that I am also not pessimistic about this. To solve this problem we have to have a majority of both parties and both Houses. And most people say, ''Well, you're already in the political season, all the States''—some of you have done this—''all the States have moved their primaries way up. So everything is now about nothing but politics; we can't get this done.'' I just think that is dead wrong.

We passed a bipartisan balanced budget agreement in 1997, overwhelming majorities of both Houses and both parties. In '96, in

the teeth of the election, we passed that welfare reform bill, overwhelming majorities in both Houses and both parties. And you know, we're all still getting paid; every 2 weeks we're drawing a check up there, and if we just realize what we're supposed to do for our check we'll figure out a way through this.

I am not nearly as pessimistic as a lot of people are about the prospects of our reaching an agreement, and I am determined to try to do it.

Now, let me just talk briefly about two other things that were part of our partnership—one is welfare reform. I know a lot of you have been concerned, probably a lot of you in both parties, about the discussion in Washington where some of you, apparently, have been asked outright, how would you feel if we took some of your welfare reform money back. Now, to be fair, I want to just tell you, they're in a terrible bind, because they're living with the budget caps, and they want a tax cut that will keep them in the budget caps, and they've got to spend—they've got to help the farmers, they've got to do something for the farmers. And we probably have cut the veterans' budget too much, and they want to spend more and more on defense, and there's a general consensus that we need to—not on how we should help you with education, but that we should continue to support that, as you have the largest school populations in history.

Now, I think that it would be wrong to take the money away. But what I want to urge you to do is to make sure that you have made every effort you can to spend the money in the appropriate way. We know, for example, that we're way below—and I'm trying to get this in the tax bill, by the way, because keep in mind, there can be a tax bill, it just can't be as big as the one that's passed. We're way below meeting the national need for child care for low income working people. And if we're going to move more people from welfare to work, we've got to do more on that. So I hope you'll consider that.

There also are some States—I know, you know, Governor Thompson only has 14 people left on public assistance in Wisconsin. [*Laughter*] There are some States where the reduction has been so low that, arguably, it is physically impossible to do. And if you all can come up with a fix for that for, you know, if you get the rates below a certain amount that deals with the education of poor children or something, you know, tries to creatively deal with this, bring it to me. I don't want to put anybody in an impossible situation.

But I think that the problem of giving poor children a step on the ladder to a mainstream American life, beginning with education and health care and good parental support, is a problem that our successors and interests will be facing here 10, 20 years from now. And if we can set up the right framework we'll be doing a very good thing.

So you can do two things. You can just say—they can say, ''Well, can we have some of this money back, because we've got a budget problem.'' And you can say, ''No''—and you can probably win then. And I'd be for it, by the way, I'd be for your position. I'd say no, too. But I recommend—I think the better course is for you to say, ''No, but here's what we're going to try to do to spend this money that you're giving us,'' and if we're in a position like—I don't know how many States are in this position, but Tommy and I talked about this briefly in Chicago the other day—if you're in a position where you just can't, you say, ''Here's how we really ought to make some changes so we can invest this in our kids and their future.'' I think that's important.

There's also some discussion in Washington about whether the Congress should reduce the funding for the CHIP program. And again, I think that's a mistake, because between CHIP and Medicaid, as now funded, the vast majority of children in this country without health insurance could get it. And that would be a good thing. And I want to say that thanks to the efforts that a lot of you have made, and the outreach efforts that have been made, the Kaiser Family Foundation says that there's now 1.3 million kids enrolled in the CHIP program, which is a huge increase in the last 6 months. So it's finally beginning to pick up.

However, we know that there's money out there for 4 to 5 times that many children to get health insurance. And I think that rather than talk about giving the money back to Congress, we should talk about how we're

going to invest it for the purpose for which it was intended. It was one of the signal achievements of the Balanced Budget Act of 1997, a completely bipartisan thing, and a really laudatory effort. But all of you had to get out there and design programs and figure out how you're going to interface it with Medicaid and figure out how to tell people about it. It was a complicated thing, but we wanted to do it in a way that this portion of it would be as little hassle for you as possible.

And a lot of things have happened. In Nevada, for example, I know our educator-Governor there says the school principals are getting children signed up for CHIP. In Alabama, the All Kids program is mobilizing coaches to enroll children who want to be in sports. In California, Governor Davis is doing outreach for CHIP in 10 different languages. So a lot of good things are happening.

And I think it's important that we remember that this year, this coming school year, will be the first full year of full opportunity and operation of the CHIP program in all the States. So I think it's too soon to rush to judgment about this. This is the first full year of fully operational CHIP programs in all the States.

I think we need to do more to support the outreach and to take advantage of the children's health initiative. Now, beginning tomorrow, we're going to send every school superintendent in America a letter, and every member of the National Association of Elementary Principals will get letters from that organization, asking them to participate in an outreach effort to inform parents about the value of health insurance and their eligibility.

Next month, when the children get back to school, the Departments of Justice and Health and Human Services are going to launch outreach efforts with the United Way. For example, school lunch applications will come with flyers explaining the CHIP program; workers are going to be sent to local McDonald's to sign up families there; Health and Human Services is going to run a radio message campaign to publicize it.

I think there is an enormous amount of promise that is still to be fulfilled here. I need to ask you to do a couple of things. First of all, we need more data to really make the system work. We can't improve the program or know what's wrong with it unless we know how many children have signed up for it. To date, 20 States haven't sent us the information. Some haven't reported on the basic information about children on the Medicaid rolls. And we know that from outside studies that in some States individuals who are Medicaid eligible don't always get the opportunity to enroll without delay, as the present law requires. We need to figure out why this is happening and figure out how to stop it.

So this month, as was reported, I think, already, we will begin working with you in partnership to do some onsite reviews to ensure that there are no roadblocks, intentional or, even more likely, unintentional roadblocks, to those who are eligible for Medicaid. I think that now that we have the funding and the extra flexibility to manage welfare and health care, we've got to make the most of it. Let me just give you some examples.

There is $500 million in the budget to reach out to families who lack health insurance, but are eligible for Medicaid, to simplify procedures for signing them up. We've gotten rid of the census rule that two-earner families that work over 100 hours a week are ineligible for Medicaid, even if their incomes are still low enough to qualify. All of you will get substantial funds on the tobacco settlements. They can be used for preventing youth smoking, but also for expanding health insurance. I hope you will make the most of this.

Let me just make a couple of specific suggestions about CHIP, in addition to what we're trying to do. I think the things that would have the greatest impact are presumptive eligibility for CHIP, as well as Medicaid, and sending eligibility workers into schools, into churches, into health care centers, into day care and preschool centers, places where the children are where their parents will come.

We have—this is an enormous opportunity to shrink the health problem of no insurance for children. We know we have about 10 million kids without health insurance. And the last 6 months of the CHIP program indicate to me that if you just keep working at it, we can get up at least to the 4 to 5 million kids

that we anticipated. But if you look at the combined eligibility and the level of funding of Medicaid and CHIP, there's no question that the vast majority of uninsured children in this country could in fact get coverage. And it would make a demonstrable difference—in their health and in their performance in school over the long run.

Well, let me just finally close by saying that, in some ways, these are all high-class problems. If I had come here in '93 and said, ''Now, I'll be back here in a few years, and we'll talk about how to spend the surplus,'' you would have said, ''You know, I thought that guy had good sense, but he's completely lost it.'' This is a high-class problem. But all high-class problems have accompanying high-class responsibilities. This is the last NGA meeting of the 20th century; the 92d meeting of the Governors, or the 92d year in which you've met. I've been to 19 of them. The first one, in 1908, was called by—that's not the one I went to. [*Laughter*] Although some days I feel like I went to it. [*Laughter*] The first one, in 1908, was called by a former Governor, Theodore Roosevelt. He was a great Governor and a great President and a very farsighted man. And he called the meeting, interestingly enough, about the conservation of our Nation's resources.

Now, I'll make you another prediction. When I look around this room and I see how many of you I've visited in natural disasters over the last few years—you and your successors will spend a lot more time in the next 20 years talking about the conservation of national resources in the context of natural disasters and climate change. And so, it will be deja vu again. And Teddy Roosevelt will look even smarter than he does today.

But I want to close with a quote that he gave to the first Governors' meeting. He said, ''Both the national and the several State governments must each do its part, and each can do a certain amount that the other cannot do, while the only really satisfactory results must be obtained by the representatives of the national and State governments working heartily together.''

I think that if we work heartily together, we will turn these high-class challenges into gold-mine opportunities, and our children will live in America's greatest days.

Thank you very much, and God bless you.

NOTE: The President spoke at 2:25 p.m. in the St. Louis Ballroom at the Adam's Mark Hotel. In his remarks, he referred to Gov. Thomas R. Carper of Delaware, chair, and Gov. Michael O. Leavitt of Utah, vice chair, National Governors' Association; Gov. Mel Carnahan of Missouri; Gov. James B. Hunt, Jr., of North Carolina; Gov. Tommy G. Thompson of Wisconsin; Gov. Kenny C. Guinn of Nevada; and Gov. Gray Davis of California. The President also referred to CHIP, the Children's Health Insurance Program.

Remarks on the 50th Anniversary of the Joint Chiefs of Staff at Fort Myer, Virginia

August 9, 1999

Thank you very much. Thank you, Secretary Cohen and Janet. Let me begin by thanking the Secretary for his remarks, his devotion, his remarkable leadership, and his willingness to serve in our administration—to prove that when it comes to the national security of the United States, we are beyond party, and all Americans.

General Shelton, thank you for your leadership and for your remarks. And we are delighted to be joined today not only by your wonderful wife, Carolyn, but also by your mother. We're glad she came up to be with us.

Thanks, Secretary Slater, Secretary West, Senator Thurmond, for being here. Senator Thurmond may be the only person here who served in the military before there was a Joint Chiefs of Staff. He was at D-day, and he's here 55 years later, and we're delighted to have him. In both places, he has served our country well. [*Applause*] Thank you. Thank you, Senator.

I thank the service secretaries, the members of the Joint Chiefs who are here, General Ralston and others, and the former members of the Joint Chiefs, and all the other officers who are here. One in particular I would like to mention, General Wes Clark, because of his extraordinary leadership in our most recent military victory in Kosovo. I thank him and all the men and women of our Armed Forces who have served there. [*Applause*] Thank you.