

and where, to the best extent possible, accelerate the tax relief to get money in people's pockets to serve as a stimulus to the economy.

Q. So a trigger is not out of the question?

The President. Again, any suggestion that people give I'm willing to listen to. Obviously, one of my concerns is that a tax relief package be undone because Congress wasn't fiscally responsible in its spending. I won't support a measure that says to Congress, spend all the money you want and, therefore, diminish the tax relief plan that we've gotten passed for the people, because one way is to make sure that the surpluses don't exist is if Congress isn't fiscally responsible with the people's money.

Expulsion of Russian Diplomats

Q. [*Inaudible*]*—speak to President Putin before you have a face-to-face meeting in June?*

The President. Maybe. I'm not sure yet.

Education

Q. Maine's education—*[inaudible]**—worried that your plan for a national testing—*

The President. I'm going to address that today. I appreciate you asking that question. The Governor is here somewhere—the Governor and I talked about that. Maine has got a very strong accountability system, and it has enabled the public elected officials to address problems. When I talk about accountability systems, I talk about those developed by States and local jurisdictions, and Maine is a perfect example.

One of the reasons I've come to this State is, not only is it a special spot in my heart because of an address down the road here, but this is a State where accountability and education go hand in hand. And in no way, shape, or form would I want Federal policy to undermine the good work that Governor King and others in Maine have done.

So when I talk about local accountability and a willingness to set standards, I think of places like Texas and a place like Maine.

Gov. Angus S. King, Jr., of Maine. We've been doing testing in the 4th, 8th, and 11th grade in Maine since 1986. We published the results on the Internet by school, by school

district, and it's accountability with a capital A.

The President. Yes. I know there's—I'm aware that there was some consternation about proposals that I'm working with both Republicans and Democrats on in the Congress. People have got to remember I was a Governor, and I wasn't particularly happy when the Federal Government began to tell us what to do, particularly when it came to educating our children. And consistent in the plans that I'm working with the Congress on is that philosophy that we trust the local people. And the people of Maine have been very fortunate to have a Governor of this caliber to look after the public education system here.

And as the Governor will tell you, the whole basis of reform is strong accountability, because you don't know whether—unless you measure, you don't know whether children are learning. And anyway, I'd better save some of the remarks for the speech. That way you'll pay attention.

Governor King. I've got a motto for you, Mr. President: Does it work, and how do you know?

The President. There you go. I may copy it.

Anybody hungry? You look like a man who could use a meal. [*Laughter*]

NOTE: The exchange began at 11:10 a.m. In his remarks, the President referred to President Vladimir Putin of Russia. A tape was not available for verification of the content of this exchange.

Remarks to the Chamber of Commerce in Portland

March 23, 2001

Man, Governor, you fired them up. [*Laughter*] I appreciate so very much, Governor, your being here. I know the good people of this State appreciate how you conduct yourself in office. Like your predecessor, my friend Jock McKernan, you brought a lot of class to your statehouse. I love your style, and I really appreciate your focus, because you care about the people of this State. You care deeply about the citizens of Maine, and it's clear the citizens of Maine appreciate

your care for them. So thank you so much for being here.

Rick, thanks for inviting me. *[Laughter]* Where's the wild man? *[Laughter]* Wild lady. Thank you all for coming today. It's an honor to be here, and it's an honor to be your President.

It's an honor to be traveling with members of the congressional delegation. I had the privilege of flying from Washington to Portland with your Congressman, Tom Allen. I don't know Congressman Allen well. I know he's a smart man—maybe a little smarter if he comes around my way more often. *[Laughter]* But I respect Tom's intellect, and I respect his service to the people of Maine. Thank you very much, Congressman, for being here.

And you've got two fantastic United States Senators. Olympia and Susan are smart, capable women who aren't afraid to speak their mind, even to the President of the United States. *[Laughter]* As a matter of fact, I'm beginning to believe they're not afraid to speak their mind especially to the President of the United States. *[Laughter]* But they care about their State; they care about their country. I view them as strong allies and good friends. Thank you very much, both, for being here.

And then of course, there's your mayor. Madame Mayor, I don't know why it is every time I see you, I feel like smiling. But I appreciate your friendship. Thanks so much for being here.

Most of the time when I come to this beautiful State, you don't have to cross-country ski to get into the auditorium. *[Laughter]* But I've got, obviously, fond memories of this beautiful State. I'm hoping my mother invites me back this summer. I'd better make sure I behave. *[Laughter]*

I'm reminded of the time when I first became the Governor of Texas. I went to a dedication for those who served in the Pacific theater in World War II. It was in central Texas, a little town called Fredericksburg. My mom and dad were there, and Laura, the great First Lady of the United States, was there.

And I was really looking forward to welcoming all the World War II vets. It was a chance to say thanks on behalf of the sons

and daughters of the great generation. And I said, "Mr. President,"—that was for my dad, who was the head of the parade—I said, "welcome." And everybody cheered. And I said, "Mother." Before I could get out another word, the place went wild. And I said, "Well, Mother, it's clear the people of Texas love you, and so do I, but you are still telling me what to do after 50 years." And a guy in a big cowboy hat moved out in the middle of Main Street, Fredericksburg, and cupped his hands and screamed at the top of his lungs in front of 30,000 constituents, "You better listen to her too, boy." *[Laughter]* I can assure you that the President of the United States is listening to his mother. Remember that. *[Laughter]*

The reason I thought of Mother is, I thought of the Barbara Bush Children's Hospital here at the Maine Medical Center. It is a proud moment in her life that the good folks at the Maine Medical Center dedicated the hospital for her. I can't think of a better—*[applause]*—it is a privilege—it is a privilege for her to have her name on an institution based on love and healing and care. It also reminds me of how deep our ties are to the State of Maine.

My folks love coming to Maine, and they love it a lot. And they can't wait for the snow to melt—*[laughter]*—so they can get back up here. But anyway, thanks for your hospitality.

I want to talk a little bit about budgeting and the importance of good, sound, commonsense budgeting in Washington, DC. I found it's more effective for me to kind of get out of the Nation's Capital and explain my budget face to face with folks, than to rely upon the filter to do so. Sometimes the facts get kind of distorted. Sometimes it's hard to get reality to fight through the folks.

So let me explain my budget, if you don't mind, and what we intend to do with money if we're able to bring fiscal sanity to the Nation's Capital. Step one on a commonsense budget is to set priorities. It's really important for the Governor or the President to use the executive branch to set priorities so that those who spend money stay focused. Without priorities, the tendency is to try to be all things to all people.

So the priorities in the budget I submitted are these. One, educating our children is a

priority. The biggest increase of any Department in my budget goes to the Department of Education. I want you to also understand, though, I remember where I came from. I came from a State—I was a Governor—I firmly trust local folks to run the schools. The people who care most about the children in the State of Maine are the citizens of Maine, and the Federal Government, while it increases spending, must trust the Governors and local authorities. One size does not fit all when it comes to educating children. So we increased spending. But I look forward to working with the Senators and the Congressmen of the—pass power out of Washington, to provide a maximum flexibility so that the Governors and school board folks can take money and meet and match them to the needs that exist. So step one is an accountability—step one of a education reform program is local control of schools. It is a redline for me when it comes to Federal legislation.

But I also know—and I know there is some consternation here in the State of Maine about the call to hold people accountable for results. My attitude is, if you receive Federal money, you ought to measure to determine whether or not the money is being spent properly. I strongly believed in Texas, if you received State money, you ought to measure. The good news in the State of Maine is, the Governor agrees. You've got strong accountability in the State of Maine, and the Federal Government should in no way tell the folks in Maine how to devise an accountability system, and we don't intend to do so. We trust the local people. All we're saying is, "You develop a system so that no child is left behind." How do you know if you don't measure? How do you know if you don't hold people accountable? And how do you know how to correct problems unless you do measure?

And guess what happens in a system and States without accountability? Children whose parents may not speak English as a first language just get moved through the system. It's so much easier to quit on an inner-city child. And one of the reasons we've got to insist upon accountability and work with States to develop accountability systems is so that we're able to detect problems early and

solve them before the system quits on children.

Too long we've gone without saying, "Each child matters." For too long we've asked a question in our society, "How old are you? Oh, if you're 10, we'll put you here. And if you're 14, we'll put you there." Instead, we've got to start asking the question, "What do you know?" And if you don't know what you're supposed to know, we'll make sure you do early, before it's too late.

Another priority of your President is to keep the peace. In order to do so, we must boost morale in our military, and it starts with making sure our soldiers and sailors are paid better. So the budget I submitted to the Congress increases the pay and improves the housing. But morale will also be improved by having a clear mission for our military. And the mission of our United States military must be: prepare our troops to fight and win war and, therefore, prevent war from happening in the first place.

I believe strongly that, as the head of the executive branch, we owe it to the people and to the Congress to develop a strategic plan as to how best to spend the people's money when it comes to bolstering our defenses; that as its Chief Executive of Government, our responsibility is to develop a plan about what the military ought to not only look like today but what the military ought to look like 20 to 30 years from now, so that we can focus taxpayers' money in a responsible, planned way.

It is irresponsible to spend your money in a haphazard fashion. We must not have our defense budgets driven by politics. We must have them driven by vision and need in order to not only effectively spend your money, but in order to make sure we keep the peace 20 to 30 years from now. Military preparedness is a priority of our administration, and so is making sure we shepherd the taxpayers' money in a wise way.

Another priority is health care. The budget I submitted to the Congress doubles the Medicare budget—actually, more than doubles the Medicare budget. It says that Medicare is an important responsibility for our Government. But we also must be bold enough to reform Medicare. The Medicare system is ancient. It's meeting some needs

but not all needs. And everybody, particularly those in the State of Maine, know loud and clear that Medicare does not provide prescription drugs for our seniors. It is time to seize the moment. It is time to provide our seniors a variety of options from which to choose, all of which will include prescription drugs.

I've heard all the talk about Social Security. You can imagine, particularly all those ads on TV that said, "If George Bush becomes the President, you're not going to get your Social Security check." Well, let me tell you, the budget I submitted to the Congress sets aside all the money that's supposed to go to Social Security for only one thing: Social Security.

We're going to have a debate on Social Security, as well. The debate about where payroll taxes goes is over. Now, some may decide to try to hyperventilate on the issue, but it's over. This Congress and this President are not going to allow payroll taxes to be spent on anything other than Social Security; that's for certain. And anybody who relies upon Social Security in your State need not worry. The people who need to worry are the younger workers. Those are the folks who need to worry, the folks that are coming up that are going to have to pay for the baby boomers, like me, when we retire. And so this debate may take a while, until the Congress finishes a lot of other business. But we need to have the debate about how to make sure the Social Security system is not only solvent today but is solvent when the baby boomers begin to retire. And I'm going to strongly suggest that one way to do so is to allow younger workers, at their choice, to take some of their own money and put it in the private markets.

So we've set priorities. We double the number of folks covered at community health centers. This is incredibly important programs. I hope you've got—I'm sure you've got some in Maine. They make an enormous difference for the indigent and the poor. So in my budget, we double the number of people served over the next 5-year period. We work with the Congress to make sure the NIH budget gets doubled by the year 2003, a commitment the Senators made so we could have adequate research to help cure

disease in America. We set priorities, and we fund them.

There's a lot of debate in Washington about debt, and I'm concerned about debt, too. In the budget I submitted to the Congress, we pay down \$2 trillion of debt. That's the biggest debt repayment in the history of the world. It's 2 trillion over 10 years. We pay down all the debt in a 10-year period that comes due.

And if you hear anybody in Washington talking about, "Well, let's pay down all the debt," it means they want the taxpayers to pay a premium on debt repayment. It doesn't make any sense to pay down debt until it becomes due. Otherwise, taxpayers are going to have to pay a premium to do so. That doesn't make any common sense to me. It's not wise to try to accelerate debt repayment. It costs you too much money to do so. Let's pay down debt when it becomes available to be paid down. And that's what we do in this budget. So we set priorities and pay down debt.

Part of the hollering you're hearing out of Washington is the fact that my discretionary spending increases at 4 percent. And that's a lot, particularly since 4 percent is greater than the rate of inflation, and 4 percent is greater than the pay raise most working people have gotten in America. That's a big, healthy increase, particularly when you're talking in terms of billions.

But the reason why it's created some tension and friction in Washington is because it—last time around, they increased discretionary spending by 8 percent. All of a sudden, we've gotten a new Chief Executive in town that says, let's be fiscally responsible. Instead of increasing the size and scope of the Federal Government, instead of having a spending contest before we got out of town, let's be responsible with the people's money. Listen, 4 percent is plenty of growth with discretionary spending.

We also set aside \$1 trillion for contingencies over a 10-year period. It could be money to help the farmer. It could be money to—who knows what it will be used for, but it's there.

Now, I know these numbers sound like a lot, but this is reality I'm talking about. We've

increased discretionary spending by 4 percent; we pay down \$2 trillion worth of debt; we set aside one trillion in the budget over a 10-year period for contingencies; and guess what? There's still money left over. And that's the debate. The fundamental question is, what to do with it? And I start with this premise: The surplus, that leftover money, is not the Government's money; it's the people's money.

And I'll give you another premise. The best way I heard it the other day was in Council Bluffs, Iowa. A lady got up, and she said, "You know, Mr. President, I've been a mother and a grandmother, and I love to bake cookies. And every time I baked a plate of cookies and put them on the table, when my children and grandchildren went through the house, they always ate the cookies."

And that's how I kind of view tax money in Washington. If it's left on the plate—[laughter]—if we leave it on the platter, it's going to be spent. And so the fundamental debate is, once priorities are met, once we pay down debt, once we set aside money for contingencies, what do we do with it? Do we increase the size and scope of the Federal Government, or do we trust the people with their own money?

The last 4 months of—the first 4 months of the fiscal year, the cash coming into the Treasury was \$40 billion, anticipated. This, in spite of the fact that the economy was beginning to slow down a little bit—40 billion more than projected. It sounds like, to me, that somebody is being overcharged. And so I submitted a plan to the United States Congress that remembers where the money came from, that helps with fiscal sanity in Washington, DC, a plan that will serve as a second wind to an ailing economy, a plan that says that everybody who pays taxes ought to get tax relief. It says to the Congress, trying to target tax relief is not fair. The role of the Congress and the role of the President is not to try to pick and choose who wins or loses when it comes to tax policy. If you pay taxes, you ought to get relief.

And so we've submitted a plan that does just that. It reduces all rates on everybody who pays taxes and shrinks the number of rates from 5 to 4. It increases the child credit

from \$500 to \$1,000. And I want to talk about two aspects of the tax relief plan.

First, the code we have now is incredibly unfair to people who are struggling to get ahead. And the example I've used over and over again is one I'm going to keep using until Congress solves the problem. And it's the single mother working hard as she can to raise two children. She's making \$22,000 a year.

First of all, she's working the hardest job in America. Secondly, for every additional dollar she earns under this code, she pays a higher marginal rate than somebody who is successful in America; she begins to lose her earned-income tax credit; she gets put in the 15 percent bracket; she's paying payroll taxes.

Under this Tax Code, the people working on the fringes of the middle class, struggling hard to get ahead, pay a higher marginal rate than somebody who is successful. And that's not right. That's not what America is all about, as far as I am concerned.

America says, the harder you work, the more money you put in your pocket, and the easier it is to access the middle class. And we've got to change that, and so we dropped the bottom rate from 15 to 10 and increased the child credit from 500 to 1,000.

But I also believe strongly that we need to drop the top rate, as well. And I know there's a lot of talk about it in Washington, DC, and there's a lot of—by dropping the top rate, it creates all kinds of finger pointing and name calling. But I want Members of Congress to remember this fact about our Tax Code and about our economy and about the American Dream. There are thousands of small-business owners, thousands of entrepreneurs who are unincorporated in America, who are sole proprietors, who are Subchapter S's, that pay the highest marginal rate in the Tax Code. And when you drop the top rate from 39.6 percent to 33 percent, we're sending a clear signal that the role of Government is not to create wealth, but the role of Government is to create an environment in which the entrepreneur can flourish, in which the small business can grow to become a big business.

Our Government must understand: Tax relief will provide capital for the small-business owner to be able to expand. Our Government must hear loud and clear that by far, the vast majority of job creation comes from small businesses and entrepreneurs. And we always must remember, the great hope of America, the great dream of our country is for people to own their own business and own their own home, to be an owner in our country.

One of the things I'm going to do is fight for the entrepreneurial spirit in America. And one way to do so is to drop that top rate, to encourage capital formation in the private sector and in the hands of our small-business owners all across the country.

There are two other aspects of tax reform I want to talk about. First, our Tax Code sends the wrong signal about family. We penalize marriage. It makes no sense to do so. I look forward to working with the Congress to change the marriage penalty in the Tax Code. And we also do something else that's incredibly unfair. We tax people's assets twice, once when they're living and once when they die. And that's not right. It's not right for small-business owners; it's not right for Maine farmers, Texas ranchers. It's not right to have a death tax, and it's time to get rid of it.

I know these numbers sometimes sound just like they're a bunch of numbers and a lot of talk and balance sheets and throwing around zeros like its common-day practice. And I understand that. So what I like to do is, I like to put a face on what I'm trying to talk about. I like to invite people who will be affected positively by my plans to—and I would like to introduce to you the Hanington family today. They're from way up East. You're way up there, right on the Canadian border. Willard is a small-business owner. It's a family-owned logging business. He brought his three children with him today. I want to talk about his circumstances right quick.

This good family, they're raising Kayla, who's 14, and Logan, who's 10, and Laci's 2½ years old. They work hard to get ahead. They pay \$2,850 of Federal income taxes. And when Congress enacts the plan that I've submitted, this good family will save \$2,150.

That's after we've grown the discretionary spending by 4 percent, after we've committed ourselves to saving Social Security and strengthening it, after we've doubled the Medicare budget, after we've provided for the military—there's money left over. And the fundamental question, folks, is who do you want spending that \$2,150? That's what the debate is all about. And I submit to you, it's better for our country to trust this good man and his wife to spend their \$2,150 than the Members of the United States Congress. I appreciate that.

And that's my budget, and that's my vision. It's based upon, who do you trust? I trust the people of this country. If you were in my position, you'd trust them, too. I travel—everywhere I go, the people of this country are fine and decent and honorable people.

The Governor and I and Senators and the Congressmen just came from the Salvation Army. It's a place based on something Government can't create, which is love and concern and deep compassion. No government can help. We can spend money, but we cannot put hope in the hearts of people. The great strength of this country comes as a result of people loving their neighbor and asking the fundamental question, "What can I do to help? What can I do to make my community a better place?"

Oh, this is a fabulous nation. That's why it's such an honor to be your President. I think we're making progress, not only on issues, but the culture is beginning to change some, in Washington, for the better. It's a culture of accomplishment, a culture of achievement.

Recently the Senate and the House moved a piece of legislation which I supported. I understand good folks may not agree. But there was excessive regulation getting ready to be placed on large and small businesses through what's called ergonomics. And the Congress and the Senate took a look at it and said the cost benefits just doesn't make sense. Let's change it and come up with more realistic policy.

The reason I bring that up is, it was a good, sound debate. Both Republicans and Democrats supported the measure. It made it to my desk; I signed it. But there's a sense of accomplishment, a sense of what we can do

together for the good of the country that's beginning to become a part of the culture in Washington. There's a culture of respect developing in Washington.

I hope in my comments you understand that the Congressman may not agree with what I'm trying to do, and I may not necessarily agree with every vote. But I respect the man. And we need more of that in our Nation's Capital. We need to send the signal that good folks can disagree, that there is time for politics and there's time for doing what's right for the American people. And I'm going to continue to focus—[*applause*].

And finally, I hope that we're beginning to develop a culture of responsibility in the country. Those of us who hold high office, like your Governor, myself, and others, have a responsibility to the people, a responsibility to uphold the honor of the office, but that's just the beginning. That if we're blessed, we have the responsibility to help a neighbor in need. That we must send the signal to our children, make the right choices, be responsible for the decisions you make in life.

No, I think we're making good progress. There's a lot of work to do. But it starts with trusting the people. And we're always remembering, the great strength of this land lies in the hard-working, good hearts of the American people.

Thank you for coming. God bless.

NOTE: The President spoke at 12:18 p.m. at Merrill Auditorium. In his remarks, he referred to Gov. Angus S. King, Jr., of Maine; Richard L. Bisson, Jr., chairman, Greater Portland Chambers of Commerce; and Mayor Cheryl Leeman of Portland, ME.

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.

March 18

In the afternoon, the President and Mrs. Bush returned to Washington, DC, from Camp David, MD.

March 19

The President announced his intention to nominate Charles S. Abell to be Assistant Secretary of Defense for Force Management.

The President announced his intention to nominate Maureen Patricia Cragin to be Assistant Secretary of Veterans Affairs for Public and Intergovernmental Affairs.

The President announced his intention to nominate Donald Burnham Ensenat to be Chief of Protocol of the Department of State.

The President announced his intention to nominate Walter Kansteiner to be Assistant Secretary of State for African Affairs.

The President announced his intention to nominate David A. Sampson to be Assistant Secretary of Commerce for Economic Development.

The President announced his intention to nominate David S.C. Chu to be Under Secretary of Defense for Personnel and Readiness.

The President announced his intention to nominate Mark D. Weinberg to be Assistant Secretary of Housing and Urban Development for Public Affairs.

March 20

In the afternoon, the President traveled to Langley, VA, and later, he returned to Washington, DC.

The President announced his intention to nominate Peter F. Allgeier to be Deputy U.S. Trade Representative with the rank of Ambassador.

The President announced his intention to nominate Linnet F. Deily to be Deputy U.S. Trade Representative with the rank of Ambassador.

March 21

In the morning, the President traveled to Orlando, FL, and in the afternoon, he returned to Washington, DC.

The President announced his intention to nominate Deborah J. Daniels to be Assistant Attorney General for the Office of Justice Programs.