

change the commitment of the Medicaid program to senior citizens, to poor children, to the disabled. We do not want to adopt a level of investment that makes it certain that we will have to turn our backs on the needs of education or the environment.

That is what this is all about. We can even have a modest tax cut for the American people, and for families especially, and balance the budget in 7 years according to the Congressional Budget Office. That's what this letter says. They agree now, so the only differences left between us are ideological differences.

And I said in the beginning, let me say again: If the objective is to get a 7-year balanced budget that Congress says is balanced, we can do that. If the objective is to get a modest tax cut, we can do that. If the objective is to dismantle the fundamental American commitments through Medicare and Medicaid or to undermine our obligations in education and the environment, I will not do that. That is basically where it is.

*Q.* Mr. President, it seems like that what's being said here today and also with what's being said on Capitol Hill, that despite all of the good will that was apparent here yesterday, this really was a breakdown in the talks. You're very far away, and it sounds like you're not getting any closer together in this break.

*The President.* We're not—we're only very far away if you turn this into—if you insist on a tax cut which requires unacceptable levels of cuts in education and the environment and Medicare and Medicaid, or you insist on fundamentally changing those programs in ways that will erode the protections that Medicare and Medicaid now give to seniors and to poor children and to disabled people, or you insist on cuts in education that will cut back on scholarships or Head Start, or you insist on cuts which will really weaken our ability to protect the environment. If that's the deal, it's reconciling not only the level of cuts—it's not just the money here, I want to emphasize that. It's the policy.

The Republicans—if I might, let me just take Medicare for an example, just for example. The Republicans and I agree that there should be changes in the Medicare program to encourage more seniors to have more options to join managed care programs. And we agree on a number of other provisions that should be changed that will strengthen Medicare and give more options to our senior citizens. I do not agree with

changes that I think will, in effect, break up Medicare and put more and more seniors at the mercy of the present private insurance system so that the older and lower income and sicker you are, the more at risk you are. I don't want to do that.

So if we can work that out, we'll have an agreement. It's the same thing—

*Q.* Can you explain why—

*Q.* It seems like what you're talking about here really is a fundamental policy difference that is not going to be bridged and, for example, can you possibly accept the idea that Medicaid would no longer be an entitlement?

*The President.* No. No. But let me say this: More than my predecessors, my Republican predecessors, I have been for and I continue to be for giving the States far more flexibility in the way they run the programs. But I don't believe we should send a check, a Federal check to the States and say if you decide that you no longer want to provide health care to some poor children or some disabled people or some seniors who are getting it now, that's okay with us. I don't believe that. There is a national interest—a national interest—in protecting the health care of our children, our seniors, our disabled population. And I believe the American people believe that.

In terms of letting the States have more flexibility to make the money go further, to do different things with it, to expand coverage in different ways, we have been on the forefront of that. That's what the Vice President's reinventing Government effort is about, that's what Secretary Shalala has done in giving all these waivers to States. We are willing to go much further there.

But let me ask—I thought that we were supposed to be balancing the budget. We have agreed already, both sides have agreed, to far more savings than are necessary to balance the budget in 7 years according to the Congressional Budget Office. That's what this little letter says here. That's what their letter says. Both sides have agreed.

If this is about balancing the budget, we could do it in 15 minutes tomorrow afternoon. The American people need to understand that. Congress now agrees. I have done this. I have given them a plan. It just simply does not have the dramatic changes in Medicare and Medicaid that I think will weaken our commitment to those folks, and it does not mandate cuts in education