

*Federal Budget*

*Q.* Mr. President, why are you dropping caps on the budget, which were so dear to you in the past?

*The President.* Well, first of all, the caps were literally completely shredded in the last budget by the majority in Congress. And so what I have to do now is to adopt an honest budget based on the spending levels that were adopted, in the reasonable expectation that inflation at least will be taken care of, particularly in defense. If you will remember, we had a big issue about how much the defense budget would be increased, but there were other increases, as well.

So you will see when my budget comes out that it still does everything I said we have to do. It invests more in education, science and technology, and other important areas. It protects the money necessary to take Social Security out beyond the life of the baby boom generation, to extend the life of Medicare, and very importantly, will still allow us to get out of debt, for the first time since 1835, over the next 15 years.

So all the budget objectives that I have—continuing to run the surpluses, getting the country out of debt, but continuing to invest in the things we need—will be met by the budget I present to Congress.

*Medicare Prescription Drug Benefit*

*Q.* Mr. President, on drugs, a pharmaceutical industry spokesman today did say that your plan is still unacceptable to them, and if you come back with the same plan, they'll still fight you on this. My question to you is, are you prepared to compromise with them? And what is your understanding—if their big objection is the danger of price caps not only on Medicare drugs, but that this could spill over to the commercial sector—

*The President.* Well, first of all, there's no danger of price caps. But what I think they're worried about is the fact that if the Government becomes a big buyer, that we'll be able to bargain for lower prices at greater volume. I don't think that's a bad thing.

You know, someone ought to ask them how they can possibly justify the fact that American senior citizens are now being carried across the border to Canada to buy drugs produced in America by American drug companies, with the

help of public funds that have paid for research, with the availability of tax deductions for research and all of that, and Americans are going across the border in Canada and buying the same drugs for less than half of what they cost here.

So I think what they ought to do is come sit down with us and let's see if we can agree on a common approach. There may be a way that we can agree on an approach. That's why I was somewhat cautious in my remarks today.

I think it's a good thing that they recognize that it would be better if Medicare could provide this benefit, because we know 75 percent of our senior citizens and probably a higher percentage of our disabled people who need medications cannot afford what they need. And we know it can not only lengthen life and in many cases save lives, but it can also improve the quality of life.

So I think it's a very important issue. And I take their offer in a positive way, and I just hope they'll come sit down with us. And we'll try to sit down with them and with people in both parties in Congress who care about this and see if we can't work out a common position that we can pass, because I think it's a very important issue.

*Q.* Do you think it's real, not a PR move on their part just to keep you from bashing them?

*The President.* I don't know. You know, I don't like to bash people. I never have done that as an option of first choice. And I'm not bashing them today. But I think that their big problem is that ordinary Americans now know that if they live close enough to the Canadian border, they could cross the border and buy a lot of drugs for half what they pay here, and in many other countries, even though the drugs are produced here by our companies, and that any large producer will do the best—like in the private sector, try to get the best bargain they can.

But if there's some way to work through this, I'll be glad to sit down and make sure our people are available to them, and we'll try to work it out.

*Director of National Drug Control Policy*

*Q.* Mr. President, is it right to offer financial incentives to TV networks for incorporating anti-drug messages into scripts? And are you inclined to try to seek similar incentives for other issues