for this reason: Just since the election, since I said we're going to have a tough plan to reduce this debt, long-term interest rates have gone down. If you take only the reduction in interest rates which have occurred from the election day until this day, for everybody who gets the benefit of those lower interest rates in a home mortgage, a car payment, consumer credit, you will make more in lower interest rates than you'll pay in the energy tax if we can show that we're serious about cutting spending and cutting this deficit. We've got to do it.

One final thing—which you'll also hear about from people who oppose this plan, I do propose to spend some more money but not in the old way. Look at what we spend it for. We have reduced Government consumption. We have reduced inessential programs. But we increase spending on jobs, a jobs program to create a half a million jobs starting right now, in building roads, repairing streets, fixing airports, cleaning up the environment with water systems and sewer systems; a million summer jobs for young people, if I could get the private sector to contribute to the 700,000 we're going to create in the Government.

This program invests in opening the doors of college education to all people and giving them a chance to pay the loan back on favorable terms or to pay it back with service to our country. This plan will put 100,000 police officers on the streets of America over the next 4 years. This plan will give us a chance to invest in the new technologies that will create jobs for the people who have lost their jobs in the defense industries and in other big industries that have been downscaling.

We have got to create some new jobs in this country, for goodness sakes. You can have all the other programs in the world, and unless we do it, we're going to be in trouble.

And this plan will reduce the deficit by hundreds of billions of dollars over the next 5 years. And I ask you, I ask you to support it not just for you but for us, not just for narrow interest but for the national interest. I believe it will be good for virtually every American.

Today, as we speak, a lot of big corporate executives are endorsing this plan, even though their income tax bills will go up, their companies' bills will go up, because they want a healthy, strong, well-educated, vibrant America with an investment climate that's good, with stable interest rates, with a declining deficit, with a health care issue addressed, and with a country that can grow into the 21st century. So a lot of the people who are paying this bill are going to support it because they trust us.

And let me say this: We need you to hold our feet to the fire. No raising taxes unless we cut spending.

We've got to do this in a package, and we've got to do it together. I need your help. I'm delighted to see you here today. With your help we can make the spirit of St. Louis the spirit of America.

Thank you, and God bless you all.

NOTE: The President spoke at 2:59 p.m. at Union Station. In his remarks, he referred to Gov. Mel Carnahan of Missouri. These remarks were not received in time for publication in the appropriate issue.

Remarks and a Question-and-Answer Session on the Economic Plan in Chillicothe, Ohio

February 19, 1993

The President. Thank you very much. Let me say, first of all, what a wonderful time I have had in your community since I arrived last night. I have seen a lot of your fellow citizens who did not win the lottery. [*Laughter*] They were out by the Comfort Inn where we stayed last night, and they were around the city park where—the Mayor and I went jogging this morning around the city park. It was 3 degrees, which I suppose means I don't have enough sense to be President. [*Laughter*]

But we had a wonderful time. We ran around the park three times and saw a lot of—saw some students from the school and we saw some city employees and others. I flew in here with Congressman Strickland last night, and we had a great visit on the way in. I'm glad to see him over here.

And so between the two of them I know a lot about this congressional district and a

good deal about this community. I know it has a lot of beautiful old buildings—I saw them this morning—and was the first capital of Ohio. I also know it has a nice new McDonald's—[*laughter*]—because I went there this morning. Good to see you. How embarrassing.

Let me say, too, I want to thank your school officials: Superintendent Cline and your principal, Rod Jenkins, and Melissa Hagen did a good job, don't you think? I thought she did a really good job. Maybe she'll be coming back here someday to hold a town meeting like this; you can't tell.

I also want to say—I just have a couple of notes. Normally, I don't use them, and I want to put them down, but I asked for some notes about some people in the crowd because they illustrate what to me this effort that I have undertaken as your President is all about.

Is John Cochran here? Is he here anywhere? John, are you here? Stand up there. Now, my notes say that he has 16 children—and you're one of them—[*laughter*]—that he has the largest family-owned farm in town. And important to me, he owns the bowling alley. [*Laughter*] And I want to thank him. He was unable to come to the inauguration.

I want to say—is 8-year-old Tiffany Sexton here? Stand up here, Tiffany. Now, these are her parents, Sgt. Anthony and Jerry Sexton; is that right? All of you stand up. I want you to see them. Now, she invited me to dinner and promised to cook. So I had to take a raincheck, and I asked them to come today.

Is Cindy Baker here? Stand up. Cindy Baker has three children, one of whom is a student in this school. She wrote me a half a dozen times in the election, pleading with me to come to Chillicothe. So I thought since she was the first person who invited me, she should be here at this meeting.

I also want you to know, you know, we had those famous bus tours, you remember Hillary and I and Al and Tipper Gore. What you may not know is the people who owned the bus company that we used all during the bus tours all across America are from Ohio. They're from Columbus, and they are here: Barbara and Tom Sabatino and Kerwin and Regina Elmers. Would they stand? They're here somewhere I think. Yes, in the back. There's Tom, my bus driver. Give him a hand. [*Applause*] Thanks. If it hadn't been for them, we might not have won the election. [*Laughter*]

Now, let me just make a couple of introductory remarks, and then we'll get right to the questions, because I want to just restate very briefly how I came to the plan that I announced to the Congress a couple of nights ago.

First, let me say that I was Governor for 12 years of a State with a lot of towns like this one, a lot of counties like Ross County, a lot of manufacturing facilities like the Mead Paper facility here that worked our people and a lot of people who worked on the farm. And we had a pretty tough time in the eighties. We lost a lot of manufacturing jobs, a lot of farm jobs. A lot of our small towns got in trouble. And I was forced to spend a lot of time trying to figure out how we could change things to make a better future for the hard-working good people of my State. So a lot of what I believe about all this goes directly to the experience that I've had for many years working with people like you.

If I might, let me just mention one or two things. A lot of our problems stem from all the pressures we're having now in a global economy and stem from the fact that we've got some problems here at home which make it difficult for us to compete in that economy. We have a higher percentage of poor children. We have much more diversity than many of the countries with which we compete. And historically, we have never had the kind of partnership between Government and business and working people that some other countries have. So, for example, if you read yesterday Boeing is laying off a lot of employees in the airline manufacturing business—not affecting Ohio, but it's a big thing for America—in part because of defense cuts but in part because Europe put $26 billion into the airbus project, a direct taxpayer investment, to make sure they could make airplanes that would compete with Boeing, something that we haven't historically done.

So we have a new global economy in which there are great opportunities but new challenges. We have some problems here at home that make it hard for us to compete. We have to educate a higher percentage of

our people at a higher level. We have to provide basic health care to everybody but control health care costs. All of our major manufacturers are spending 30 percent more for health care than all their competitors around the world, and that puts them in a real bind. And we have many other challenges of this kind that we have to face.

Now, for the last 12 years we have followed a certain approach there. We have said as a nation our policy is to keep taxes low on the wealthiest Americans in the hope that they will invest in our economy and make it grow. And that worked. In the last 12 years, the tax burden basically went up on the middle class, went down on the wealthiest Americans, and according to a study released last year, about 70 percent of the economic gains of the last decade went to the top 1 or 2 percent of the people in the country. That was a deliberate decision that was made to try to free up that money in the hope that it would be invested to create new jobs for everybody else.

Also, our theory was that the Government should not be too active. So we didn't deal with a lot of the issues that other Governments around the world were dealing with, in Japan, in Germany and other countries, for example. And we actually reduced our investment of your money in a lot of things that make jobs, like the Community Development Block Grant program, which cities in Ohio like because they provide funds not only to do things like repair your parks but also to build roads and rail networks and other support systems for new industry, if you're trying to get them into a community. We sort of held the lid on that on the theory that we should just put a big bind on the Government, and all Government spending was bad, and all Government activity should be discouraged, and we'll just see what happens.

Well, there have been some not-too-bad years in the last 12. But overall, we've still got a lot of problems. Unemployment's too high. Most people are working harder for lower wages. Health care costs are exploding, but fewer people have health care coverage in this country than any other major country in the world. And the insecurity of losing health insurance is one of the major problems for many, many American families. And we are not educating a high enough percentage of our people at very high levels to compete in this global economy. And because we lowered taxes a lot on the wealthy but could not control the health care costs the Government was spending, we starting running bigger deficits; so that, even though we reduced our investment in things like aid for small cities to create jobs, the cost of health care and the cost of interest on our debt exploded. So we've got a huge Government deficit. Our national debt is now 4 times as big as it was in 1980.

So when I got elected President I did it with a conviction that we needed to do the following things. We needed to emphasize investment for jobs and for incomes. That means investments in new technologies, investments in things like highways and bridges and airports and water systems and sewer systems, investments in the areas that will create jobs for the future, and investments in education of our children all the way from Head Start, to college loans, to investments for adults to become retrained if they lose their jobs. Second, that we needed to provide affordable health care for all Americans and bring the cost in line with inflation before it bankrupts the country with nothing to show for it. Third, that we had to bring down the national debt. And fourth, that we needed a national economic strategy where the American people could work in partnership again to try to grow this economy.

Now, we have a lot of tough decisions to make to try to pursue all these objectives at once. The plan I announced to the Congress relies on the following things.

Number one, we cut spending—150 different, specific spending cuts—putting a lid on Federal pay increases, cutting the White House staff by 25 percent, cutting the administrative costs of the Federal Government by 14 percent over 4 years, saving billions and billions of dollars.

Number two, we raise funds in taxes in a way that I think is fair, with 70 percent of the money coming from people whose incomes are above $100,000, and with a broad-based energy tax that would affect a little bit on oil, a little bit on natural gas, a little bit

on coal, so we wouldn't hit any region of the country too much.

Thirdly, we increase dramatically something that a lot of you may not know about is one of the best things in the Tax Code—it's called the refundable earned income tax credit—so that no one with an income of $30,000 a year or less would pay any new money under this plan, and so that people who work 40 hours a week and have children in their home would be lifted above poverty for the first time for working, not for welfare, but for working.

The other thing that you will hear from some of my critics and so I want to tell you it's true, is that we did actually increase some funds: in the short run, with a plan to jump-start the economy by creating a half million new jobs; and over the long run, with increases in education programs from Head Start, to worker retraining, to apprenticeship programs for high school grads who don't go on to college, to increased access to college loans, to retraining for workers who lose their jobs when there are defense cuts or other cuts in our industry.

We have to do that because that's what determines what people's incomes are and whether you can keep people working. We also did increase funds in direct aid to things that create jobs: new technologies and investments to put people to work.

So it's a balanced program: deep spending cuts, tax increases fairly applied, and new investments in the areas that create jobs. That's what I'm trying to do. The Congress will decide to vote for it in part based on whether people in towns like Chillicothe all over America think it's a good deal.

I can tell you this: The price of doing the same thing is higher than the price of my program. And I'll just give you one example and open the floor to questions. Just since the election, since we made it absolutely clear that we were determined to bring down the deficit, interest rates, long term, have begun to drop. If you look at the difference in long-term interest rates on election day and where they were after I made my speech to Congress, a lot of the people who might have spent $10 or $12 or $15 more per month in energy costs, directly and indirectly, will save much more than that if they're paying a home mortgage, a note on a car, they've got consumer credit, or they otherwise have to borrow money.

That's because if you bring the deficit down, you not only free up tax dollars to spend on education and other things, you free up money in the private sector to borrow at lower interest rates. So an awful lot of people are going to save a lot of money on this program immediately. It will create jobs immediately. And the price of it, I am confident, is lower than the price of doing the same old thing.

So I thank you for being here. I want to say a special word of thanks to all these Ohio elected officials who are here. I presume they've all been introduced, but I saw Senator Glenn and Senator Metzenbaum, and Speaker Riffe, a lot of others here. I thank them for being here. And we're here for you. So thank you very much, and I'll take questions.

Social Security

Q. I get Social Security disability, a little over $6,000 a year. And if that is willing to help bring the economy up to shape, I am willing to let some of my Social Security go for that economy. And I was wondering if that will affect my Social Security disability any.

The President. The short answer to that is it depends on whether you pay any tax now on your income. Let me explain what that means.

The only people on Social Security who will pay any more tax are those who pay some tax on it now. That is, in America today, if you drew a Social Security check, and in addition to the Social Security check, you have an income of $25,000 a year or more, or if you're a married couple, $32,000 a year or more, one-half of that income is subject to income tax at whatever rate your total income is.

We propose to go from half of that to 85 percent, because that is about the amount that the average Social Security recipient should pay taxes on if they get the rest of it for a lifetime. The rest of it, that is, that 15 percent, will equal about what they paid in plus interest. So they get back what they paid in plus interest without taxation on aver-

age, and the rest of it would be subject to tax.

So the answer is, if you draw Social Security and you pay some tax now, you would pay some more. If you don't pay any tax now, you won't pay any more because your income is too low to be subject to it.

Student Loans

Q. Hi. My name is Greg Gilmore, and I'm a senior here at Chillicothe High School. How will the new program for college loans and community service be handled? And, to clarify, what process will students have to go through to receive the college loans?

The President. Well, we're working out the details now. But let me tell you how I want it to work, okay? And it will be pretty close to this, I think. First of all, let me tell you how it works today. You know, there is a student loan program today, and the more you borrow, the more you have to pay back in short order. And you get the money through your bank, and there's a Government guarantee.

Today, that program costs the taxpayers about $4 billion a year: $3 billion in busted loans where people don't pay back the money they owe and $1 billion in transaction fees to the bank. What I hope to be able to do is to have people borrow the money directly from the Government and pay it back at tax time so they can't beat the bill. That will save a huge amount of money. And I want to take the savings and do two things:

One is to say to young people, you must pay the money back, but you can pay the money back as a percentage of your income. So that if you make less money, you pay less, and we'll string it out over longer periods of time. So we'll never discourage anybody from being a teacher or working in some other kind of public work just because the salary is low.

The second thing we want to do is give people the option either to earn credits against this loan before they go to college, or to do community service after they get out, as teachers or police officers or in other public service. And the way I'm trying to set it up, if you borrowed the maximum amount of money we'd make available and then you worked for 2 years at roughly half pay as a teacher or police officer, that would wipe off your obligation. And you'd pay your loan back by giving something back to your country. And so that's how it's supposed to work.

Now, that's more Government spending all right, but see, that's a direct investment in you. That's not expanding some Government program. That's putting the money direct into you. That's cutting the cost of a program and increasing investment in your future.

Youth Apprenticeship Program

Q. Mr. President, I'm a student member from Pickley Ross Vocational Center. Since there is a critical need in this country for skilled workers, I'm excited about your youth apprenticeship program. My question is what role will public vocational education play in your youth apprenticeship program?

The President. The short answer is, a big one. The longer answer is, here's how I want to set it up. What we're trying to do at the national level is to come up with enough funds to match with local funds and to encourage private sector people to get into an apprenticeship program which will be an American version of what the Europeans have done for years.

I've asked the Labor Secretary——

[At this point, the microphone malfunctioned.]

Is that me? No. I've asked the Labor Secretary, Bob Reich, to work with the Education Department, the vocational people in the private sector, to try to set up a framework within which every State in America would be able to design a program that a person, a young man or woman could enter in high school if they wanted, and they would continue for at least 2 years after high school.

Let me tell you why we have to do that very quickly. If you look at the income charts on American earnings from, oh, let's say for the last 20 years, for the last 20 years, you see a bigger and bigger and bigger gap every year between the earnings of young people with college degrees and young people who drop out of high school or young people who had only a high school diploma. However, if you look at the earnings of young people who get at least 2 years of training after high school in a vocational institution, the commu-

nity college, in the service or on the job, if it is high-quality training, a great deal of that job gap is closed and the young person, moreover, acquires the ability to continue to learn new things throughout a lifetime.

The best programs are those which start in the high schools and run with some continuity for 2 years thereafter. And so there is no magic answer. We're going to have to design these sector-by-sector in the economy, and the National Government can't do it. We can just set up a framework and standards and provide some of the funds, but we're going to have to do it on a State-by-State and sector-by-sector basis.

But that's what we have to do. We need to get—my dream would be for 100 percent of—first of all, my dream would be no high school dropouts. And then for 100 percent of the high school graduates to have at least 2 years of some kind of very high-quality training that is approved by both education and the private sector. Some would be delivered in schools; some would be delivered in the job place.

Health Care

Q. My name is Karen Ritinger. Mr. President, once reimbursement for Medicare is reduced, what actions will be implemented to prevent health care providers from shifting costs to the private sector?

The President. Well, first of all, that is a bigger problem with Medicaid than Medicare, as you know, I'm sure. The budget that I introduced to do that, to cut down on Medicare reimbursement, is a budget that assumes we're not going to do anything else about health care. Within 100 days of my taking office, we're going to present a plan to the Congress to try to deal with the cost shifting problem.

The question she asked indicates a real understanding of the problem. If all you do is to cut what the Government pays to doctors and hospitals, if you cut it below their real costs, then the medical providers will find a way to recover their real costs from people who pay directly or through private insurance, and the insurance premiums will go up more.

So what we have to do is to do what every other country in the world but America has done and develop some sort of all-payer system where the reimbursement levels are pretty much the same, and where you have real efforts to eliminate unnecessary duplication and waste and paperwork that benefit the private sector along with the public sector, and that's what we're going to do.

In other words, I just presented the best budget I could with the system we've got, but what we need is a comprehensive system which eliminates the cost shifting from the Medicare and Medicaid to the private sector and has some cost reduction mechanisms that benefit everybody.

Let me say—I don't know, there must be some people that work at the factories in town or work in other manufacturing facilities. Our program has some significant tax incentives over the next 5 years for businesses big and small to reinvest, to create jobs, and to become more productive. But the best thing we could do, better than an investment tax credit, better than the tax changes for big manufacturers, the best thing we could do is to find a way to get health costs in line with inflation and still take care of everybody in America. If you did that, you'd free up hundreds of billions of dollars to make America compete again. And so that's a very good question.

Yes, let's take one over here. We haven't taken any over here.

NAFTA

Q. Mr. President, as a member of the UAW and local union president, I'm concerned about the loss of American jobs to foreign countries. What impact will the North American Free Trade Act have on the economy and the budget deficit?

The President. The North American Free Trade Agreement, in my opinion, will help the economy and reduce the budget deficit if, but only if, it is implemented in a way that protects us from unfair practices.

What I want to do is to get the North American Free Trade Agreement ratified, if we can also get an agreement that requires the Mexican Government and private sector to invest in environmental investments to get their environmental cost up to ours so we don't have people just running down there so they can evade all the Clean Air Act and

all those other acts in America. And I want to have some labor standards agreements that will reassure us that the Mexican Government will enforce even their own labor laws.

One of the things that—I don't know if you all remember the—one of the television ads I ran in the last campaign about an American program where we were actually subsidizing companies that would move their plants overseas, and some of them went to Central America and lowered wages. They didn't raise wages down there; they went down there and lowered wages. So what we have to know is that we are actually strengthening the Mexican economy so they will buy more.

Now, let me say this in defense of President Salinas. In the last 5 years, our trade deficit with Mexico has gone from a huge deficit to a slight surplus, and our volume has gone way up. So they bought a lot more from us than we sold to them relative to where we were 5 or 6 years ago.

But this agreement, I'm convinced, needs some strengthening in order to avoid hurting the American work force. I do think, if you look at it over the long run, a country like ours can only get wealthier by selling more to other countries. And it's easier to sell to your neighbors than it is to people far away. And so far, Mexico has not been wealthy enough to buy a significant volume of our goods.

Let me give you an example. Our biggest trading partner by far is Canada, even though it's a tiny country. It's a big country geographically, but in terms of population they only have about 30 million people. But they buy a huge amount of our stuff, by far our biggest trading partner.

So we would be better off—one of the reasons the Japanese and the Germans have gotten so much richer so much quicker in the last 10 years is that they've been selling more stuff overseas. So I've got to try to make that a market. It's good for us over the long run, but I'm going to try to do it in a way that builds up the American manufacturing base, not tears it down.

Abortion

Q. I know the discussion so far has been centered around the economy, but personally I feel I must address a different issue. The Senate Report, 97th Congress, S. 158, concludes that, "Physicians, biologists and other scientists agree that conception marks the beginning of the life of the human being." And it goes on to say, "There's overwhelming agreement on this point in countless medical, biological, and scientific writings." The Constitution of the United States guarantees life, liberty, and the pursuit of happiness. My question for you, Mr. President, is deep down inside do you believe that life begins at conception? And if so, why are we denying the right to life for the 4,400 human beings a day and 1.6 million human beings a year in the murder of an abortion?

The President. Wait a minute. Okay. My question for you is do you believe that women who have abortions should be tried for first degree murder?

Q. Yes, I do.

The President. Good. At least you have a consistent position. He said yes. That was his answer. His answer was yes.

Then that brings me to the question—there are two different issues here, not one. One is the biological question: Is a cell a living thing? Answer: If two cells join, in the process that begins to make a human being, are they living? Answer: No one disputes that. That's not the issue.

The issue is a much deeper one, and one over which people have argued for a long time. One over which Christians have argued for a long time: When does the soul enter the body so that to terminate the living organism amounts to killing a person? That is the question. It is a deep, moral question over which serious Christians disagree.

I have heard—you may smile with all your self-assurance, young man, but there are many Christian ministers who disagree with you. And the question is—and let me say, I honor your convictions. I worked very hard in my State to reduce the number of abortions. I don't like abortion. The question for policymakers on the issue of whether *Roe* v. *Wade* should be repealed is the question of whether we really are prepared to go all the

way and make women and their doctors criminals because we believe we know that.

Now, you are. But here's the problem. In a great democratic society, you have to be very careful what you apply the criminal law to. For example, we make drugs criminal, right? And we throw a lot of people in jail, and our jails are full and they're just doubling all the time because they're so full. And 90 percent of us agree that drug use should be criminal, and we've still got the jails full. You have to be very careful when you know that there is a difference that splits the American people right down the middle.

Very few Americans believe that all abortions all the time are all right. Almost all Americans believe that abortion should be illegal when the children can live without the mother's assistance, when the children can live outside the mother's womb. There is about a 50–50 split in our country of honest conviction about whether terminating a baby in the mother's womb before the baby can live outside the mother's womb amounts to what you say it does, which is first degree murder.

So the reason I support *Roe* v. *Wade* and the reason I signed a bill to make abortion illegal in the third trimester is because I think that the Government of this country should not make criminal activities over which even theologians are in serious disagreement. That's how I feel.

Employment

Q. My name is Melissa Zangree. Mr. President, I'm a sophomore here at Chillicothe High School. Will there be jobs for me when I graduate college?

The President. There will be if my economic program has a chance to be put in, I think. But let me say this: The most maddening thing in the world for me as a public servant is to see people who want to work, who don't have jobs.

A year ago yesterday we celebrated the first anniversary of the first primary in our Presidential campaign in New Hampshire. And so I made a few calls there, and I was reminiscing yesterday about going into New Hampshire, a State that tripled the unemployment rate in 3 years, and listening to young people like you tell me that the worst thing about their lives was going home at night when their parents, who had lost their jobs through no fault of their own, and they couldn't even bear to talk at the dinner table anymore.

But it is the big challenge. What is happening is all these big companies are restructuring. They're trying to be more competitive in a global economy, and they're laying people off. And small companies have to make up the difference, and a lot them can't borrow money from the bank, and there aren't markets there.

All I can tell you is I'm doing the very best I can to make sure that there will be jobs available for you. That is the issue. If we cannot maintain America's position and the American dream unless we are able to create a higher number of jobs every year. This is amazing. We're supposed to be coming out of this recession we've been in, and unemployment's higher now than it was at the bottom of the recession. So the answer to your question is, I honestly believe that if my program is given a chance to work, it will create jobs for young people like you. That's what I honestly believe. I believe that.

Taxes

Q. Welcome, Mr. President. My name is Barbara Smith, and I'm a concerned citizen. And my question is, instead of imposing an energy tax which would unequally affect consumers, why not develop a national sales tax which would be equal to all consumers, or even a national lottery, to help with the deficit?

The President. A lottery is a different issue. I doubt it would raise a great deal of money, and I've always been opposed to them, because lotteries tend to have an unequal effect, taking a disproportionate amount of money from lower-income people. So I've always been opposed to that.

But let's talk about the national sales tax. Almost every country that I know of that we compete with, advanced countries, all the European countries and Japan and Canada, have a national sales tax. They call it a value-added tax. Most of them—if you go to Canada you see it on your bill—you know, they separate it out, just like the sales tax.

But most countries just put the value-added tax into the wholesale price, and you don't even see it on your bill. And a lot of those countries like that because what they do is they tax things sold in their country. Now, what's good about that? That means that let's take, again, your plant here. If Mead Paper makes, let's say, stationery and sells 15 percent of its products overseas, those products would not be subject to the VAT tax. Or, you're in the UAW, if you make an automobile, and any automobile you sold in another country would be subject to no tax at all. Then, when another country's car came in here, it would be subject to the tax.

So a lot a people in manufacturing like this national sales tax because it helps your exports, and it puts a burden on imports coming in, supports the job base of the country. It's perfectly legal; all our other competitors do it.

Now, here's why I didn't propose it right now. That is a radical change in the tax system of the United States. It is something I think we may well have to look at in the years ahead. But I did not want to confuse two different things: One is the imperative of getting the deficit down with the need to maybe change our tax system. I mean, there's only so much change a country can accommodate at the same time. Also, the energy tax equals about 1.5 percent of total Federal revenues, or 1.6 percent. And it will have a very modest impact on energy, and it is pretty equal throughout the regions of the country, actually.

If you take a farmer, you might argue that a farmer might pay a little more directly or indirectly because if you buy fuel it's about 2 cents a gallon. But then, if you buy fertilizer, that's got a lot of fuel in it. So the only people who will be unevenly affected are people who buy things that have a lot of fuel component.

But I thought, and by the way, we still have the lowest energy cost by far of any of our competitors, and our energy taxes are very low. If it were to put us out of compliance, I might have thought of that. But I do believe that America, at another time, and maybe not too long in the future, will debate whether we want to shift the nature of our tax system because we're in a global economy.

But let me say one other thing. If you do a value-added tax, if you do a national sales tax, you have to be really careful to be fair to people. You have to exempt food; you have to exempt maybe clothing or a certain amount of allowance. You've got to be careful how you do it so you don't make it a regressive tax. But they can be designed that way, and we're the only major nation without one.

Prescription Drug Costs

Q. Mr. President, my name is Cathy Dunn. My mother's monthly prescription drug costs exceeds her monthly income on retirement. What, if anything, can be done about the rising cost of drugs in this country?

The President. Well, one problem is that older people who are eligible for Medicare, but not poor enough to be on Medicaid, don't have their prescription drugs covered. So you have this ironic development that older people who have serious medical problems and require expensive medicine who are on Medicare might actually have lower incomes—real incomes—than some people on Medicaid. And it's a big gap in our health care system, and it's one that I'm going to try to see that we address now.

Let me say—you may have seen on the other end of the age spectrum—I've been in somewhat of a dispute with some of the drug companies, because I want to immunize all the children in our country. But only about half of our 2-year-olds are immunized against serious diseases. That's a very serious thing. And I'm coming back to the drug problem. Let me bring you back around to this, because it's very important that you understand this. And we save $10 later for every $1 we invest now in immunizations of children for preventable diseases. And yet, a lot of vaccines made in America sell for lower prices overseas than they sell in America.

Now, if you look at the price of vaccines—for a lot of these vaccines, the most expensive price goes to the family doctor who buys them. That's why the cost of getting your shots has gone from about, oh, $10, to over $200 if you just go to a family doctor and get all the baby's shots. Right?

Next cheapest is the State government can buy vaccines in bulk. The next cheapest is the Federal Government can buy even bigger vaccines. If we buy through a Federal Agency about 40 percent of the vaccines in the country and then we give them out to the States, and then the States would have good public health networks. They give them out, and those shots are the cheapest of all. But even cheaper than that are some of these same vaccines made by American companies sold in foreign countries.

Now, that all sounds terrible. Let me say one or two things, since I've been fighting with the drug companies, in defense of them. They're a very important part of our economy. They do a wonderful job in finding new drugs to solve problems. They have to spend a fortune to do all the research and development. The problem is that to sell those vaccines in other countries, these other countries are tougher on them, and because they want everybody immunized, they drive down the cost of the vaccines. So Americans are paying the whole research and development costs for people who benefit from these drugs all over the world, because the companies can't collect other places.

Another problem is that we have more lawsuits in this country, so we add about $4 a vial to the vaccines to put into a fund against the possibility that some child might have a reaction. So they would always be somewhat more expensive.

But we have got to find a way to work with the drug companies. They do very well, I want to emphasize. They are some of our best companies. But we've got to find a way to deal with these two huge problems. One is older people, particularly, paying huge prices for drugs that have been developed for some time, that are not experimental drugs. I think we'd all admit we should pay more for experimental drugs. That's got all the research cost in it. And the second is, children in America paying more for vaccines than children in other countries, even though they were made here. And we're trying to work through that, and I think we're going to make some progress on it.

Health Care Reform

Q. Mr. President, I am one of those family doctors who you were speaking about, and I have a couple of questions. One is, in your address to the joint session of Congress, nothing was mentioned about tort reform. And I'm very concerned about that, because of the malpractice crisis and the liability costs in malpractice insurance. The second thing is, our local medical society has reviewed at least four plans put forward by organized medicine: the American Academy of Family Physicians and so on. Are you going to look at those programs and incorporate physicians' ideas as you're formulating the policies?

The President. Absolutely. And we will also bring doctors into the process. But let me answer the second question first. Last year there were two major suggestions made for health care reform by physicians groups: the American College of Physicians and the American Academy of Family Practice. A more modest, but still significant program, was offered by the American Medical Association. And the American Nurses Association put out a very interesting plan. And I think all of those things should have a big influence on what we do, because in the end it's the doctors and the other health care providers that have to live with whatever system we put out. So the answer to your question is yes, those suggestions, and in particular the two you mentioned, are being taken very seriously.

Second, on cutting the cost of malpractice, that's a big issue with me. I'm proud of the fact that my State had the second lowest malpractice rates in the country. And one of the things we did was to pass a law enabling the court to fine anyone who brought a frivolous tort suit, if it was judged to be frivolous. That the lawyer himself or herself could actually be fined. Not a big fine, but it had a real impact.

The other thing I think that has real promise is an experiment that I believe is now being tried in Maine and one or two other places, which really relates to family practitioners, because we cannot get medical reform in this country unless family practitioners, family doctors, feel freer to set simple

fractures, to get back into the business of delivering babies, to do that whole range of things. The thing that a lot of people are working on now is being able to say to doctors in small towns and rural areas, for example, here are a set of accepted practice guidelines for this procedure or that procedure. If you can show that you have followed these guidelines, that will raise a presumption against malpractice for you. I think that has real promise.

The third thing in really expensive areas is—we might all look at what's been done in the vaccine area—that really worked, where people just pay a fee into a fund and a big national fund is set up. And if there's a problem you go against that fund, you don't have to go through a whole prolonged lawsuit with an insurance company, a lawyer, a doctor, and all the lawyers and all that. That's something else that I think we need to look at to see if that might have more general application.

Economic Plan

Q. During the campaign, Ross Perot spoiled me with flip charts, pointers, and poster board. I'm a simple woman. What I need to hear from you is, over the next 4 years, how much spending cuts, dollar-wise, will we see? How much total revenue will be brought through our taxes, through the increase in our taxes? And what percentage of that is going towards new programs. In other words, we're hearing tax and spend, the old Republican motto about the Democrats. I want you to show me in a simple manner exactly the dollar figures that we'll look at over the next 4 years.

The President. I don't know if I can do the math in my head right now for 4 years, but I will tell you, basically, the tax bill goes from about $20 billion to about $75 billion over the next 4 years; the spending cuts go up to more than that in the fourth year. In the early years there are more tax increases than spending cuts; in the later years there are far more spending cuts than tax increases. At the end, they're about the same. The net aggregate reduction in the deficit over 4 years is about $320 billion, over 5 years is at $475 billion less debt than we would otherwise have.

In the fourth year of the budget, which is the one that we all target on under the Federal system, the deficit will go down $140 billion a year in that year. Essentially, there will be a net increase in that fourth year in spending of about $26 billion a year. That is, there's about $40 billion more in spending, net new spending, all targeted toward things like the college loan program, Head Start, new technologies, and jobs and about $15 billion in additional tax incentives to businesses to reinvest in new jobs. So that's what the net new spending is. But if you look at it total in the first 4 years, the spending cuts and the revenue increases are about equal. If you string it out for 4 more years, if we really change the spending habits of the country, the spending cuts are far greater than the tax increases. And I've got a little chart. I'll send it to you, and you can see exactly how much year by year in each of the three categories.

Let me just make this point on the spending cuts. I have spent a month during which we have worked almost around the clock trying to get a handle on this budget. The Federal budget is put together in a way that I don't think is very good, and it doesn't resemble any business budget or any State or local budget you have ever seen.

Let me give you an example. I wrote a letter to the Agency that is supposed to be helping me put together the budget—a memo—and I said, here are about 30 questions I want answered. One question was, how much more money are we collecting a day than we were 5 years ago in tax money, and how much of revenue has grown in each of the last 5 years? You know what the answer was that I got back from the Agency? "Federal revenues as a percentage of our gross national product are slightly smaller than they were 5 years ago." So help me, that was the answer I got back, I promise.

In other words, just to your point, we were taking more money in and tax revenues had grown less fast than the economy. But what difference did that make; we had more money. They didn't even answer the questions. I'll send you the exact chart. But it's basically 50–50 spending cuts, revenue increases for the first 4 years, spending cuts swamped revenue increases in the second 4

years and will go much more if we adopt a new health care control plan. And the investment increases are significant but modest. They reflect a big change in the spending priorities.

One of the things I'm trying to do is change; Government is great at starting things and bad at stopping things. So we're still, believe it or not, you're still paying for a bicentennial commission. That was over in 1976. And there are lots of things. It's a little bit of money, but you can't justify it. It's just terrible. And there's a lot of stuff in there like that. So what I'm trying to do is to flush that out, reduce consumption, and increase investment so that we can put some people to work. That's what I'm trying to do. And I'll send you the chart.

When I spoke on Thursday night I tried to give the exact numbers in the last, but I will be glad to—I mean, that chart was in the book that we presented to the Congress. And I was hoping that it would be run in all the newspapers in the country, because there is a chart in the book we released to the press on Thursday morning. Anybody who wants that chart, I'll be glad to give it to you.

Let me make one final point about that: I have no interest in raising a penny in taxes if we're not going to do the cuts. I don't want to get a deal where we're going to raise the money and not do the cuts. Not a penny.

The second point is, I don't have any pride of authorship in this. I've been working on this like crazy for 4 weeks. There must be people who know more about some of these things than I do. And I have invited all the people in the Congress, Republicans as well as Democrats, and all the people in the country to help us find more. I'm more than open to it.

But I have to say, too, there are some tough decisions involved in the cuts. As you know, there is a uranium enrichment facility in this congressional district not far from here. And one of the things we've concluded is that there are only two in the country, and both are running at about half capacity—with the projected need going down—is that we will have to close one of those. So there are tough decisions involved in this. There are a lot of tough decisions that have to be made in this cut area. But if anybody's got any more ideas about how we can cut more, I'd like to have them.

And then the young man in the turtleneck next to you.

Health Care Reform

Q. Mr. President, I'm Mayor of a small town. We have two employees. About the last 8 years, health insurance went from $400 a month to $1,500 a month for two employees. If you can have Hillary get this health insurance in line, it will help our little village. Plus, I'm on economic development in our country, and our biggest employer makes television sets. And if that health care comes down, it will sure help those stay in business, too. So tell Hillary to keep on it. And if you get that down, we'll send her a big thanks.

The President. Thank you. Let me say, this is a subject, probably a whole subject for another town meeting. But let me say that one of my biggest problems with a lot of you will be—in dealing with health care, is this. If you ask the American people a question about health care—are we spending too much or too little—a lot of people will say we're spending too little. Why? Because they feel insecure about losing their health insurance. Or because, like your mother, they're spending too much out of pocket. So if you ask the American people are we spending too much or too little, a lot of people say too little. That's wrong. We're spending too much and on the wrong things.

That young doctor that stood up here, I'll bet you anything more than 30 percent of his gross income goes to paperwork. Right? We are the only country in the world where you have 1,500 separate health insurance companies writing thousands of policies with every doctor's office and every hospital in America having to keep up with them.

Just for example, the average country we complete with of every dollar people spend on health care, 95 cents on the dollar goes to health care, a nickel to run the administrative programs. In America, it's more like 86 cents. You figure out what 9 cents on the dollar is—or 11 cents on the dollar—for an $840 billion health bill, or if you take the Government out of it, about $600 billion. You just figure it out. It's lots of money.

Tuition Tax Credits

Q. Yes, Mr. President. I'm John Cooper, and I go to a private school. And in years past we have not had any support from the Government with funds. And I was just wondering if you had a plan that will help pay for some of the taxes that we have. And I was wondering, if you don't have one, why not?

The President. I'll tell you why not. I don't, and I'll tell you why not. When I was a boy, I went 2 years to a private school, to a wonderful Catholic school. And we paid tuition. And my folks were not wealthy. They were working people when we did it. And I was living way out in the country and we moved to a new community and we just didn't know anything about the school. And I've always treasured that experience. But I don't believe, particularly right now, that we can afford to give tuition tax credits or other breaks to fund private schools, even though I support the competition private schools give to public schools. And I'll tell you why.

Q. Mr. President——

The President. Let me tell you why. Even though I'll bet you anything you've raised more money in this State to put into this school system we're in right now, the United States today is behind at least eight of its major competitors in the percentage of our income we spend on kindergarten through 12th grade education. And we have more problems in our schools than most of our competitors, because we have more income diversity and more racial and ethnic diversity, and a lot of our schools are located in places where there are a lot of tough economic problems. So I don't think we can afford to do that now. I wish I could tell you what you want to hear, but I just don't agree with it.

Mayor Joe Sulzer. Mr. President, I'm sorry, but we have time for only one more question over here. And then we'll have a special presentation. And then we would ask everyone to remain seated as the President leaves. Thank you.

Participation in Government

The President. May I ask a question? May I ask you something before we get off, Mayor? These things always work like this. We could stay here till the cows come home to do this. And I love this. And you've been great. But I want to—[*applause*]—I want to say—wait a minute. I want to make two points, and then I'll answer the last question, whichever, whoever the Mayor designates to be the last question.

The first is that one of the things I've been really proud of in the last month—it proved the election worked, it proved all the town meetings worked, it proved the Ross Perot charts worked, it proved the whole thing worked—is that the volume of our mail and telephone calls is running at historic highs in the White House. That means the American people—a lot of its people who disagree with me, a lot of its people who agree, a lot of its people who are just asking honest questions—but my point is, it means people believe maybe their Government can be made to work for them again, and maybe we can be accountable again.

So a lot of you have questions you haven't gotten answered today. I would encourage you to write to us. I have reorganized the White House Correspondence Office. I've tried to put a number of people there who really understand the issues that I believe in and the things that we care about. We're trying to minimize the number of just formal responses we give unless people send us a form letter; that's different. But, I mean, people that really write us. So I would encourage you to do that.

The second thing I want to do is to say that I want to encourage you to continue to hold me and everybody else accountable and ask the tough questions. I don't think it was all that easy for that young man to stand up there and ask the question he asked on abortion because he knew he had a different position than I did, and I was proud of him for doing that, and I think you should be, too.

And believe me, none of us have all of the answers. This is a new and uncharted time. And I want to encourage you to continue to believe in your country and to participate in this. Hold our feet to the fire, but try to make it a constructive thing. This is an exciting time for this country and it's sort of a make-or-break time, I think, and I'm doing the best I can and I think you are,

too. And if we keep doing that, I think the chances are we're going to come out okay.

I think I can say for the other elected officials here, I'll bet you they're pretty proud of their constituents in Ohio after this town meeting.

Who is last, Mayor? Who did you select, Mayor?

Mayor Sulzer. Right over there, Mr. President.

Education Reform

Q. Mr. President, I'm a sixth grader at Smith Middle School, and I'm wondering, do any parts of your education plan deal with children my age?

The President. Good for you. Okay. The answer is, yes, but most of them don't. And let me tell you why—the answer is yes, they do. We emphasize more funds and more efforts in math and science education, for example. And I have asked the Congress to give the Education Department some funds that will enable us to target learning strategies in elementary and junior high and high school that work, and try to get schools to repeat them.

Do you know that every problem in American education has been solved by somebody, somewhere? I mean, this is not like looking for a cure for some disease we haven't found a cure for yet. What we are not good at in American education is taking what works in one place and putting it in place of another. So the two major things are, we're trying to repeat education strategies that have given young people in the sixth grade great performance in some places, we want to try to put them in all the schools in the country. And secondly, we're going to make a special effort on math and science education.

Now, let me answer the other question. Most of the funds that I have recommended in education, most of the effort will be going to try to make sure kids get off to an equal start in school: fully funding the Head Start program, supporting schools and their preschool programs, trying to make sure that child nutrition and child health care is good, and then when children leave school, trying to make sure that they have a vocational program, a job training program, a college program to go to.

Why? Because over 90 percent of the cost of the public schools, kindergarten through 12th grade, comes from the State and local level. I can have an impact on your education only if we focus on a few issues where we can really help, like: How do you get more computers in schools, how do you do better with math and science? But most of the money comes from the State and local level. Whereas, a lot of what we have to do for children before they start school and after they graduate from high school has to come from the national level, and that's why we do it that way.

Thank you very much. You were great.

NOTE: The President spoke at 9 a.m. at Chillicothe High School. In his remarks, he referred to Mayor Joe Sulzer; Richard Cline, superintendent of schools; Vernal G. Riffe, Speaker, Ohio House of Representatives, and Melissa Hagen, student council president. These remarks were not received in time for publication in the appropriate issue.

Remarks on the Economic Plan in Hyde Park, New York

February 19, 1993

Thank you very much, my good friend, James Roosevelt, who has likewise been an inspiration to me over the years, and who knows and cares a great deal about a subject that we must all come to grips with this year, the crisis in health care; to Senator Pat Moynihan, one of the most productive people in public life in the 20th century in America.

And Mrs. Cuomo, I'm delighted to see you here, and we wish Governor Cuomo good health. He might have thought to himself on deciding whether to do the responsible thing and take to his sick bed today that he's probably heard this speech before, and he's probably given it before. [*Laughter*] I can't tell you how grateful I am to your Governor for his support and his wise counseling. We had a delightful time in the White House, Hillary and I and Governor and Mrs. Cuomo, not very long ago. It's something I will treasure for a long time.

I'm glad to see Lieutenant Governor Lundine and attorney general Abrams and Mem-