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reform; face health care. That is a big agenda, but that is America's agenda. If we're going to bring this country back, that is what we must do. I hope you and every American, without regard to political party, in good faith, will ask the United States Congress to engage these issues this year so that we can move this country in the future.

Thank you very much, and God bless you.

NOTE: The President spoke at 12:45 p.m. at the Statler Tower Building. In his remarks, he referred to Representatives Lou Stokes and Eric Fingerhut.

Question-and-Answer Session With the Cleveland City Club
May 10, 1993

Homosexuals in the Military

Q. Mr. President, based on the congressional hearings so far, how do you expect to resolve the issue of gays in the military this July?

The President. I can only tell you what I think should be done and what my guess is will be done. And I'm glad you asked this question.

Let me say one thing by way of background. The difference between my position and that of many people in the military, including most folks in the military, is over a very narrow category of people, actually. That is, in the last few months, the armed services have, on their own initiative after meeting with me, stopped asking people when they join up whether they are homosexual or not. That is not being asked anymore. For many years that question was not asked. It only started being asked in the relatively recent past. That will solve most of the problems.

I do not propose any changes in the code of military conduct. None. Zero. I do not believe that anything should be done in terms of behavior that would undermine unit cohesion or morale. Nothing.

Here is what this whole debate is about. It is about whether someone should be able to acknowledge, if asked or otherwise, homosexuality and do nothing else, do nothing to violate the code of military conduct and not be kicked out of the service. And my position is yes. Others say no. Others say if you let someone acknowledge it, it amounts to legitimizing a lifestyle or putting it on a par with—I don't see it as that. I just believe that there ought to be a presumption that people ought to be able to serve their country unless they do something wrong. But you need to know, that is it is not such a big difference. That is what we're arguing about. We're arguing not about any kind of conduct but about whether people can acknowledge that. Like that young man who was the 6th Army soldier of the year and who's now about to be mustered out because he acknowledged being homosexual.

It is not about asking the American people to approve a lifestyle, to embrace it, to elevate it, anything else. The question is if you accept as a fact, as we now know and as the Pentagon has said, there have been many, many thousands of homosexuals serve our country and serve it well with distinction, should we stop asking? They say yes, and I say yes. So we solved most of the issues. They say yes, and I say yes.

Should we change the code of conduct? They say no, and I say no, not at all, not on the base, not any way, no changes in the code of conduct. So the issue is over this: What will happen in this narrow category of cases? And that is what is still to be resolved. I hope my position will prevail. Frankly, I think most people believe as a practical matter, most people who have studied it, that the position I have taken can be worked out and is fairest to the good men and women who serve in the service who have done well. I think they're frankly worried about having that position look like they are embracing a lifestyle or legitimizing a lifestyle they don't agree with. And I keep saying, "That's not what I think we're about." What I think we're about is acknowledging people's right to do right and to be judged by what they do. And that's sort of my position.

Economic Program

Q. Mr. President, as a resident of Ohio, what action can I take, what can I do to express my outrage at Senator Dole and his cohorts who block a legitimate vote like the stimulus

package?

The President. Let me make a constructive suggestion. I appreciate your sentiments, obviously, but let me make a constructive suggestion. What I think we need to do is to go on now and pass this budget and then just see where we are.

Let me back up and say what I think happened in that deal. I believe that I won the debate with the American people that we needed more investments to create some jobs now, because this economy is not producing a lot of jobs. On the other hand, the Republicans said, "Well, that's fine, but we ought to pay for it."

Well, I had announced this stimulus program as a part of this 5-year deficit-reduction program. So it had already been incorporated by the financial markets and everybody else who evaluated this. It was paid for in the sense that it was part of the program. But to pass it in time to get the summer jobs and some other things out, we had to, in effect, take it out of sequence, if you see what I mean, to put it up now so we can get the money out to create the jobs in 1993 before Congress could have actually acted on the budget of which it was but a small part.

So what I think, to be constructive, what I think you should do is to do whatever you can to encourage the big budget to pass, long-term deficit reduction, and investment increases. Then let's watch this unemployment rate. And once we have proved that we have the discipline in Washington to cut spending and reduce the deficit, if we don't generate new jobs, if the economy doesn't pick up in terms of employment, then I think we can come back and look at that.

Now, that doesn't solve a couple of the severe problems, like the summer jobs. We're still trying to assess where we are on that. But the larger question of creating jobs is something that I think that we need to recognize is primarily going to be dealt with by the big budget, the big issue. But if we need to come back, then I'll need you and all your folks, because we need to get ahead of the curve on this one. Because we were not trying to increase the deficit, this was part of a big, 5-year plan where we had to take it out of sequence because of the summer jobs issue and because we wanted a lot of these jobs created in 1993.

Thank you for asking.

National Service Program

Q. What is your prognosis for the success of your proposed aid for college students who do public service?

The President. Oh, I think it's got very great prospects of success. We've had wonderful bipartisan support; for several Republican Congressmen in the House of Representatives already asked to be cosponsors. We have at least two supporters, Republican supporters, in the Senate. And as far as I know, virtually every Democrat is for it.

We've worked very hard to try to work out all of the objections, and I think it will be very helpful. We're going to move as quickly as possible. The national service part I think will fly through. The question of cutting down on the cost of the loan program will be more difficult, because many of the bankers and others who like the system as it is will oppose it. But it's unconscionable for us to lose $3 billion a year on loan defaults and $1 billion on transaction fees which could be put into direct loans which could then be collected. So there will be a lot of dispute about the loan issue. But I think the national service part of it will go through. It wouldn't hurt for you to express your support, though, to your Member of Congress.

Thank you.

Environmental Initiatives

Q. Mr. President, what legislations do you hope to pass in order to help protect the environment while cutting the national deficit?

The President. There are several things that we want to do. As you know, the Vice President and I have both worked very hard on this issue since we took office. I want to sign the biodiversity treaty, and I expect to do it, committing the United States to help preserve wildlife species. We want to be part of an international effort to preserve wildlife and plant life in the United States and in the rainforest, especially, around the world. We want to reduce the emissions of greenhouse gases in this country to 1990 levels over this coming decade, which I think we can do.

And we want to invest some of the money that is coming from defense cutbacks into environmental technologies and environmental cleanup here at home, so that those technologies can produce American jobs, many of which can also lead in exporting. The biggest new commercial market in the world in the next 10 years

will be the market for various environmental technologies and services. It is a huge gold mine out there waiting to be tapped. When the countries met in Rio last year, regrettably the Germans and the Japanese were much ahead of the United States in total in environmental technology companies and services. But we have a lot of very successful ones here in the United States, and I hope we can galvanize more of them. If we do this right, cleaning up the environment won't cost us jobs, it'll save us jobs. It'll have a big positive impact.

He asked a good question. Give him a hand. Isn't he good. [*Applause*] Thank you.

Health Care Reform

Q. Mr. President, perhaps this is a bit premature. But does your health care program incorporate a focus on wellness as well as merely curing illnesses? And what I mean by wellness is universal immunization, health examinations, and so forth. Or, perhaps Mrs. Clinton might answer that a little bit better. [*Laughter*]

The President. Well, let me say that it will, and that if it were just up to the two of us, it would focus on wellness much more. You may know that, for example, there are a lot of countries, in France for example, where even working-class families get a family allowance when a woman is pregnant. You can only draw the family allowance if the mother can prove that she has followed a certain regime of maternal health designed to produce a healthy baby.

I saw the other day in the paper that some Republican Congressman had suggested that we ought to do the same thing with immunizations, for people on public assistance having to immunize their kids. I thought that was a good idea. I think that we should have a big wellness prevention component of this. That's another point I wish I had made in my remarks. But we are exploring what our options are there.

There will be every effort made to have a strong education and prevention and wellness component of this health care effort. And I might add that if we can have more clinics in chronically underserved areas and more health educators there, I think we can do that. That's one way you can save a ton of money in the system, and I think you must know that or you would not have asked the question.

Thank you.

Taxes

Q. Mr. President, your administration has proposed two new taxes: first, a value-added tax in which goods would be taxed at each stage of production; secondly, an energy Btu tax in which coal, gas, oil, and other forms of energy would be taxed at each stage of use. Are not these taxes inflationary in that they compound at each stage? And secondly, they push up the consumer price index to which wages, prices, and Social Security and other entitlements are indexed to the consumer price index.

The President. Well, first, let me say I have proposed a Btu tax, and I'd like to come back to that. I have not proposed a VAT tax. I have not. There have been a lot of rumors about it.

It's interesting that you should know with whom a VAT tax is popular. Hillary's health care group, the First Lady's health care group, was asked to consider a VAT tax by an unusual coalition of big business and labor interests. Why? Because other countries have a VAT tax. Most other countries have a VAT tax of some kind, and we don't. And a value-added tax is one of the few ways that you can—somebody who advocated it now wants to get off of it. [*Laughter*] Anyway, a value-added tax is one of the few ways that you can avoid taxing your own exports and tax someone else's imports. That is, it is placed on things sold in your country. So when our competitors in Europe, for example, have a value-added tax, when they produce things for sale in the United States, it's not subject to the tax. When we sell our stuff over there, it's already carried the full burden of our taxes, and it gets hit with the VAT.

So there are a lot of business and labor interests who believe that, conceptually, even if we lower some other tax, we should embrace the VAT tax because it helps us in international trade. I had never thought of it as an answer to the health care problem, because I thought it would aggravate the maldistribution of paying for the problem. It would allocate the burden of paying for the problem in ways that I didn't think were particularly fair. But that's what it is.

Now, on the Btu tax, let me say that America taxes energy less than any other country. There were a lot of suggestions for how we might raise funds to reduce the deficit. The energy tax clearly is the thing which, for all kinds of

reasons, had the biggest impact on the financial markets.

I was reluctant—there were people who said, "Well, you ought to have a carbon tax. That's the most polluting." I thought that was unfair to the coal-producing States. Then there were people who said, "Well, we have real low gas taxes." We do, but States also set gas taxes. "We have real low gas taxes. You ought to have a gas tax." I thought that was unfair to the rural areas, particularly west of the Mississippi where they have much higher per-vehicle usage.

The reason we decided to go with the Btu tax is that you can put it uniformly on all sources of energy so that it doesn't fall with incredible disproportion on any given sector. Now, the problem is that for the sectors that are especially energy-intensive, it hurts them more than a gas tax. And it hurts people who don't pay anything for their energy now. So farmers, for example, that had a fuel tax exemption are dealing with this burden. And you know, we've tried to come to grips with that. I don't think there is a perfect solution. But I like the Btu tax, because it promotes energy conservation, it's good for the environment, and it's fairer, I think, to every region than any other energy alternative that we could devise.

Let me follow up on that. We tried to increase the earned-income tax credit—that is, the proposal—so that for people with earnings of $29,000 a year or less, $30,000 a year or less with families, the impact of the Btu tax would be offset by the increase they'd get in the tax cut under the earned-income tax credit.

Economic Program

Q. Good afternoon, Mr. President.

The President. Good afternoon.

Q. What I'd like to know is, first of all, your economic plan is twofold. It is to cut spending and, secondly, to encourage more Government spending in the private sector. Well, obviously there's a lot of support for the first part, cutting spending. What I'd like to know is, there seems to be a lack of enthusiasm for the second part. One is: How do you plan to get that through? Basically, how do you plan to garner more support for it? And, once you get your economic package through, how much input are just ordinary people going to have to this? And when will we feel it at our level?

The President. Well, depending on whether you borrowed any money since November, you've already felt it. From the minute Secretary-designate of the Treasury said after the election, Lloyd Bentsen said we were going to attack the deficit and how we were going to do it and what was going to be in it, we began to have pretty steep drops in interest rates. So if you're paying any kind of interest payments, you've already felt it.

The reason I was for the job stimulus program—to go back to the jobs program that the gentleman asked me in the back—is that I wanted to be able to lower the unemployment rate by another half a percentage point this year through an investment program, because all over the world, I will say again, all over the world—Europe's got a higher unemployment rate than we do. Japan has a much lower unemployment rate than we do because it's got a more closed economy, but they also are not creating jobs, and many of their firms are laying off for the first time in modern history. So I wanted to do that.

So you will—let me just tick them off—you should be able—if we pass the budget, I think we will secure a healthier financial environment for the next year, and I think that will help everyone. If we can pass health care, I think, by next year people will begin to feel the impact of greater health security. If we can pass it—it's a big job and it's going to take a lot of work.

The student loan program, if it passes, it will affect people immediately. People will be eligible who are now in college for it, as well as those who would wish to go, the same thing with the apprenticeship program. The welfare reform program should begin to have effect next year. Those are just some of the things that I think will actually touch people's lives and make a big difference.

I think the trick on—to go back to the question the other gentleman asked—to getting people to support the targeted spending for education, training, and technology is to make sure that you lock the spending cuts in first before you do the taxes, and that overall, that the spending increases are small compared to the spending cuts, which they are, in our plan. So I think to me, that's the trick, and that's what I'm trying to achieve, and I hope you'll be with

me when we do it.

Thank you.

NOTE: The question-and-answer session began at 1:50 p.m. in the Statler Tower Building.

Nomination for Posts at the Department of Energy

May 10, 1993

The President announced today that he intends to nominate Victor H. Reis to be Assistant Secretary of Energy for Defense Programs and that he has approved the appointment of Michael Gauldin to be Director of the DOE's Office of Public Affairs.

"I am very pleased to be adding these two people to the leadership of the Department of Energy," said the President. "Victor Reis is one of our country's leading defense researchers, and Mike Gauldin has been a valuable aide to me for years. They will each play a key role in helping Secretary O'Leary to meet her goals for the Department of Energy."

NOTE: Biographies of the nominees were made available by the Office of the Press Secretary.

Remarks and a Question-and-Answer Session With High School Students in Bensonville, Illinois

May 11, 1993

The President. Thank you very much, Brian. Thank you, Dr. Meredith. And thank you, ladies and gentlemen. I'm glad to be here at this fine high school. I should also note before I begin that one of many reasons that I decided to come here is that this high school is the alma mater of an important member of my White House staff, Kevin O'Keefe, who graduated from Fenton High School. Where are you? Where's Kevin? Stand up. He didn't have that gray hair when he was here. I met, in addition to your principal and your superintendent, I met Charlotte Sonnenfeld on the way in here, who said she was a teacher of Kevin O'Keefe but was not responsible for him in any way. [*Laughter*]

I also want to thank a number of other people who are here, including several Members of Congress over here to my left, Bobby Rush, Luis Gutierrez, Cardiss Collins, and George Sangmeister. I think they're all here. And I want to thank Richard Dent of the Chicago Bears for coming. Stand up, Richard.

I also want to—is Michael Cruz over there? Is he here? No? Where is he? Here he is. Come here. This young man was on the President's town hall meeting with students. Did any of you see it? Did you see that? And he became a television star because he is a good student. He goes to school in Chicago, and he said he was worried about the safety of the schools and the streets. And he asked the President to try to make all the schools safe for students in every part of America, no matter how tough the neighborhoods were. And I was really proud of him, so I invited him to come here today. I think you ought to give him a hand. [*Applause*]

I know we've got students from other schools here. Where are you, all the students from the other schools that are here?

Audience members. Boo-o-o!

The President. Hey, hey. [*Laughter*] No, no, today's the day when you're supposed to welcome them here.

I want to say how very glad I am to be back in Illinois where I met so many people who shaped the thoughts and the feelings that I carried into the Presidential campaign last year. People who asked me to fight for their families and the future of their children, to help to fix our economy, to create more jobs, to bring the terrible budget deficit down, to deal with the health care and education challenges facing America. A lot of what I learned in that campaign last year I learned from talking to