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Cochair, President's Commission on Care for America's Returning Wounded Warriors; and former Secretary of Veterans Affairs Anthony J. Principi. The transcript released by the Office of the Press Secretary also included the remarks of Secretary-designate Peake.

Remarks at the Grocery Manufacturers Association/Food Products Association Fall Conference

October 31, 2007

Thanks for coming. Thank you all. Please be seated. Billy, thank you. I asked Billy where he works. He said, "Well, I run Sunny Delight Beverage Company." I said, "Well, Billy, I quit drinking." [*Laughter*] He said, "That's not that kind of—alcohol."

I thank you all for having me. Billy, thank you for your kind words. He's from Cincinnati. I was in Cincinnati the other day, stopped off and got some ribs, and he tried to ask me to compare Texas ribs with Cincinnati ribs. That's a little unfair. But they're awfully good, Billy.

I appreciate you having me for this fall conference. I'm thrilled to be a sitting President coming to visit with you. I didn't realize the last one was Eisenhower. I don't know if he came on Halloween, but I did. It's always an interesting day here in the Nation's Capital. This morning I was with the Vice President. I was asking him what costume he was planning. He said, "Well, I'm already wearing it." [*Laughter*] Then he mumbled something about the dark side of the force. [*Laughter*] He's doing well.

I want to talk today about health care. There's an interesting debate raging here in Washington, and it's an appropriate—Halloween is an appropriate day to talk about it, because there's a bill moving through the Congress that's disguised as a bill to help children, but I think it's really a trick on the American people. I'm going to spend some time explaining why I have made some decisions I have made regarding this piece of legislation.

The bill that I'm going to discuss would cause moms and dads to give up private insurance and—private insurance for their children and move them on to the Government rolls. It would move us closer to a health care system dominated by the Federal Government. It would fund massive new spending by raising taxes on the American working people. I believe the legislation I'm going to talk to you today—about which I'm going to talk to you today is a path to Government-run health care, which I believe is the wrong path for the United States.

And I vetoed a bill. As Billy noted, the spotlight can be quite bright when the President either shows up or does something. And I vetoed a piece of legislation. And I appreciate your giving me a chance to come by and explain to you and the American people why I did so. But before I do, I do want to thank you all very much for giving me a chance to come by. The White House is a nice place to live, but sometimes it's good to get outside the White House, to be with people who are actually making a living—[*laughter*]—that are creating jobs; that are taking risk; that are really, I hope, living the American Dream.

Laura sends her best. She's doing great. I am truly a lucky man to have married this great woman, and I think the country is lucky to have her as the First Lady.

I want to thank Mary Fallin from Oklahoma—Congresswoman from Oklahoma—for joining us. Mary, thank you for being here. I particularly want to say something about Cal Dooley. I worked with him when he was a Member of the United States Congress. I found him to be a good, honest guy. When he said he was going to do something, he would do it. And I don't know if this helps him or hurts him, but you made a pretty smart move to hire him. And I'm proud to be with you, Cal. Thanks for being here.

One of the reasons I've come by is to remind you how important you are to our economy. In other words, I'm the kind of person who believes that it's important for those of us in government to encourage people to take risk and to take investment. I like to remind people, one of the key cornerstones of my philosophy is, I don't believe the role of government is to try to create wealth; it's to create the environment in which people are willing to risk capital, to expand their businesses. And I appreciate the fact that every day you're doing that. I appreciate the

fact that you have to worry about what your customers think; that you tailor your goods and services to meet somebody else's demand. I appreciate the fact that by providing a place for people to work, you help American families. And I appreciate the fact that you've been a part of a remarkable economy.

Just this morning, we learned that the economic growth in the third quarter was 3.9 percent. You hear people talking about whether our economy is strong or not; well, here's an indication that it's strong. A lot of that has to do with the ability for people to dream big dreams and to follow through on those dreams. I love the fact that people say, I own a business. Ownership is a central part of making sure this country is a helpful—hopeful country.

I also am pleased to report to you that last September was America's 49th consecutive month of job creation. It's the longest period of uninterrupted job growth on record. A lot of that has to do with the fact that we cut your taxes. There's a huge debate in Washington about cutting taxes. I believe if you've got more money in your treasuries to spend, it's more likely somebody is going to find work. I believe when American families have more money in their pockets to save, invest, or spend, it helps keep the economy strong. I believe you can spend your money better than the Federal Government can spend your money.

That's the philosophy behind the tax cuts we have passed, and I appreciate you supporting progrowth economic policies. You understand that small businesses work best when there's more money at—in circulation amongst small businesses. Today, this afternoon, I'm going to sign into law an extension of the Internet tax moratorium. We're making some progress in convincing people in Washington that low taxes ought to be memorialized in permanent policy.

Progrowth economic policies work. That's one of the things I want to share with you. In order to get out of a recession and recover from an attack on the United States, we cut taxes on everybody who pays taxes, because I'm not the kind of person that says, we're going to cut taxes on you because of your political affiliation and not because of you—on you because of yours. I believe if you cut taxes, the only way to—fair way to do so is to cut taxes on everybody who pays income taxes. And that's precisely what we did. And cutting taxes caused our economy to not only recover but grow, just like I told you, 3.9 percent in the third quarter for example.

And when the economy grows, it yields more tax revenues. And by holding down spending, it means—and by the way, setting priorities such as funding our troops when they're in the harm's way—it means you can keep taxes low, grow the economy, set fiscal priorities, and reduce the deficit. And that's what's happening as I speak. And it's important for Congress not to unwind this process by trying to raise your taxes. And I'm going to use my veto pen to prevent them from doing so.

I appreciate your support for free trade. That's another controversial subject. I believe opening markets for American goods and services will help us remain a prosperous nation. I worry about protectionist sentiments in America that say, well, we don't particularly think we can compete, so let's just wall us off. I believe that would be a mistake for the United States of America. So I look forward to working with Cal and your organization to convince the Congress to pass important free trade agreements that we have negotiated with Peru and Colombia and Panama and South Korea.

The United States of America must understand that there are millions of potential customers around the world. And it makes sense to open up markets for U.S. goods and services, so that—so we can compete on a level playing field. I want our cattlemen to understand that I spend a lot of time working to open up markets for U.S. beef around the world. I think it's good for agriculture to say, let's trade. And so we'll continue to press it. But I'm going to need your help convincing Members of Congress that it's in the national interest to be confident about our capacity to compete, and it's in our national interest to make sure we have free and fair trade.

We're going to work together to secure the food supply. I think it's in the Nation's interest to work to deal with childhood obesity.

And I think it's in the Nation's interest to expand investment in alternative energy sources. The reason why is, dependency on

oil is not good for the United States of America. It's not good for economic security, nor is it good for national security. I really don't like to have our country in the position where if demand for oil goes up in the developing world, it causes your gasoline prices to go up. We shouldn't be in the position where if somebody decides to blow up a—oil infrastructure in another country, it causes your gasoline prices to go up. And I also understand that alternative sources of energy will make us better stewards of the environment.

And one way to become less dependent on oil is to be able to grow products that empower our automobiles. And that's why I'm such a big believer in ethanol. I fully understand that folks out there are concerned about the price of corn. I hear from my hog-raising buddies that ethanol—driving cars with corn is causing them to have trouble feeding their hogs. And that's why we're spending some of your money on new technologies that will enable us to use wood chips or switch grass to be able to be the source for ethanol. It's called cellulosic ethanol.

You just got to know, you're talking to—you're listening to somebody—you're not talking, you're listening to somebody who has got great faith in the capacity of America to use technologies, to develop technologies and use technologies to deal with significant problems, so long as the Government makes it clear these are priorities. And I want to thank you for helping us on those issues.

Speaking about agriculture, this afternoon I'm going to name a new Secretary of Agriculture. I'm not going to tell you who it is, because I'm trying to—[*laughter*]—but I think you'll like him. He understands agriculture, of course, and he'll be a good follow-on to Mike Johanns, who did a superb job as the Secretary of Agriculture. And I'm going to ask the Senate, of course, to confirm this person as quickly as possible.

I do want to spend some time on health care. I'm fully aware that this is a topic that is of concern to you, as it should be. And it's a concern to all families across the country. It's a topic of heated debate here in Washington. And at the root of the debate is a philosophical disagreement over the direction American health care—good people who have a different opinion on what we ought to be doing.

Here's my philosophy, that Government ought to trust private medicine; that we've got a fabulous health care system. Does it have issues? Sure, it's got issues. But when you compare it to other health care systems in the world, the United States has got a fabulous health care system. We got great docs; we've got wonderful new technologies. Our system is so good that many people from around the world like to come here to get treatment. The goal of a good health care system is not to weaken the health care system, but strengthen it; and a goal is to bring as many Americans as possible into the private system of health care. That ought to be a goal. And the reason why that ought to be a goal is because private coverage offers choice, which is good for consumers; flexibility, which is good for consumers; and quality of care that comes from competition. Private coverage puts the medical decisions in the right hands, and that's between the patient and the doctor. And that's where the decisions in health care should be.

There's a different view in Washington. They believe—those who have a different view believe that expanding Federal control is the key to improving health care. Again, I repeat, these are good folks; they care about our country as much as I care about our country. They just have a different vision about how to deal with the health issues. At the center of their belief is that folks in Washington are in a—the best position to decide which diseases should be treated, which procedures you can have, and which doctors you're allowed to see. That's the essence of federalization of health care. They believe that massive tax increases are the best way to fund their plans. The truth of the matter is, if you federalize health care, you're going to have to have a massive tax increase to pay for it.

For those who believe that, I would hope they would look around the world at other nations who have tried to nationalize their health care systems. I think what they would find is that socialized medicine has led to lower standards, longer waits, rationing of care. We've tried, by the way, here in Washington to have a major effort, put the Federal

Government square in the center of health care in 1994, and the legislation didn't pass. I believe many of the Democrats in Congress who supported that legislation have learned from the experience. So instead of pushing to federalize health care all at once, they're pushing for the same goal through a series of incremental steps. With each step, they want to bring America closer to a nationalized system where the Government dictates the medical coverage for every citizen.

The strategy is to expand programs for senior citizens to include younger citizens, to expand programs for children to include adults, and to expand programs for the poor to include the middle class. I'm not making it up. I would remind you that some in Congress recently proposed to lower the eligibility age for Medicare, which would allow younger citizens onto the Federal program. And we can now see the strategy clearly when you analyze the efforts to expand the State Children's Health Insurance Program. That's the issue I was going to talk to you about; SCHIP it's called. SCHIP was created to provide coverage for poor and uninsured children whose parents make too much money to qualify for Medicaid. Let me make sure you understand the facts. When people say we're not providing money for poor children, they're overlooking the $35.5 billion a year of your money we spend on poor children through Medicaid. There is a robust program to make sure poor children in America get health care. And that's good. If you're poor and can't afford health care, that's a good role of the Government is to help you.

SCHIP was to help people who couldn't quite qualify for Medicaid to get help, and I supported the program. I supported the program as the Governor of Texas, and I support the program as President of the United States. And that's why the budget I submitted this year increases SCHIP funding by 20 percent over 5 years. So you're looking at a supporter of the program. As a matter of fact, I sent a signal to Congress that if we need some more money to focus on poor children, we'll help them find the money, without raising your taxes.

And I said, we got to make sure it stays focused on poor children because a half a million children who qualify for the program aren't on the program today. The program said, we're going to help poor children; there's a half a million children who qualify for the program who aren't enrolled. Now, it seems like to me, it makes sense that the Government ought to focus on enrolling those who qualify now and not expanding the program beyond its current reach.

But remember, the primary goal is to increase the Federal reach into health care. So earlier this month, they sent me a bill that would expand SCHIP far beyond its original purpose. Under the proposal that came to my desk, more than half the children in America could be eligible for Government health care. In other words, by expanding eligibility, it means that more than half the children in America would become eligible for this Federal program. And to fund it, they would raise taxes. That's bad health policy, as far as I'm concerned; it's bad tax policy; and it's going to take the country in the wrong direction.

And let me explain why. According to the Congress's own Budget Office, the bill Congress passed would lead one out of every three children who moves on to Government coverage to drop private health insurance. The Government provides incentives to join the Federal program, and people go from private health care to Government health care. That is the wrong direction if you believe that private medicine—private health care is the best medicine possible for the American people.

Some of those children's parents that would be moving make nearly $62,000 a year. As a matter of fact, the bill I vetoed would raise eligibility in some places up to $83,000 a year. That's not poor. That's an indication that there's a strategy afoot to expand the Federal reach into health care. In all, 2 million American children would move from private insurance to the Government program, and at the same time, as I told you, some of the poorest children who are eligible for SCHIP may not be—may still not be enrolled. And adults would still be on the children's program. In about seven States in America, they've used the SCHIP money—they're spending more money on adults than they are on children. So adults would still be enrolled in the children's program. You

might call that an extended trip to the fountain of youth. And the taxes they're going to raise to pay for it would fall on the working people.

So that's why I vetoed the bill. I believe that private medicine is in the best interest of the country. That's the principle on which I'm operating, and when I got a bill that would undermine that principle, I vetoed it. And my veto was sustained. And then I put out the word to Congress, I'd like to work with you on a better bill. And unfortunately, the good will has not yet been returned.

I named three members of my administration to hold discussions with Congress, two Cabinet officials and a senior adviser. I said, "Here's three people that can speak for me; I'd like them to come up and sit down with you in good faith to negotiate a way to make sure poor children get the help they need." Unfortunately, the leaders wouldn't meet with them, nor would their designated representatives. Instead, the House of Representatives made a few adjustments at the margins of the bill and passed it again.

Now, the bill has the same major flaws. It fails to cover poor children first; it shifts children with private insurance onto the Government rolls; and it uses taxpayers' dollars to subsidize middle class families; and finally, it raises taxes. But to be fair, there is one part of the bill that leaders in Congress changed. Somehow they managed to make this version cost even more over the next 5 years than the last version.

If Congress sends this bill back to me, I'm going to veto it again. They know this. I mean, they've made it—I made it perfectly clear that if you keep passing this piece of legislation, I'm going to keep vetoing it, unless, of course, it's a piece of legislation that focuses on poor children and does not expand the reach of the Federal Government into health care.

They also understand that the veto that was sustained in the House will be sustained again. And yet, incredibly enough, the Senate is going to debate this issue. I view this as a pure political exercise, and I urge the Senate not to waste time on a bill that they know I will veto and will be sustained. Whatever our differences, we need to keep the important program going. I understand that. No poor child should lose health care because of Washington, DC, politics.

Philosophical divide isn't going to go away anytime soon, but there are some commonsense steps that Republicans and Democrats can do to help Americans who struggle with health care. There's some positive things that we can do.

For example, Congress should expand innovative products known as health savings accounts, which allow people to pay lower insurance premiums, to save tax-free for routine medical expenses, and to be able to take such an account from job to job.

You know, a startling statistic is that if you're 30 years old, you probably have worked five, six, or seven jobs by the time you reach 30; this is a very mobile workforce. And it seems like to me that we ought to have products that enable somebody to take their own insurance policy with them from job to job, and a health savings account is such a policy. And if you're a small-business owner, I strongly urge you to take a look at health savings accounts for your employees.

Congress should pass association health plans, which enables small businesses to pool risk across jurisdictional boundaries, so you can buy insurance at the same discounts that large companies can. If Congress truly is worried about the rising cost of health care, they ought to enable small employers to pool risk; in other words, to be able to accumulate a large risk pool, so you can better afford insurance for your employees.

Congress should pass medical liability reform. These junk lawsuits are running good doctors out of practice and are running up the cost of your health care bills. And if they want to address the rising cost in health care, they need to join me and pass substantive medical liability reform at the Federal level.

When I first came to Washington, I said, "Well, maybe this isn't the proper Federal role; we'll let the States handle it." And then when I began to analyze the cost to the Federal Government of these junk lawsuits, I determined it was a Federal role to do something about them. I mean, after all, we're a huge health care provider; we have Medicare, Medicaid, veterans' benefits, veterans' health care. Yet many of the doctors who we hire to provide services practice defensive

medicine, so that if they get sued they got a case in the courthouse that can defend them. These junk lawsuits are running up the cost of medicine for you, and they're running up the cost of medicine for the Federal Government, which is you. And if the Congress is seriously—wants to do something seriously about solving this problem, they ought to pass medical liability reform now.

The amazing thing about health care, it's—when it comes to information technology, they're light-years behind a lot of America. Perhaps the best way to describe it is, is that we still got doctors handwriting files. They don't write very well to begin with, and files get lost. Health care ought to be using information technology, and the Federal Government, by the way, is insisting that that be the case with the people with whom we interface. And Congress ought to focus on spreading information technology throughout health care. The dream is, is that all of us will have a—our medical records on a little disk, a little chip that we can carry with us, that will be secure from prying eyes, but nevertheless, will be a part of wringing out cost inefficiencies in a industry that needs to have cost inefficiencies wrung out.

And finally, there ought to be more transparence. I mean, the whole purpose of reform is to have more consumerism in health care, not less, as a result of the Federal Government taking over the health care system. And in order to have consumerism, there has to be transparency in pricing and quality of care. And the best way to encourage consumerism is to change the Tax Code.

Right now our Tax Code discriminates against people who are trying to buy an individual policy. If you work for corporate America, you get a tax benefit. If you're on your own, you have to buy health insurance with after-tax money. And as a result of this discrepancy in the Tax Code, it is much harder for an individualized market to take root in America. And therefore, Congress ought to level the playing field for every American family, and to make sure that private medicine is enhanced by fairness in the Tax Code.

There are different opinions in Congress about which type of tax benefit would work the best, a tax deduction or a tax credit. Both of the proposals have their advantages, and either would be a lot better than federalizing health care in America.

Taken together, the comprehensive set of reforms I just outlined would do far more to reduce the ranks of the uninsured than SCHIP expansion would. They'd make private insurance more affordable for millions of Americans. And Congress, rather than passing legislation that's not going to pass, not going to become law, ought to focus on practical, commonsense reforms.

Especially a bad time for Congress to stage political theater on health care because it's got a lot of other work to do in other areas. We're now 10 full months into 2007, and the United States Congress has yet to pass a single one of the annual spending bills of the Federal Government. Considering how eager they are to spend your money, it's shocking it's taken so long to do so. In fact, the leaders on Capitol Hill now hold a dubious record as the first United States Congress in 20 years that has failed to send a single annual appropriations bill to the President this late in the year. And time is running short. Members of Congress needs to pass these annual spending bills soon, one at a time.

They should start by sending me a clean bill to fund our veterans by Veterans Day. I feel a special obligation to make sure that our veterans get the full support of the Federal Government. And Congress needs to stop wasting time and get that VA bill to my desk. We have got troops in harm's way. And regardless of your opinion or Members of Congress's opinion on this war, they ought to put aside those opinions and focus on those troops and their families. Instead of playing politics on the floor of the House and the Senate, they need to pass the defense appropriations bill now to support the troops.

This SCHIP debate is an important debate because it's going to send an important signal as these other appropriations bills move through Congress. If we overspend and raise taxes on this bill, it's going to create a bad habit for the Members of Congress. I think it's very important for people to understand that we can balance this budget and grow this economy if we're wise about how we spend your money, if we set priorities.

It's also important for Members of Congress to understand, with Federal revenues

at an all time high and the deficit declining, now is not the time to raise taxes. Running up the taxes on the American people would be bad for our economy; more importantly, it would be bad for American families. I want you to have more money, so you can make the decisions for your families and yourself that you think are necessary. I like it when the after-tax revenues—income are up. I think it's good for America that American families are able to save for their children's education or small businesses have more money to invest. And the surest way to dilute that spirit of entrepreneurship is to run your taxes up. And that's why I'm going to use my veto pen to prevent people from doing it.

You know, we're living during challenging times. I view—but I view these as exciting times as well. I genuinely do. I think we're laying the foundation of peace for your children and grandchildren. I know it's necessary to do the hard work now so the first chapters of the 21st century will be positive chapters.

I firmly believe that the spread of liberty is going to make it such that when people look back at this period of time, they say, thank God America had faith in certain values, certain fundamental truths. And one of those truths is that there is an Almighty, and a gift of that Almighty to every man, woman, and child is freedom. And another historical truth is, freedom yields the peace we want.

And at home, freedom for people to invest and to make choices is important for a hopeful America. Government must trust the American people. We must trust the American people with your money; we must trust the American people as you make important decisions in health care; and we must trust the American people to continue to be the compassionate people that we are.

It's an honor to represent you. May God bless you, and may God continue to bless our country.

NOTE: The President spoke at 10:48 a.m. at the Renaissance Hotel. In his remarks, he referred to William B. Gyr, president and chief executive officer, Sunny Delight Beverages Company; and Cal Dooley, president and chief executive officer, Grocery Manufacturers Association/Food Products Association. He also referred to H.R. 976; H.R. 3678; and H.R. 3963.

Remarks on the Nomination of Edward T. Schafer To Be Secretary of Agriculture

October 31, 2007

The President. Thank you all. Be seated. Good afternoon. I'm proud to announce my nomination of Ed Schafer to be the next Secretary of the Agriculture.

The Secretary of Agriculture heads a Cabinet Department of more than 100,000 employees. I rely on the Secretary to provide sound advice on issues ranging from our Nation's farm economy and food supply to international trade and conservation programs. To carry out these responsibilities, the Secretary of Agriculture needs to be someone who understands the challenges facing America's farmers, ranchers, and consumers.

Ed Schafer is the right choice to fill this post. He was a leader on agricultural issues during his 8 years as the Governor of North Dakota. He worked to open new markets for North Dakota farmers and ranchers by expanding trade with China. He oversaw the development of the State's agricultural biofuels industry. He helped families recover from natural disasters, including drought, fires, and floods. And he pioneered innovative programs to increase economic opportunity in rural communities.

Ed also has extensive management experience in the private sector. Before running for public office, he was the president of the family-owned business that his dad started. He's also launched a number of entrepreneurial ventures on his own. At every stage of his career, Ed has shown wisdom, foresight, and creativity. Those same qualities will make him a valuable member of my Cabinet, and they will make him a trusted friend to America's farmers and ranchers.

Ed's passion for agriculture has deep roots. His maternal grandparents were Danish immigrants who worked as farmers on the plains of North Dakota. Ed has always kept their story close to his heart. And they'd be proud to see their grandson rise to become our Nation's top agriculture official.

In his new job, Ed will carry on the work of another fine public servant, Mike Johanns. Mike became Secretary of Agriculture at the beginning of my second term. During his