

ting serious about the deficit, is to have to make sure before we pass anything, we have to know as precisely as we can exactly what the costs will be. I personally believe, as I told you and I said during the campaign, that it wouldn't cost much, if anything, to raise the earnings limit because the people who go to work will earn more money and pay more taxes.

But I still strongly support it. I think it should be raised, and I think it will be raised. It's just a question of how much and how quick I can get it passed in Congress. I am still committed to it, and I would like to urge you and anybody else watching this program who is in your situation to urge the Members of Congress from this State to vote to do that.

This is one of those issues that there aren't a lot of people against; it's just hard to raise it on the radar screen of the Congress. And to be fair to them—it's easy to bash Congress—they're working 40 percent more this year than last year. I'm proud of that, 40 percent more. I've put all this stuff there, and they're working hard now because of all the things we've put before them. But this has not been addressed, and you're right to bring it up. I haven't forgotten it, but I need your help in building the kind of public support we need to change it.

Mr. Atkinson. Mr. President, unfortunately we have to give way, I think, for a dolphin and "SeaQuest" here in a moment, but we wanted to save a little time for you. I think you have about a minute.

The President. Well, I wish I could take another question or two. Let me first of all thank all of you for coming. And thank you for your interest. Thank you for the very good questions you asked; I wish we could have done more. And let me urge you to keep up this level of involvement. We can get these changes made if the American people demand them. And you don't have to agree with every detail of my health care program, just demand that we pass one that has security and savings and simplicity, that preserves the kind of choice and quality these doctors talked about tonight, and that asks all of us to be more responsible.

We can do this and we can also turn the California economy around if we'll take it one day at a time, one project at a time, and keep at these things until they're done. We can do it. Thank you very much.

NOTE: The town meeting began at 6:33 p.m. at the KCRA television studio.

Remarks to the AFL-CIO Convention in San Francisco, California October 4, 1993

Thank you very much. President Kirkland, distinguished platform guests, and to the men and women of the American labor movement, let me tell you first I am glad to be here. I feel like I'm home, and I hope you feel like you have a home in Washington.

For most of the 20th century the union movement in America has represented the effort to make sure that people who worked hard and played by the rules were treated fairly, had a chance to become middle class citizens, raise middle class kids, and give their children a chance to have a better life than they did. You have worked for that. You have done that.

For too long, in the face of deep and profound problems engulfing all the world's advanced nations, you have been subjected to a political climate in which you were asked to

bear the blame for forces you did not create, many times when you were trying to make the situation better. I became President in part because I wanted a new partnership for the labor movement in America.

Before I get into the remarks that I came here to make about all of our challenges at home and the economic challenges facing us, I have to make a few remarks this morning about developments in the world in the last 48 hours.

The labor movement has been active, particularly in the last few years with the end of the cold war, in the effort to promote democracy abroad, to guarantee the right of people freely to join their own unions, and to work for freedom within their own countries. In that context most of you, I know, have strongly supported

and looked with great favor on the movement toward democracy in Russia.

The United States continues to stand firm in its support of President Yeltsin because he is Russia's democratically elected leader. We very much regret the loss of life in Moscow, but it is clear that the opposition forces started the conflict and that President Yeltsin had no other alternative than to try to restore order. It appears as of this moment that that has been done. I have as of this moment absolutely no reason to doubt the personal commitment that Boris Yeltsin made to let the Russian people decide their own future, to secure a new Constitution with democratic values and democratic processes, to have a new legislative branch elected with democratic elections, and to subject himself, yet again, to a democratic vote of the people. That is all that we can ask.

I think also, most of you know that in a military action yesterday, the United States sustained the loss of some young American soldiers in Somalia. I deeply regret the loss of their lives. They are working to ensure that anarchy and starvation do not return to a nation in which over 300,000 people have lost their lives, many of them children, before the United States led the U.N. mission there, starting late last year. I want to offer my profound condolences to the families of the United States Army personnel who died there. They were acting in the best spirit of America.

As you know, the United States has long had plans to withdraw from Somalia and leave it to others in the United Nations to pursue the common objectives. I urged the United Nations and the Secretary-General in my speech at the United Nations a few days ago to start a political process so that the country could be turned back over to Somalis who would not permit the kind of horrible bloodshed and devastation to reoccur. And I hope and pray that that will happen. In the meanwhile, you may be sure that we will do whatever is necessary to protect our own forces in Somalia and to complete our mission there.

From the struggle against communism in Eastern Europe to the struggle against apartheid in South Africa, the union movement in America has always answered the challenges of our time. It must be a source of great pride to you to see these elections unfold, to see the remarkable movement toward a genuine multiracial society within a democratic framework in South Africa.

It must, likewise, be a source of continuing frustration to you to see that even as the ideas and the values that you have espoused now for decades are being embraced around the world, here in our country and in virtually every other wealthy country in the world, middle class workers are under assault from global economic forces that seem beyond the reach of virtually any government policy.

We now know that every wealthy country in the world is having trouble creating jobs. We now know that in the last several years, inequality of income got worse in every major country. We know that we had more growing inequality in America than anyplace else because we actually embraced it. I mean, the whole idea of trickle-down economics was to cut taxes on the wealthiest Americans, raise taxes on the middle class, let the deficit balloon, and hope that the investment from the wealthy would somehow expand opportunity to everybody else.

We know that didn't work, and it made the situation worse. It left us with a \$4 trillion debt. It left us with a deficit of over \$300 billion a year. It left us with a legacy of weakened opportunities for workers in the workplace, too little investment, a paralyzed budget, and no strategy to compete and win in the global economy, and more inequality in America than any of the other wealthy countries. But we also know that the same problems we have are now being found in Germany, in Japan, in all of Europe, in the other advanced nations.

So we have to face the honest fact that we are facing unprecedented challenges in our own midst to the very way of life that the labor movement has fought so hard to guarantee for others around the world for decades. And therefore, it is important that we think through these issues, that we take positions on them, that we agree and that we disagree in the spirit of honest searching for what the real nature of this world is we're living in and where we are going.

The most important thing to me today is that you know that this administration shares your values and your hopes and your dreams and the interest of your children, and that together—[*applause*—]—and that I believe together we can work our way through this very difficult and challenging time, recognizing that no one fully understands the dimensions of the age in which we live and exactly how we are going to recreate opportunity for all Americans who are willing to do what it takes to be worthy

of it.

The labor movement, historically, has always been on the cutting edge of change and the drive to empower workers and give them more dignity on the job and in their lives. Almost a half a century ago, at the end of World War II, labor helped to change America and the world. At home and abroad, labor helped to create a generation of prosperity and to create the broad middle class that we all cherish so much today.

Now we have to do it again. We're at a time of change that I am convinced is as dramatic as the dawning of the Industrial Age. We can no longer tell our sons and daughters—we know this now—that they will enter a job at the age of 18 or 21, enjoy secure paychecks and health benefits and retirement benefits for the rest of their working lives and retire from the same job with the same company at the age of 65 or 62.

Our changing economy tells us now that the average 18-year-old will change work seven times in a lifetime even if they stay with the same company and certainly if they change; that when people lose their jobs now, they really aren't on unemployment, they're looking for re-employment; that most unemployment today is not like it used to be: When people got unemployed for decades, it was because there was a temporary downturn in the economy, and when the economy turned up again, most people who were unemployed were hired back by their old employer. Today, most people who are unemployed eventually get hired back usually by a different employer for a different job and unless we are very good at what we do for them, often at lower wages and less benefits. So it is clear that what we need is not an unemployment system but a reemployment system in recognition of the way the world works today.

We know, too, that most American working people are working harder than they ever have in their lives; that the average work week is longer today than it was 20 years ago; that real hourly wages adjusted for inflation peaked in 1973, and so most people are working harder for the same or lower real wages than they were making 20 years ago.

We know that in the eighties there was a dramatic restructuring of manufacturing; that being followed in the nineties with a dramatic restructuring of the service industries. We know that for the last 12 years, in every single year,

the Fortune 500 companies lowered employment in the United States in six figures, and that in the years where we have gained jobs, they've come primarily from starting new businesses and from companies with between, say, 500 and 1,000 workers expanding, as the whole nature of this economy changes.

We know that the cost of health care has increased so much that millions of American workers who kept their jobs never got a pay raise because all the increased money went to pay more for the same health care. We know that some of our most powerful industrial engines, especially in industries like autos and steel have shown breathtaking increases in productivity with deep changes in the work force supported by the labor movement, and still are having trouble competing in the world, in part, because their health costs may be as much as a dime on the dollar more than all of their competitors.

We know, as I said at the beginning, that all the wealthy countries in the world are now having trouble creating jobs. If you look at France, for example, in the late 1980's, they actually had an economy that grew more rapidly than Germany's, and yet their unemployment rate never went below 9.5 percent.

So what are we to do? It seems to me that we clearly have to make some changes in the way we look at the world and the way we approach the world. And in order to make those changes, we have to ask ourselves, what do we have to do to make the American people secure enough to make the changes? One of the things that has really bothered me in the late, latter stages of this era that we're moving out of is that so few people have been so little concerned about rampant insecurity among ordinary American middle class citizens. It is impossible for people in their personal lives to make necessary changes if they are wildly insecure.

You think about that in your own life. You think about a personal challenge you faced, a challenge your family has faced. The same thing is true in the workplace. The same thing is true of a community. The same thing is true of a team. The same thing is true of our country. We have to struggle to redefine a new balance between security and change in this country because if we're not secure, we won't change, and if we don't change, we'll get more insecure, because the circumstances of the world will continue to grind us down.

And that's what makes this such a difficult time, because we have to rethink so many things at once. I ran for President because I was tired of 20 years of declining living standards, of 12 years of trickle-down economics and antiworker policies, and rhetoric that blamed people who are working harder for the problems that others did not respond to, and because I believe that we needed a new partnership in America, a new sense of community, not just business and labor and government but also people without regard to their color or their region or anything else. I thought we didn't have anybody to waste, and it looks to me like we were wasting a lot of people and that we needed to put together. I thought the country was going in the wrong direction, and we should turn it around. But I was then and am now under no illusions that we could do it overnight or that I could do it, unless we did it together.

The beginning of the security necessary to change, I think, is in having a Government that is plainly on the side of working Americans. I believe that any of your leaders who work with this administration will tell you that we are replacing a Government that for years worked labor over, with a Government that works with labor. We have a Secretary of Labor in Bob Reich who understands that, at a time when money and management can travel across the globe in a microsecond, our prosperity depends more than anything else on the skills and the strengths of our working people. No one can take that away from us. And our people are still our most important asset, even more than they were 20 years ago.

We have nominated a Chair of the National Labor Relations Board in Bill Gould, and a new member, Peggy Browning, who believe in collective bargaining. We have a Director of the Occupational Safety and Health Administration in Joseph Dear who comes from the labor movement and believes that workers should be protected in the workplace. We have two people in executive positions in the Labor Department in Joyce Miller and Jack Otero who were on your executive council. We have two people in the SEIU in executive positions in Karen Nussbaum and Jerry Polas who are leading us to make progress.

This administration rescinded President Reagan's order banning all reemployment of PATCO workers forever. And we rescinded President Bush's orders with regard to Govern-

ment-funded contracting and one-sided information given to workers in the workplace. And this week I will sign the Hatch Act Reform Act to give Government employees political rights they have been denied for too long.

One week ago yesterday, on a Sunday morning, I came in from my early morning run, and I turned to my right as I walked into the White House, and I saw a family standing there, a father, a mother, and three daughters, one of whom was in a wheelchair. And the person who was with them who worked for me said, "Mr. President, this little girl has got terminal cancer, and she was asked by the Make-A-Wish Foundation what she wanted to do, and she said she wanted to come to the White House and visit you. So we're giving her a special tour."

So I went over, and I shook hands with them and apologized for my condition and told them I'd get cleaned up and come back and we'd take a picture. And a few minutes later I showed up looking more like my job, and I visited with this wonderful child, desperately ill, for a while. And then I talked to her sisters, and then I talked to her mother, and I talked to her father. And as I turned around to go off, the father grabbed me by the arm and he said, he said, "Let me tell you something. If you ever get to wondering whether it makes a difference who's the President," he said, "look at my child. She's probably not going to make it, and the weeks I've spent with her have been the most precious time of my life. And if you hadn't been elected, we wouldn't have had a family and medical leave law that made it possible for me to be with my child in this time."

Now, I believe, in short, that it ought to be possible to be a good parent and a good worker. I believe that it ought to be possible for people to make their own judgments about whether they want to be organized at work or not and how they're going to—[inaudible]. And I believe if we're really going to preserve the American workplace as a model of global productivity, we have to let people who know how to do their jobs better than other people do have more empowerment to do those jobs and to make those changes in the workplace.

That's why, as we work on the Vice President's reinventing Government initiative, we've worked so closely with Federal employees and their unions. When the Vice President spoke with business leaders and workers who had changed their companies, they all said the same

thing: You've got to have the workers; you have to let them do it, tell you how to do it, tell you how to make the companies more productive.

Now, that's why yesterday I signed an Executive order—on Friday—creating a National Partnership Council. For the next several months the leaders of Federal employee unions, including John Sturdivant, the president of the American Federation of Government Employees, who is here today, will work with the leaders of our administration to make our Government more effective, cost less, and more importantly, to make the jobs of the rank and file Federal employees more interesting, more stimulating, more customer-oriented, by doing things that they have been telling us they should be able to do but that the system has not permitted them to do in the past. I applaud John and the other people in the unions representing Federal employees for what they have done. This is an unprecedented partnership that I think will benefit every American.

We want to make worker empowerment and labor-management cooperation a way of life in this country, from the factory floor to the board room. We've created a commission on the future of labor and management relations, with leaders from labor, business, and the academy, chaired by former Labor Secretary John Dunlap. And I've asked Secretary Reich to create a commission to study and improve relationships in government workplaces at every level, at the State and county and local level, as well as at the Federal level.

I believe this is something that a person like Bob Reich is uniquely situated to do. And it's the kind of thing that we ought to be promoting because we have to use this opportunity we have to try to take what has worked for workers and their businesses and spread it around the country.

For the last 12 years we've had a lot of finger-pointing and blame-placing, and we've got these stirring examples of success that we could be trying to replicate. That's what we ought to be doing, taking what works. And it always is a workplace in which workers have more say. And we're going to do what we can to get that done.

Now, on the security issue, let me just mention some other things. In addition to the family leave act, the budget bill which passed by such a landslide in the Congress contained what may well be the most important piece of economic

reform for working people in 20 years, by expanding the earned-income tax credit so that you can say to people, if you work 40 hours a week and you have children in your home, you will not be poor. We are bringing new hope and new dignity into the lives of 15 million working families that make \$27,000 a year or less. They'll no longer be taxed into poverty. There won't be a Government program to try to lift them out of poverty. Their own efforts will lift them out of poverty because the tax system will be changed to reward them. And there will never again be an incentive for people to be on welfare instead of work because the tax system will say, if you're willing to go to work and work 40 hours a week, no matter how tough it is, we will lift you out of poverty. That is the kind of pro-work, pro-family policy this country ought to have.

Something else that was in that bill that most Americans don't even know about yet that will benefit many, many of you in this room and the people you represent is a dramatic reform of the student loan system that will eliminate waste, lower the interest rates on student loans, make the repayment terms easier so that young people can repay their loans no matter how much they borrow as a percentage of their income, limited so they can repay it. Even though we'll have tougher repayment terms, they'll be able to do it. We'll collect the money, but people will be able to borrow money and pay it back at lower interest rates, at better repayment terms. And therefore, no one will ever be denied access to a college education because of the cost.

When you put that with our Goals 2000 program, the education reform program for the public schools, and the work that the Education Secretary Dick Riley is doing with Secretary Reich to redo the worker training programs in the country, you have a commitment to raise standards in education and open opportunities to our young people.

We need higher standards in our public schools. Al Shanker has long been a voice for that. He now has allies in the NEA and other places in the country who are saying, "Let's have national standards and evaluate what our kids are learning and how our schools are doing."

I believe we need to give our young people more choices within the public school system, and I have advocated letting States try a lot

of things within districts. Let kids choose which schools they attend. Let school districts decide how they want to set up and organize schools. I think that a lot of changes need to be made in a lot of school districts. But let me say that we don't want to throw out the baby with the bath water. There are also a lot of school districts that are doing a great job under difficult circumstances. There are a lot of schools within school districts that are performing well under difficult circumstances.

And if we've learned anything, we've learned that the best way to increase the quality of education is to find better principals, get better leaders among the teachers, let them have more say over how school is run, and evaluate them based on their results rather than telling them how to do every last jot and tittle of their job every day.

We have learned these things—and if I might, since we're in California, say a special word—therefore, I believe that having worked for 12 years for higher standards, more choices and greater changes in public education, I'm in a little bit of a position to say that if I were a citizen of the State of California, I would not vote for Proposition 174, the private voucher initiative.

Now, and let me tell you why. Let me tell you why. First of all, keep in mind a lot of the schools out here are doing a good job. I can say this, you know, I never was part of the California education system. I have studied this system out here for more than a decade. They have undertaken a lot of very impressive reforms and many of their schools are doing a good job. I was interviewed last night by two people from a newspaper in Sacramento, and one of them just volunteered that he had two children in the public schools there, and they were getting a terrific education.

This bill would start by taking \$1.3 billion right off the top to send a check to people who already have their kids in private schools, and who didn't need any Government money to do it, and taking it right off the top away from a school system that doesn't have enough money to educate the kids it's got in it in the first place.

Second thing it would do is to impose no real standards on the quality of the programs which could be funded: who could set up a school; what standards they'd have to meet; what tests the kids would have to pass. Just take your

voucher, and who cares whether a private school is a legitimate school or not. That is a significant issue. And all you have to do is to work in this field for a few years to understand that that is a significant issue.

Wouldn't it be ironic that at the very moment we're finally trying to find a way to measure the performance and raise the standards of the public schools, we turn around and start sending tax money to private schools that didn't have to meet any standards at all. When we're trying to get one part of our business, we're going to make the other part worse.

And finally, let me just say, I have always supported the notion that American schools ought to have competition and the fact that we have a vibrant tradition of pluralistic education and private schools and religious private schools was a good thing, not a bad thing for America. But all the years when I grew up, and all the times I saw that, and for a couple years of my life when I was a little boy, when I went to a Catholic school, when my folks moved from one place to another, and we lived way out in the country and didn't know much about the schools in the new area where we were, no one ever thought that the church would want any money from the taxpayers to run their schools. In fact, they said just the opposite, "We don't want to be involved in that." That's what the First Amendment is all about.

So I think we have to really think through—I have spent 12 years before I became President overwhelmingly obsessed with reform of the public school system, wanting more choices in the system, wanting more accountability, wanting more flexibility about how schools were organized and established and operated. But I can tell you that this is not the way to get it done, and the people will regret this if they pass it. I hope the people of California don't do that.

Now, you can educate people all you want—and I wanted to say a little more about that. The Labor Secretary and I are working on trying to take all these 150 different Government training programs and give local communities and States the power to consolidate them, working with you, and just fund the things that work on a State-by-State basis, and to set up a system of lifetime education and training.

I don't know how many of you saw the television program I did last night in California, but one man, looked to be in his early fifties, saying, "We need a training program that gives

my company some incentives to retrain me, not just people who are 25, but people who are 55." And we are trying to do that. We're trying to set up a lifetime education and training program that starts when young people are in high school, so if they want to work and learn in high school they can work and learn in high school, so that we can have the kind of school-to-work transition that many of our competitors have for all those kids that won't go to college and won't get 4-year educations. We've got to do that.

But if you do all that, you still have to have someplace for people to work. We can educate and train people all we want, but we have to be able to create more jobs. How are we going to do that at a time when the Government is not directly funding the defense jobs that have kept America's job base up for so long?

Well, the first thing we've got to do is make up our mind we're going to be serious about defense conversion. Last year when I was a candidate for President—[*applause*—last year when I was a candidate for President, I went all over the country—and I wasn't in the Congress and didn't have a vote—pleading with the Congress to pass the defense conversion bill. They did it, and the previous administration absolutely refused to spend \$500 million to help convert from a defense to a high-tech domestic economy. So we have released the money. And we're going to try to get up to \$20 billion spent on defense conversion and reinvestment in the jobs of tomorrow over the next 5 years. It is very important.

We have got over 2,800 proposals in this country for technology-reinvestment initiatives, to match with what will soon be about a billion dollars in Government money that can create hundreds of thousands of jobs in America. People are brimming with ideas out there to create new jobs.

I was at McClellan Air Force Base yesterday, and the airbase is working with people in the local community and the local universities and with the Federal defense labs. They have made new electric cars. They have made new manufacturing component parts to try to come up with economical ways to do it and allow those parts to be made in America. And they are targeting things that are now made overseas and imported here. That's the sort of thing that we can use our high-tech defense base to do, and we should be doing it. It's going to make for more jobs for America.

They have developed a prototype car that gets 80 miles per gallon at 55 miles per hour on the highway, goes to 60 miles per hour in 12 seconds, has a maximum speed of 100 miles an hour. That's not bad. If we can just figure out how people can afford it, we can put people to work making them. But it's a good beginning.

We announced last week that ground-breaking project with the UAW and Ford, Chrysler, and General Motors are working with the defense labs and all the Government labs on a project to triple the average mileage of American autos within the next 10 years. If they do that, that will create untold numbers of new jobs here, and we'll be selling cars to people overseas who want that instead of the reverse.

And by the way, I want to compliment the UAW. You know, this year we have regained a lot of our market share in America. People are buying more American cars in America, and we should compliment them for it.

So we have to find ways to create these new jobs. Now, I want to talk a little about health care, but before I do, I want to mention something we disagree on in the context of the trade issue. And listen to this. Since 1986, a significant portion of America's net new jobs have come from trade growth. That's something we can all find from the figures. In California, where we now are, a lot of that has come from Asia, which is the fastest growing part of the world. Asia's growing faster than any other part of the world; Latin America the second fastest growing part of the world. Everybody knows that is true.

Now, that's why, when I went to Tokyo and met with the leaders of the G-7, the seven big industrial countries, we made an agreement that we should dramatically reduce tariffs on manufactured products around the world in ways that all analysts agree would generate a lot of new manufacturing jobs here in America. There was virtually no dispute about that, because we were largely in competition with other countries that were paying the same or higher wages with the same or better benefits, with high-tech and other manufacturing products that we wanted to sell everywhere. And we're working like crazy to get that done between now and the end of the year.

What is the difference between that and the trade agreement with Mexico? And let's talk about that just a minute, because it's very important, not so you'll agree with me but so you

will know what I want you to know, which is that I would never knowingly do anything to cost an American a job. That's not the business I'm in.

I was a Governor during the last 12 years, when the *maquilladora* system was in place. What did it do? It created a border zone on the other side of the border in Mexico in which people were free to set up plants, operate them by the standards that were enforced there—or not enforced, as the case may be—on labor and environmental issues, and then send their products back into this country, produced at much lower labor costs with no tariffs. That was the system set up to try to foster growth there.

But in the 1980's, because of all the economic problems we had, and because of the climate that was promoted in this country that the most important thing you could do was slash your labor costs and who cared about your working people anyway, you had the movement of hundreds of plants down there. And you didn't like it worth a flip. And you were right to be upset about what happened.

Now, I was a Governor of a State that lost plants to Mexico. And my State was so small that when people lost their jobs I was likely to know who they were. This was a big deal to me. I'm also proud of the fact we got one of them to come back before I left office. I'm proud of that, too. But I understand this.

Now, that is the system we have. You also saw this system, ironically, accelerating illegal immigration. Why? For the same reason that a lot of the Chinese boat people were coming over here after they moved to the coastal towns in China, got a job where they made a little more money than they did before, but didn't much like their life, but they got enough money to try to come here. That's what was happening along the *maquilladora* area. A lot of people would come up there, work for a while, then come on up here.

So I understand what the American working people don't like about the present system. The real issue: Will the trade agreement make it worse or better? You think it will make it worse. I think it will make it better. And I'll tell you, I think you're entitled to know why I think that. Because there is no question that, no matter what you think about the adequacy of the side agreements, they will raise the cost of labor and environmental investments above the point where they are now. There is no question that

the agreement lowers domestic content requirements in Mexico, so that we'll go from selling say 1,000 to 50,000 or 60,000 American cars down there next year. There's no question that their tariffs are 2½ times higher than ours. And there's no question that we have a trade surplus there, as compared with a \$49 billion trade deficit with Japan, an \$18 billion trade deficit with China, a \$9 billion trade deficit with Taiwan.

We've got a trade problem, all right. It is that the Asian economies are not as open to us as we are to them. That's our huge trade problem. And we're going to have to do better there, because that's where a lot of the money is. So my reasoning is that if their tariffs are higher than ours and their costs go up faster than they're otherwise going to go up, and they're already buying \$350-a-person worth of American goods, second only to Canada—replaced Japan as the number two purchaser of manufacturing products this year—and we got a \$5.8 billion trade surplus, it will get better, not worse.

Is it a perfect agreement? No. But I don't want to make the perfect the enemy of the better. I think it is better than the present.

There are two other points I want to make. If the deal is not made with the United States, and instead it's made with Germany or Japan, we could lose access to an 80-million person market and cost ourselves more jobs. And if the deal is made, it could lead to further similar agreements with the emerging market economies of Latin America. And no one believes that anybody's going to invest in Argentina, for example, to export back to the American market. So all barrier dropping the further you get away from here because of transportation costs will lead to more jobs in America through greater trade.

So that's why I think it makes it better, not worse. You're entitled to know that. I don't ask you to agree, but I ask you to make the same arguments inside your own mind, because I would never knowingly do anything to cost America jobs. I'm trying to create jobs in this country.

Now, I'll tell you what I really think. What I really believe is that this is become the symbol of the legitimate grievances of the American working people about the way they've been worked over the last 12 years. That's what I think. And I think those grievances are legitimate. And I think that people are so insecure

in their jobs, they're so uncertain that the people they work for really care about them, they're so uncertain about what their kids are looking at in the future, that people are reluctant to take any risks for change.

And so let me close with what I started with. I have got to lay a foundation of personal security for the working people of this country and their families in order to succeed as your President, and you have to help me do it. We have got to reform the job training system of this country, to make it a reemployment system, not an unemployment system, and to give it to kids starting when they're in high school.

We have got to have an investment strategy that will create jobs here. And that's why we removed all those export controls that were cold war relics on computers and supercomputers and telecommunications equipment, opening just this month \$37 billion worth of American products to exports. That is important.

That's why I want to pass a crime bill to put 50,000 more police officers on the street, pass the Brady bill and take those automatic weapons out of the hands of the teenagers that are vandalizing and brutalizing our children in this country. And, my fellow Americans, that is why we have got to pass a comprehensive health care bill to provide security to all Americans. And we've got to do it now.

How many Americans do you know who lost their health insurance because they lost their jobs? Who never got a pay increase because of the rising cost of their health care? Who can never change jobs because they have a sick child? Millions of them. How many companies are represented in this room who could be selling more everywhere across the board, more abroad and more at home, if their health care costs were no greater than their competitors around the world?

Let's face it folks, we're spending over 14 percent of our income on health care. Canada's at 10. Germany and Japan are under nine. The Germans went up toward 9 percent of their income on health care, they had a national outbreak of hysteria about how they were losing control of their health care system. And yet they all cover everybody and no one loses their health insurance. And when I say we can do that and we can do it without a broad-based tax increase, people look at me like I have slipped a gear. [Laughter]

But I have spent over 3 years studying this system. And the First Lady and her task force

have mobilized thousands of experts in the most intense effort to examine social reform in my lifetime. And they have recommended that we adopt a system which, first of all, builds on the system that you enjoy: an employer-based system where the employer contributes and, in some cases, the employee does and some not; a system that is focused on keeping what is good about American health care—doctors, and nurses, and medical research and technology—and fixing what is wrong—not covering everybody, kicking them off after they have a serious illness, not letting people move their jobs, having some people in such tiny groups of insurance that 40 percent of their premium goes to profit and administrative costs, and spending a dime on the dollar, a dime on every dollar in a \$90 billion system goes to paperwork that wouldn't go in any other system in the world—\$90 billion a year on that alone. Never mind the fraud and the abuse, and the incentives in this system to churn it, to perform unnecessary procedures just because the more you do the more you earn.

We can do better than that. So I want to just say, this system will be a good one. Everybody will get a health care security card like this. I feel like that guy in the ad; I'm supposed to say, "Don't leave home without it," when I pull it out. [Laughter] But I want everybody to have a health care security card like this. Just like a Social Security card. And I want people to have their health care access whether they're working or unemployed, whether they work for a little business or a big one.

Under the system we have proposed, if you've got a better deal now, you can keep it. If your employer pays 100 percent of benefits now, you can keep it. And we don't propose to tax any benefits that are above the minimum package. We told those who wanted that to give us 10 years before we put that provision in because within 10 years we'll have the minimum benefit package we start with, plus full dental benefits and full mental-health benefits and full preventive-care benefits, so it will be as good or better than any package now offered by any employer in America. Then, if somebody wants to buy something over and above that, we can talk about it. But we are not going to take anything away from you, you have.

What we are going to do is two things for you if you have a good policy. We're going to

make it easier for your employer to keep these benefits you have now by slowing the rate of health care cost inflation, not by cutting health care spending, by slowing the rate of inflation in health care cost, and by removing the enormous burden of retiree benefits from our most productive companies. That will stabilize the health care benefits of working people and good plans.

The other thing we're going to do for you is to limit what can be taken away from you which is worth something. So by saying that for people who don't have any insurance now, their employer will pay 80 percent and the employees will pay 20, we are saying that no matter what happens to you, there's a limit to what can be taken away from you. So it will be easy for you to keep, easier for your employer to keep what you've got, and for you, and there will be a limit to what can be taken away.

Is it fair to ask all those employers and employees who don't have any coverage now to contribute something? You bet it is. Why? Because your premium's higher than it otherwise would be because you're paying for them now.

Can we do that without bankrupting small business? Of course, we can. We have a plan that gives a significant discount to smaller new businesses, and to smaller established businesses with lower wage employees that are operating on narrow margins.

How are we going to pay for this? Two-thirds of it will be paid for by employers and employees contributing into the system that they get a free ride in now. One-sixth of it will be paid for with a cigarette tax and with a fee on very large companies who opt out of the system so they can pay for the cost of insuring the poor and the discounts to small business, and most important, for the health education and research that makes us all richer because we are going to pay for that and for expanded public health clinics. And one-sixth of it will come from slowing the rate of growth. When you hear people say, "Oh, Clinton wants to cut Medicare and Medicaid, let me tell you something folks, we're cutting defense. We've held all domestic investment that's discretionary flat, which means if I want to spend more money on job training, on defense conversion, or on Head Start, I have to go cut something else dollar for dollar for the next 5 years. That's what we've done. We've cut defense as much as we possibly can right at the edge, held everything else flat.

You know what Medicare and Medicaid are doing? They're going up at 3 times the rate of inflation. What have I proposed to do? Let them go up at twice the rate of inflation. They say in Washington I can't do it. I don't talk to a single doctor who understands what we're going to do who doesn't think we can achieve those savings without hurting the quality of health care. If we can't get down to twice the rate of inflation from 3 times the rate of inflation, there's something wrong somewhere.

Now, that's how we propose to finance this. And I am pleading with you to help me pass this bill. No matter how good your health care plan is now, don't you believe for a minute you could never lose it, or at least get locked into your present job. And I am pleading with you to do it so that we can give to the rest of America, as well as to you and your families, the kind of personal security we have got to have to face the bewildering array of challenges that are out there before us.

You know as well as I do that we are hurtling toward the 21st century into a world that none of us can fully perceive. But we have to imagine what we want it to be like. We want it to be a world in which the old rules that you grew up believing in apply in a new and more exciting age, in which, if you don't have job security, you at least have employment security; in which the Government puts the people first, and in which people have security in their homes, on their streets, in their education benefits, in their health care benefits so that they are capable of seizing these changes and making life richer and more different and more exciting than it has ever been.

That is the great challenge before us. And if we don't adopt the health care reform, we won't get there. If we do, it will open the way to the most incredible unleashing of American energy that we have seen in more than a generation. Together we can do it, and I need your help.

Thank you very much, and God bless you.

NOTE: The President spoke at 11:30 a.m. in the Grand Ballroom of the San Francisco Hilton Hotel. In his remarks, he referred to Albert Shanker, president, American Federation of Teachers. The Executive order of October 1 on labor-management partnerships is listed in Appendix D at the end of this volume.