

ropean Command, and the current Deputy Chief of Naval Operations, Plans, Policy and Operations, Vice Admiral Smith possesses a

thorough understanding of NATO structure and the requirements of the European theater of operations.

Remarks at a Town Meeting in Nashua, New Hampshire

March 15, 1994

The President. Thank you so much. I want to thank the principal of this school for calling the assembly to order and Mayor Wagner for welcoming me here and Senator Barbara Baldizar, of whom I am so proud, who served with such distinction in our campaign in 1992, and Congressman Dick Swett for that fine introduction and for the work he does in your behalf in Washington. There are many others here today, legislators, other officials, school officials, and personal friends. I'm glad to see all of you here.

I announced my candidacy for President in New Hampshire, here in Nashua, in October of 1991. I told you I'd keep coming back. I know I'm a week late for your traditional town meeting, but I'm not 4 years late. I did show up.

I have so many vivid memories of this community. I remember I was so nervous the first day I came here in October of '91. I said, "Nobody knows who I am, nobody knows where I'm from, nobody knows anything." And we were on our way to a restaurant where some people had probably been dragged kicking and screaming to come and meet me for the first time. And on the way, there was one other cafe, and I just decided I would go in and shake hands there and start, just cold. And so my wife and I walked in, and there was one guy sitting at the counter drinking a cup of coffee. And he turned around and he said, "I know who you are. I'm a construction worker from Leachville, Arkansas, and you're the best Governor we ever had." So I said to myself, these people are so shrewd up here, they will never believe I did not place this man on this stool—[laughter]—and that I never saw him before or since.

I remember going to the Moe Arel Center and talking to the people who live there about their health care concerns. I remember in the hotel where I stayed last night, an early morning

meeting I had with Senator Jay Rockefeller from West Virginia, before we had a big health care forum where people came from all over New Hampshire and all over New England. I remember so many things that I have done in this community, and I'm very grateful to be back.

I've just come from Detroit, where I was meeting with finance and other economic officials from the G-7 nations, the world's largest industrial nations, Canada and France, Great Britain and Germany, Italy, Japan and the United States, talking about the problems that every wealthy nation in the world is now having, even in times of economic growth, in creating new jobs and raising incomes; talking about how we are in an entirely different global economy that is changing very rapidly, opening up new opportunities but also imposing new obstacles to the fulfillment of human potential everywhere, and what we can do together to deal with the problems we face.

I learned a lot about those problems right here in New Hampshire. I think it is no secret to anybody who knows me the depth of affection and commitment I developed to the people of this State, even those who didn't vote for me, because of the experiences I had here in 1991 and 1992, because of the laboratory you provided for all of us who sought the Presidency to learn about the continuing problems and the enduring promise of this great country.

Ever since I started this campaign here, and in every day I have been President, I have been focused on what it will take for us to do what we need to do to move into the 21st century as the greatest country on Earth, giving our children a better future and getting our people to live up to their potential. I always believed that the purpose of public life was to get people together and to get things done and to lift human dignity and human potential.

When I first took office, my first line of business was to get our economic house in order. We had seen in only 12 years a quadrupling of our national debt. We had seen America with such a huge deficit that all of our trading partners every year for 10 years got together in these great G-7 summits and passed delicate resolutions pointing their finger at the United States, saying, "If you don't bring your Government deficit down, you're going to wreck the world economy."

And so we went to work on that. Last year, Congress passed an economic plan that will reduce the deficit by \$500 billion. If they pass the budget I presented this year, which passed the House in record time, we will have 3 years of reduction in the Federal Government's deficit in a row for the first time since Harry Truman was the President of the United States.

Now, that has led to lower interest rates, low inflation, increased investments, increased activity in any number of sectors of the economy, and a real economic comeback for the country in 13 months, 2.1 million new jobs, 90 percent of them in the private sector. In the 1980's, a far higher percentage of new jobs coming into our economy were in State and local government, not in the private sector. So I believe we have made a good beginning. The unemployment rate in New Hampshire is about a point and a half lower than it was when I was elected President, and I'm proud of that.

The economic plan also, as people will find out on April 15th, contains some very important changes in our Nation's tax laws. Yes, income tax rates were raised for the top 1.2 percent of income earners, and all the money was dedicated to deficit reduction. But almost 17 percent of our taxpayers will get an income tax cut. Almost all of them will be working people with children on modest incomes. It is a very important thing to do to encourage people to work, to make it possible for them to be successful workers and successful parents, and to discourage people from going on to welfare. Here in New Hampshire, it will cover 41,000 taxpayers.

In addition to that, the small businesses will find—and this is terribly important to you—this new economic plan contains several incentives to try to help deal with some of the problems that I learned about here in New Hampshire. Most of your job loss has been in larger companies; most of your job gains have been in smaller companies. This new program makes 90 percent

of the small businesses in America eligible for a tax cut on April 15th by increasing the expensing provision for small business by 70 percent and provides dramatic new incentives for people to invest in new and small businesses, with a long-term capital gains cut of 50 percent for people who invest in those businesses for 5 years or longer.

In addition to that, we are doing a lot to try to change the regulatory environment in which our financial institutions make loans. In the end, that is the ultimate test of our success. It was here in Nashua that I first heard horror story after horror story after horror story about people having their loans foreclosed when they had never missed a payment. I think it's fair to say that our success record there has been substantial but uneven and that practices are still different around the country. But we are moving deliberately to try to do that so that we can free up capital to invest in America, to grow jobs in the private sector.

A lot of your firms here in New Hampshire and throughout New England are high-tech firms that depend upon markets abroad as well as at home. We've lifted export controls on \$37 billion worth of high-tech equipment and opened new markets through a generation's worth of trade agreements concluded last year, the North American Free Trade Agreement with Mexico, a new General Agreement on Tariffs and Trade throughout the world.

And for our young people, we've reformed—as I said I would in town meeting after town meeting after town meeting here in this State—we've reformed the college loan program so that now more loans will be available at lower interest rates and young people will be able to pay them back not just based on how much they borrow but as a percentage of their income after they go to work, so that it will always be manageable, the repayment of the loans, and no one will ever be discouraged from going to college. Last year, the Congress passed the national service program that I talked about in all the town meetings here. This year, 20,000 young Americans will be able to serve their communities, solving hard, concrete, human problems at the grassroots level, and earn credit against their college education. Year after next, 100,000 young Americans will be able to do that, and I am proud of that.

The first law that I signed into being that was really the product of my campaign was the

family and medical leave law, a law that had been twice vetoed before I became President. Just yesterday in Detroit, I met a woman in a plant I visited who came up to me with tears in her eyes and said, "I have already taken advantage of the family leave law. It matters; people should not have to lose their job to take care of their children or their parents."

So we are changing the country together as a result of the campaign which began in these dialogs in New Hampshire. This year, the Congress has a full schedule. First, we are trying to enact a new crime bill that is both tough and smart, building on the passage of the Brady bill last year, to put another 100,000 police officers on the streets not only in big cities but in small towns, to take assault weapons out of the hands of criminals, to try to make sure that we punish serious offenders more severely but that we give first-time youthful offenders another chance and something to say yes to in life as well as something to say no to, and that we provide drug treatment on demand to deal with the fact that an enormous percentage of these crimes are the direct result of the drug problem.

We are trying to pass, in addition to the crime bill, a dramatic set of improvements in education laws, a school-to-work bill that will provide at least another year first and then 2 years of training for people who don't want to go to 4-year colleges but need further training, people like those whom I met with at the graduation at New Hampshire Technical College last May. This is a dramatic thing. The unemployment rate for people who have 2 years of post-high-school education in America today is 5.7 percent. The unemployment rate for high school graduates is about 7.5 percent. The unemployment rate for high school dropouts is over 11 percent. It makes a huge difference.

We are attempting to reform the entire unemployment system to change it to a reemployment system, to consolidate the programs and put unemployed people to work in new training programs as soon as possible. We're trying to give our school systems incentives to reach world-class standards with grassroots reforms and give them the support they need to do it. All these things are on the plate this year. We're going to try to pass a comprehensive welfare reform bill that will end the welfare system as we know it and give people a chance to move to independence.

Finally, we are determined that this will be the year when finally America will join the ranks of other advanced nations to provide comprehensive health care to all of our citizens. [Applause] Thank you.

There is one of your citizens here in New Hampshire to whom we owe a special debt of gratitude, and I want to acknowledge him today, and that's Dr. Everett Koop, who was, as all of you know, Surgeon General under President Reagan and who lives here in New Hampshire and who works here and has been of enormous help to the First Lady in the work they have done conducting forums throughout the country, trying to get doctors and nurses and medical centers involved in developing this health care plan and making sure it will work. He has played a major role in that, and I am very grateful to him for that.

You may have seen in the press reports, my wife was out in Colorado yesterday and had huge crowds of students at Boulder with big signs saying, "Give 'em health, Hillary." Make no mistake about it, some of the people who are giving me hell in Washington are doing it so I can't give you health. But I'm going to try to give you health and take whatever it is they want to give me in return for making sure you get what it is you're entitled to.

Now, I'm anxious to answer your questions. But let me just make a point or two about this. New Hampshire has a lot of strengths in terms of the health care you already have that many other States don't. And so you may say, "Well, what's in this for us?" You have, for example—only about 5 or 10 percent of your people don't have access, physical access, to good medical care. Most States as rural as New Hampshire have a far higher percentage of people who don't even have access. You have one of the finest immunization programs in the country. You've already done a lot of what the rest of the country needs to do in community-based mental health services. There are a lot of things that you can be very proud of. You have a higher percentage of your people who are insured and therefore a lower percentage of your people who are uninsured.

So you say, "Well, what do we get out of this?" First, there will be no more uncompensated care, so the people who are providing health care will have some reimbursement because everybody will have insurance. Second, the people who are covered by Medicare but

aren't poor enough to be on Medicaid, the kind of people I met at the Moe Arel Center, will, for the first time, have access to prescription medicine. And we'll phase in support for long-term care over and over and in addition to nursing home, so that there will be some support for in-home care or community-based care.

This is very important. The fastest growing group of Americans are people over 80. And more and more people over 80 are quite vigorous and quite able to live good and full lives but may need some support. Over the long run, if you look at the population trends in this country, where we are going with our age groups, over the long run we will save money if we provide a broader range of long-term care support and enable people to be as independent and as strong as they can for as long as possible. You will benefit from that.

The other thing I think is terribly important—I had a wrenching encounter at the hotel this morning, just before I left to come over here, where a woman came up to me with tears in her eyes, just crying, and she said, "My husband just lost his job, and we have preexisting medical conditions in our family, and I do not know how we are going to get insurance." Even if you have insurance today, the only people who know they can't lose their insurance are people who work for employers that aren't going out of business and aren't ever going to lay anybody off. Everybody else is at some risk of losing their insurance, until you get old enough to get on the Medicare program. And that is a serious problem, because we have—I don't know how many people I've met in this State—we've got millions of Americans who have someone in their family who's been sick before and have a preexisting condition and therefore either can't change jobs for fear of losing their health insurance, can't get insurance now because they've fallen through the cracks, or pay higher rates. So even here in New Hampshire, I assure you, there is something to be gained from having a system in which everyone always has some basic health insurance.

We are going to work very hard to make sure we don't mess up what you're doing right here and give the States the flexibility they need. But we still deal with the fact that we have not solved this problem as a country. And I can tell you that we will never get the deficit erased, we will never balance the budget, and

we will not restore long-term health to this economy or security to our people until we face this problem.

So these are the things that are going to gather the attention of the country this year. And they will command the attention of the people of New Hampshire. I hope you will continue to debate and discuss them. And let me say again, as I open the floor to questions, this is the way I think public life ought to be conducted. I love the town hall meetings I had in New Hampshire in 1991 and 1992. And I never fail to be inspired by the fact that they were so different from the tenor and tone of political debate and discussion in the Nation's Capital—my guess is they still are—not because there were no debates, no arguments, no disagreements but because they were about big things. They were about you, your future, and your children, and that is, after all, what we ought to be about. Thank you very much.

Is this on? Questions? How are we going to do this? First of all, let's identify the microphone holders. Who's got the mikes? Stand up; raise your hands. All right, I'll tell you what. I think we will do—I'll just start over here, and we'll just go around the room and then turn around and go back again. Why don't you pick someone?

Community Service Programs

Q. President Clinton, with the new community service bill giving money to individual States, how would a city like Nashua be able to receive funding, and how could individual groups get involved in this?

The President. Well, each State will have the opportunity to certify a community service group. So if, for example, if you've got a community service group in Nashua where young people would like to do work before, during, or even after college and earn credit for education, \$4,750 a year while being paid to do the work a very modest amount, then you just have to have your group certified. It's non-bureaucratic, it's done at the grassroots level, and each State has a community service operation that is related to the national community service effort.

So that's all you have to do to get approved. Then you get approved, then you say how many people you want, who want to be in the community service program and want to qualify for the aid, and then we just have to—we will fill

up the slots every year, basically as the approvals come in, and everybody will be approved until we run out of positions. We've got 20,000 positions this year; we'll have 100,000 positions the year after next. I hope that this thing becomes so popular that we'll get up to a half million a year. That's my goal. I hope we'll have a half million young people every year in community service projects, earning credit against their education. If we do, we will solve an enormous number of problems in this country with no big Government bureaucracies but with the power of people at the grassroots level. So we're going to try to keep it very nonbureaucratic like that.

Health Care Reform

Q. I wanted to ask what would happen to someone in the health plan that has insurance already but exhausts it because of preexisting conditions. How will they benefit from your program?

The President. If you have insurance now—what did you call it?

Q. It's exhausted?

The President. It's exhausted?

Q. Well, mine isn't at the time, but I'm worried about it in the near future.

The President. You're worried about running up against the limits.

Q. Exactly.

The President. Yes. About three-quarters of all health insurance policies have what are called lifetime limits, which means if you get real—maybe there's an aggregate amount of \$1 million, let's say, so that you could lose your health insurance under your existing policy, even if it's a good policy, if you get real sick. Now, a lot of insurance companies under the present economic setup feel like they have to do that because they're relatively small companies, they have a relatively small number of people insured, and they just don't think they can afford it.

Under our system, we abolish lifetime limits and we end discrimination against people for preexisting conditions, but we don't bankrupt insurance companies writing health insurance, because we also go to something called community rating. I want to level with you about this, because some of you will pay a little more. Basically, young, single workers will pay a little bit more for their health insurance so that older people and families with preexisting conditions

aren't discriminated against. But that's very important because you're going to have people in their fifties and sixties changing jobs in this environment. I met a man from upstate New York the other day who had a job in a defense company for 29 years. He was 59 years old; he changed jobs and went to work for a hospital. So we're going to go to something called community rating, which means people will be insured in very large pools, and that's how we'll be able to afford to guarantee that you will not come up against your lifetime limits. There will be no lifetime limits, without bankrupting the insurance industry; everybody will be insured in great big pools. It's much fairer.

Young, single, healthy people will pay slightly more but not a great deal more, and it will permit us not to discriminate in rates against older people and people who had an illness in their family.

Q. I'm a resident of Nashua, New Hampshire. I have a comment and then a question. The comment is—and I'm 68 years old—Whitewater is for canoeing and rafting. Shame on those who would detract and distract from the important work you're doing with universal health coverage and jobs. And now my question. I have a former husband and two sons with major or chronic mental illnesses. I'm a member of the Nashua Alliance for the Mentally Ill. I've been on the board of the New Hampshire Alliance for the Mentally Ill, and I'm a member of the National Alliance for the Mentally Ill. And I would like to join Rosalynn Carter and Betty Ford in asking and urging that we pass parity for people with mental illness in the health bill that you're proposing, now, not in the year 2001. And finally, I'm also a volunteer the Nashua's new one-year-old Neighbor To Neighbor Clinic, which provides health care for those who have no insurance. We want to go out of business, and we need your help.

The President. Bless you. Let me also say that in regard to the mental health comment you made that in addition to Rosalynn Carter and Betty Ford, that position is most strongly urged in our administration by Tipper Gore, who is a real mental health advocate and has done a wonderful job on this issue.

Let me explain what the problem is to everybody else. This health care plan basically has a guaranteed set of benefits, which means that every plan after this, if you have a plan that gives these benefits or gives more, you won't

be affected. If you don't have any insurance or your insurance doesn't provide some of these benefits, then the benefits would have to be included if the bill passes. The principal new things we do that oftentimes aren't in health care plans are primary and preventive things, tests like cholesterol tests or mammograms or things like that, things that we believe save a lot of money over the long run, primary and preventive care.

We also begin to phase in alternatives to nursing home and long-term care, as I said. And we phase in full parity for mental health benefits, as she noted, up to the year 2000. The mental health community says, and by the way, I think they're probably right, that you ought to start with full mental health coverage as soon as all other coverage is phased in. You know, if it takes 2 or 3 or 4 years, whenever you put all the other stuff in, put mental health in right then and you will probably save money on it.

Now, let me just explain what the problem is, because, in principle, I agree with you. But any bill I pass—any bill the Congress passes, as Congressman Swett can explain, has to have a price tag on it that has been certified by the bipartisan or nonpartisan Congressional Budget Office. They have to say, "Here's how much the bill will cost, here's how it's going to be paid for, and here's why it won't increase the deficit." That's the law under which we're operating now.

The problem is that under the budget rules, no one knows—we know how much mental coverage will cost, but we don't know how much it will save. So, to try to get full parity, we went—I didn't—the First Lady and her group went to 10 different actuaries to try to get the best possible figures we could get on what mental health coverage would cost. And we couldn't ever get a consensus that the Congressional Budget Office would buy. I'm not trying to paint them as the bad guys, by the way. They're not the bad guys; they just don't know.

So what we may have to do is to start off with the mental health benefits phased in, then show what the costs are of the new things we're doing, and if they're lower than they're projected to be, then we can accelerate the time in which the full coverage comes in. That's the only possibility that I see right now because of the budgetary problem we have.

And this is a problem, by the way, we face in lots of other areas where we're doing something we know will have a good benefit, but we can't prove it. I'll give you another example so it might be clearer to you. When we passed the North American Free Trade Agreement for trade with Mexico, everybody said it would increase trade with Mexico and jobs in the short run. Everybody said that. Even the people that weren't for it thought it would increase jobs in the short run. But we had to count it as a net negative for the budget because we had to reduce tariffs which weren't coming in. So we counted all the losses; we could count no estimated gains from increasing sales. So if some company from New Hampshire sells more in Mexico, it earns more money and pays more Federal income tax, right? We couldn't count any of the estimated increase in Federal income tax; we had to count all the losses.

That's what happened in mental health, which is the problem I'm facing. If we can figure out a way around it, we'll try to accelerate the coverage. But it's a budgetary problem. You're absolutely right. It has to be done, but better it be done in 2000 than not at all. And I'll try to figure out how to do it quicker.

Who's got the mikes here in this column here? Let's do a couple here.

Unemployment

Q. The job training concept proposed for the unemployed and welfare participants, in principle, is an excellent idea. However, currently there are a large majority of recent college graduates, myself among them, who are underemployed. What does your administration plan to do about broadening the middle tier of the job market so that there will be jobs for those who complete your job training programs, as well as job opportunities for college graduates?

The President. I think there are two things that we have to do. First of all, I should have said this earlier, even though 30,000 new jobs have been created in New Hampshire, almost all in the private sector, in the last 13 months, it would take about another 20,000 jobs to get you back to where you were in 1988 or 1987 with the growth in population. The truth is, we're going to have to have more jobs created here. But I noticed—I don't know if I still have it—there was a column in the Manchester newspaper, which is not exactly the house organ of the Clinton administration—[laughter]—talking

about how many new jobs are coming into the State, particularly in the southern part of the State and particularly with smaller businesses. So I think the truth is, for young people with no previous experience to be able to get into a good job market, we're going to have to have probably about 15,000 or 20,000 more jobs created here. But I think we're well on the way to seeing that happen.

The second thing that I'm trying to do—we had a job training conference in Washington, and then we had this meeting in Detroit yesterday where I'm trying to make a real plea in this environment against age discrimination on both ends. In other words, there are a lot of people who won't hire young people because they only want to hire people who have had experience. Well, how are the young people ever going to get any experience if nobody ever hires them? And there are a lot of people who don't want to hire older people because they say they've got too much experience, they're too old. But if you're going to—in the environment we're in, where the average person will change jobs eight times in a lifetime, we are literally going to have people changing jobs in their sixties. So employers are going to have to have a whole change in attitude about who is a potential good employee. I think that's something we're really going to have to talk through as a country and deal with.

But the most important thing we can do is just try to keep generating more jobs, because that's how—because younger people without previous experience have a tougher time breaking into the markets if there are still people 10 years older who are unemployed from the last recession. We're getting there, but we're not quite there yet.

Health Care Reform

Q. I'm a recovering Republican. [Laughter] We made you the "Comeback Kid" a few years ago, and we hope to send that message from this town meeting to Mr. Dole and his friends in the media, that we're very focused, the people are very focused. We're concerned with jobs and health care. And my question is very focused on health care. My husband's job just changed to HMO's, and they chose for us the doctors that we would see. I had to leave the doctors in Salem and go to Massachusetts to where the HMO was. In your health care plan, will I have more freedom to choose and maybe

go back to my own doctors that I've used, a specialist I've used for my son who is disabled and myself, than I do now with this HMO?

The President. Yes. The short answer is yes, but let me explain. Let me try to explain. The short answer is yes, but let me try to amplify it a little bit because I don't want to be misleading in any way. If we do nothing, if we walk away one more time from this health care crisis, what's going to happen is more and more employers will turn to HMO's because they have to pay their medical bills, because the cost of medical care is going up 2 and 3 times the rate of inflation. Many of these HMO's will do an excellent job and will be widely supported and be well and warmly received. Some of them will be not so well received because people either won't want to give up their personal physicians or especially if they've had—you mentioned you had a son with a special problem—if they've had someone that required special treatment, they'll have a particular anxiety about that.

Now, if our plan were to pass as it is today, here is how your situation would be different. Your employer could choose to do work with the HMO and could point out that the HMO would provide all the services required in the health care plan and could even provide a discount for it, that is, could give you a financial incentive to do it. Under our plan, every year you would be given at least three choices, at least three choices: this HMO; some other plan, let's say a PPO, a group of doctors get together and offer their services and maybe would let any other doctor, including your doctor, sign on if he would agree to give the services at the same price; and then strict fee-for-service medicine, the situation you have now. You might have to pay a little more, but your employer would still have to make a contribution. So you would have those choices.

In addition to that, we are trying to set up in our plan the situation where, if someone has a specialist like you do for a special problem, if the specialist will provide the service for the same price that the HMO specialist will provide it, then the specialist should be able to provide that even if you go to the HMO. So you could maybe do the—[applause]—so you could maybe get a compromise. We're working on that.

But I don't want to kid you. The employer would still have the option to pick an HMO, and that would still be a less expensive option

than the fee-for-service. But you would be able to get the fee-for-service, and your employer would have to make the same contribution to that plan as he or she would to the HMO. So you would have much more choice than you have now.

Right now—I think it's important that everybody understand this—right now, most people who have insurance are insured in the workplace, and only about half, actually slightly fewer than half have any real choice of providers today who are insured through the workplace. So the amount of choice is going down.

Now, as I said, there are some very, very good HMO's. New England has some very good HMO's that have done a terrific job. But a lot of people want to have the choices. Under our plan, we will promote and facilitate the growth of good HMO's because there will be economic incentives for people to compete for lower cost but higher quality medicine. But we will protect the choices people have, which are vanishing at a very rapid rate today. We're really trying to work out the specialist problem, because that's the thing people are most traumatized about. Someone has been taking care of a family member with a special problem and have to give it up; it's really tough on them.

Q. I come from a town called Amherst, where I'm a distinct minority, I'm a Democrat. [Laughter] And my husband and I have just become editors of a small newsletter, and we sent you a copy to the White House, as a matter of fact. I'm concerned about health care because I'm one of those people with lots of preexisting conditions and my husband is a contract engineer and insurance doesn't come with his job. I'm afraid when I hear news reports of you having to compromise to get this bill through Congress. I'm afraid that one of the things you may have to compromise on is people like me. Is that so?

The President. No, there will be no compromise on everybody being covered. There's no point in doing it if we're not going to cover everybody. There is no point in doing it if we're not going to cover everybody. But what I want you to understand, I want every one of you to understand that there are consequences to all human behavior, including inaction. We all know that, but sometimes we forget it.

If we do not act, certain things will happen. Some of you will go into HMO's and you'll be very well satisfied and you'll get good health

care at lower costs. Some of you will go into HMO's and you'll lose your choices of doctors and you'll feel that the quality has suffered and you'll be frustrated and angry. Some of you will lose health coverage, because every year we lose about 100,000 people a month in the United States who lose their health insurance permanently. And every year, at some point during the year, there are over 50 million of us who don't have any health insurance.

So what I want you to understand is I won't pretend to have all the answers; I don't pretend that we're right about everything. This is a complicated subject. But there are consequences to every course of action, including doing nothing. And they are quite significant, the consequences of doing nothing.

It also means, to go back to the lady over there, it means no mental health coverage; it means no medicine for people on Medicare but not on Medicaid; it means no medicine for working families who have health plans that don't cover medicine now, may have kids with high medicine costs.

So the one thing we have to do is to find a way to cover everyone, which means you can't lose your coverage because you have preexisting conditions. And in my judgment, it means that people who work for small businesses or who are self-employed should have access to insurance at more or less the same rates that those of us who work for Government or big companies do. I don't think people who have access to the Federal plan—which is terrific by the way; it's a cafeteria plan. Any of you who are Federal employees, you know that. I mean, we've been able to manage our costs. Some of our plans have even gone down in price this year. We have all these choices. I don't think people who work for the Federal Government who don't know anybody else or talk to them can possibly imagine the level of insecurity that grips people that don't have this level of certainty. That may be one of our problems now in Washington.

But the answer to your question is, if we're not going to cover everybody, if we can't find a way to find universal coverage, there is no point in doing this. That's what I said in my State of the Union speech. I'm very flexible; a lot of people have good ideas. A lot of people have better ideas, perhaps, than I do on certain things. We may have to be flexible to pass a plan around the edges. But we have to provide

coverage for everybody. Otherwise we haven't done what we set out to do.

Q. Mr. President, I have a certificate of appreciation from you for being in the Marine Corps, and I was wondering if you could sign it for me.

The President. You bet. I'd be honored to do it. I might say—I like this guy. He meant sign it right this minute, no delay. [Laughter] Thank you for your service, Corporal.

Foreign Aid

Q. First of all, Mr. President, I'd like to thank you for your accomplishments in the past year. I think we all appreciate it. And my question is pertaining to foreign aid. I'm a little puzzled as to how we can be sending such large figures out in foreign aid, for instance, \$300 million per year to Israel, when we need funding for our own domestic programs for our own people and for deficit reduction.

The President. Let me say, first of all, I don't want to hedge this, I want to try to disagree with you, and I want to tell you that I have—this is something on which I have changed my mind more since I have become President than before. And I want to try to explain why. But let me first say that even though we give quite a lot of money in foreign aid, it is a tiny percentage of our overall budget, and the United States gives a far smaller amount of its public money in foreign aid than any other Western country. All the major European countries and Japan give a higher percentage of their budgets to foreign aid than we do. We give less than others. Now, in our defense, that's because we spent more on national defense defending the whole world during the cold war. So we spent a bigger percentage of our income on defense than any of those countries. So we did more.

But let me explain why, if I might. If we can, through the judicious use of this aid, succeed in making peace between Israel and the PLO, the Palestinians, the Syrians, the Lebanese, the Jordanians, we will remove the huge possibility not only of another war, which could send a lot of children from New Hampshire off to fight, but also of spreading terrorism and weapons of mass destruction arising out of that troubled part of the world.

Give you another example: Turkey is a very important country to the United States. It's a tough issue. Every time—we have a system which says the Turks and the Greeks don't get

along, so we give them both money at the same time. And they are very important to us, both of them, but they don't get along with each other. But Turkey is a secular Muslim country, that is, it is not a fundamentalist country. They have allowed us to try to save the Kurds when we went to war in the Persian Gulf; they helped to support us. By a modest amount of money there, if we can continue to relate to those people and support economic growth and opportunity there, they may save another war 4 or 5 years hence.

If we can help to build the economies of the democracies in Latin America, we spend a little bit of money to support democracy there, then all those countries may wind up buying products from New Hampshire and New England and creating jobs for us. We're going to have a Summit of the Americas in December in the United States, and all the heads of all these democratic countries in Latin America are coming up. They all want to be our trading partners. They want to buy more from us. They don't ask much from us, a tiny amount of support for doing that.

So can you waste money on foreign aid? You bet we can. Do we have higher priorities here at home than a lot of things we may do? Yes, we do. Do we need to spend some money on foreign aid in order to protect our security interest and our economic interests long-term and diminish the threat of terrorism and the spread of weapons of destruction? I believe we do. And I see it now much more clearly, in all candor, than I did when I was a candidate running. Sitting in the office, I have a totally different view of it than I did before I came.

Go ahead. We'll take one or two more. The principal called the assembly to order and can call it off, I think.

Deficit Reduction

Q. I've heard you speak about the decline in the deficit over the last 3 years. My concern is that, as we go further into the nineties, the projections are for it to start to increase again. I've been very taken with the Concord Coalition, with New Hampshire's own Warren Rudman and Paul Tsongas and their proposals. I would heartily hope that you would work to continue to reduce the deficit and not reverse the trend that you have started.

The President. Thank you very much. Let me just make a comment about that. You're abso-

lutely right about that. Let me try to explain or amplify on what you just said. The estimates are that if this budget that I have now presented to the Congress passes, we will have 4 years of declining deficits in real dollar terms. If they adopt this budget, it will be the first reduction not only in defense spending but discretionary domestic spending since 1969 that I have presented. Don't ever let anybody tell you the Democrats are the big spenders. I've asked them to cut spending over last year, the first time since 1969.

Now, it does start to go up. And Senator Tsongas and Senator Rudman and Pete Peterson and the Concord Coalition group, what they believe we should do is to do something to restrict the increases in expenditure on Social Security, which are growing, as well as on Medicare and Medicaid. But let me explain to you why I think we should deal with the health care issue first.

Social Security expenditures are about the same percentage of Federal spending as they were 20 years ago. There is a cost of living increase associated with Social Security, but it's been more than covered by the increases in the Social Security tax. So here's what your budget looks like. Defense is going down; all the domestic programs are flat. That means if I propose spending more on education and more in new technologies for former defense firms to make money in commercial enterprises, I have to cut a dollar in something else for every dollar I've put in there. So, no increase in discretionary nondefense spending; a decrease in defense spending; Social Security is going up, but at the rate of inflation, and the revenues are covering it, the Social Security tax.

So what's going up? Well, interest on the debt is going up, but at a slower rate now be-

cause interest rates are down. The thing that's going up now and the only thing really going up in the whole Federal budget is Medicare and Medicaid, going up in 2 and 3 times the rate of inflation. And the reason for that is that people are being constantly—pressures are being constantly dumped into those programs because we don't cover everybody and we have no system to bring health care costs in line with inflation. So I believe the next big step, if you want the deficit to keep coming down, is to try to bring that problem under control.

The Congressional Budget Office, even though they disagreed with our cost figures in the first 3 years, say that 10 years from now our health care plan will be saving the Treasury \$150 billion a year, a year. So you're absolutely right, if we don't do something else, we can't keep the deficit coming down. I think the next something else should be the health care.

Yes, there's a gentleman over here. I don't want him to think I was stiffing him.

Q. Mr. President, I want to apologize to you. I do not have a question, but I want to tell you—when my many friends over in the southwestern part of the State—you're on the right track. Don't let the people on the other side of the aisle give you all that rhetoric. They're all running for office, and you're going to come out on top in the long run.

The President. Bless you. Thank you all very much. We've got to quit. Thank you.

NOTE: The President spoke at 9:55 a.m. at Elm Street Junior High School. In his remarks, he referred to Pauline Caron, the school's principal; Mayor Rob Wagner of Nashua; and Barbara J. Baldizar, New Hampshire State senator.

Exchange With Reporters in Nashua March 15, 1994

Q. Does it make you angry?

The President. No, but let me show you something. Look at this. This is what people care about. Here's a child with a preexisting condition. He can't get health insurance. So I went out there, was shaking hands in the crowd, the

mother gave me a picture of this child. That's where America is, with these people—

Q. Why do you think it's been so hard for you to get your message to—

The President. I haven't been out here with them.

Q. [Inaudible]