

Q. —would you still like to do it? Would you lead an effort to do that? It would take American leadership, many in Congress say, to do this.

The President. The Americans tried to lead it before. We will be discussing now what our other options are. As you know, at the time there was a clear specific reason we couldn't succeed in lifting the arms embargo, which was that not just the Russians but the French and British did not want to do it because they had soldiers on the ground. Now their soldiers on the ground are in danger. The real question we would have to work through there is how many countries would go along, and could we get it through the U.N.? But I've always favored doing it.

I just want to say, though—I want to ask you all to think about—those who say, there are many who say, “Well, we can do it unilaterally, and we ought to do it unilaterally.” But remember, if we do that, first of all, there are substantial questions about whether under international law we can do it, but secondly, if you resolved all those, what about the embargo that we have led against Iraq that others would like to back off of but they don't because they gave their agreement that they wouldn't? What if we needed embargoes in the future? What about the trade sanctions on Serbia themselves? What about any possible future economic action in other countries where we have difficulties today that we'd want other countries to honor?

So we have to think long and hard about whether we can do this unilaterally. But certainly, as you know, I have always thought that the arms embargo operated in an entirely one-sided fashion, and it still does. That's the reason we're in this fix today because of the accumulated losses of the Bosnian Government as a direct result of the overwhelming superiority of heavy artillery by the Serbs.

But again, I would say we have been making good progress at the negotiating table. I don't want to have a wider war. I think even if you lifted the arms embargo and you had a lot of other people fighting and killing, in the end there would not be a decisive victory for either side in a war. There's going to have to be a negotiated settlement. And the real problem now is that the Serbs agreed to a cease-fire with both the U.N. and the Russians, and they didn't keep their end of the deal. We're going to have to see where we are today, and we'll have more to say.

Q. Why do you say you're making progress, and couldn't you have moved a little faster? This has been coming on for a couple weeks.

The President. I disagree with that. What do you mean? Keep in mind, the role of the United States and NATO is to respond when the United Nations asks for close-air support when its troops are in danger. This is not Sarajevo; Sarajevo was a special case. And the no-fly zone—if planes violate the no-fly zone they can be shot down. That was done by NATO and the United States. This is a different case. We can only do what we have the authority to do.

And frankly, I think it is a little too easy to Monday-morning-quarterback General Rose who has been very aggressive, very strong, and very much supported in this country and throughout the world for his aggressive actions. It's easy to say now he should have been more aggressive in Gorazde. I think he did the best he could with the resources he had under the facts as they existed. And so I don't know that General Rose had any other options. I just know that we have a disappointing and difficult situation there today, and we'll be working on it.

NOTE: The President spoke at 9:12 a.m. on the South Lawn at the White House, prior to his departure for Milwaukee, WI.

Remarks to Ameritech Employees in Milwaukee, Wisconsin April 18, 1994

The President. Thank you very much. Thank you, Senator Kohl. And thank you, ladies and gentlemen, for that warm welcome. I started to stand on this thing so you would think I

might be the mayor of Milwaukee, but on reflection I decided, like all public officials, I'd rather be closer to the microphone. [Laughter] I want to thank Senator Feingold for his support

and his leadership and his fine remarks. Congressman Barrett and Congressman Barca, we're glad to see you here. Thank you for being here with us. Congressman Gerry Kleczka, thank you so much; I'm glad to be here with you in your district and in your hometown. I want to say a special word of thanks to the Ameritech team for the welcoming here today. Dick Notebaert came out with me, along with Morty Bahr on the airplane, so the three of us had a chance to visit a little bit about what we would be doing today. And between the two of them, they convinced me that this may be the best company in the history of the world. They were talking about—[*applause*] I want to thank Gary Keating and Rick Compost in Detroit and Deborah Echols in Chicago and all the employees who are there. I also want to say, in addition to the fine work done by the CWA, I know that many of you are part of the International Brotherhood of Electrical Workers; I thank you for your support in this health care effort. There are a lot of people here in the audience—I won't recognize all of them, but I would like to say a special word of thanks to the speaker of the Wisconsin House, Walter Kunicki, an old friend of mine, for being here. Thank you very much, sir, for coming. And I'd like to thank the Wisconsin Ameritech team, Bronson Haase and Bob Johnson and others. Thank you so much. We're glad to be here.

Ladies and gentlemen, when I came to Wisconsin first as a candidate for President, I did so not simply because I wanted to have the honor of the job, although it is a very great honor indeed, the highest any American citizen can receive, but because I thought the President's job was to bring the American people together and to move our country forward, to seize our opportunities, and to honestly face our problems. And we've been trying to do that.

We've seen a lot of talk over the last several years about our deficit, for example, but finally now, in the last year, the Congress has passed an economic plan that has brought the deficit down, helped to create a stronger economic climate, and 2½ million jobs have come into our economy, 90 percent of them in the private sector. That's more in 15 months than in the previous 4 years, in fact, twice as many as in the previous 4 years.

Congress now has a budget before it which it is passing in rapid fashion, perhaps record fashion, which does what we're supposed to do

in Washington: make the difficult decisions. It eliminates 100 Government programs, cuts 200 others, reduces overall discretionary domestic spending for the first time since 1969, and at the same time, spends more money on education, on Head Start, on defense conversion, and on the new technologies which will create the high-wage jobs of the 21st century.

If this budget passes, for the first time since Harry Truman was President we will have 3 years of declining deficits in the Federal accounts. That's a pretty good record for a Congress and an administration working together, breaking deadlocks, talking less, and doing more. I think that's what we were all hired to do.

Congress has a lot of other interesting work to do this year. It is taking up sweeping education reforms, some of them modeled on a lot of the exciting things that have gone on here in Wisconsin and some of your neighboring States. I signed a bill the other day called Goals 2000 which, for the first time ever, commits America to world-class standards of educational excellence in every school in the country and at the same time, promotes a lot of innovative grassroots reforms to achieve them and encourages communities to try new and different things.

We're trying to set up a system now that takes into account the fact that young people don't necessarily have to have 4-year college degrees to get good jobs as we move toward the 21st century, but they sure need more training than they get in high school. So we want a school-to-work transition that takes account of the real needs of people who don't go on to 4-year colleges.

Congress has a bill before it to completely redo the unemployment system. The unemployment system takes money, I would argue, under not entirely fair circumstances now from employers who pay the unemployment tax, because it used to be that when people lost their jobs, they were called back to their old jobs. So unemployment was a premium the employer paid to pay people at a lower level so they could at least get along until they got called back to their old jobs. Most workers do not get called back to their old jobs today. Most people have to find new jobs.

The economy is churning and changing, and no matter how many new jobs we can create, there will still be a lot of change in this economy. So we want, instead of an unemployment

system, a reemployment system, so the minute people lose their jobs, they're immediately eligible for retraining and for job help to find new jobs and different jobs, because the average 18-year-old will change work eight times in a lifetime, and we owe it to ourselves and our future to make sure that always people are retrained and placed as quickly as possible. We intend to do that this year; that's very important.

Our administration has been committed to welfare reform, to ending the whole welfare system as we know it, something that Wisconsin has a great deal of experience in. And I want to say a special word of thanks to Mayor Norquist and the city of Milwaukee, who have a national model in Project New Hope. It says you can move people from welfare to work. I know we can do that; I'm going to talk more about it in a minute. But that is another thing we are facing this year. This is an exciting time in our Nation's Capital, because people are actually working on the problems facing America.

The first item of business now, when we go back tomorrow in Congress, will be the crime bill that's in the House of Representatives. And then the House and the Senate will get together. If the best of both bills passes, we'll have 100,000 more police officers on the street; we'll have huge new opportunities for young people to help prevent crime, to keep our young people from getting in trouble, and give them some things to say yes to; we'll have drug treatment that is very important, that we don't now have in a lot of our programs, and alcohol abuse treatment; we will have a tough "three strikes and you're out" law for people who shouldn't be paroled that we know are likely to recreate serious violent crimes; and we'll ban 28 kinds of assault weapons, if the best of both bills passes. That ought to happen this year in the Congress.

And I want to say a special word of thanks in that regard to Senator Kohl for his leadership in supporting the Brady bill, which we passed after 7 years of deadlock last year and his attempt to keep dangerous handguns out of the hands of minors who have no business carrying them on the streets of our cities.

Now, last year, according to a lot of independent analyses, this Congress and I did more work together in more substantive ways than had been done in the first year of an administration in a whole generation, in over 30 years. But this year can be better, if we do the things

that I just mentioned and if we have the courage, finally, to solve this health care problem.

I want to talk a little bit about what specifically is in our plan and what some of the problems are, the real problems and the political problems with passing this plan, because if you're going to help us pass it, you have to understand the pressures that your Representatives in Congress are under.

First of all, what are the problems? Well, at any given time during the year, 58 million Americans will be without health insurance out of a Nation of 255 million. About 39 million of our fellow countrymen just don't have it all year long. Eighty-one million of us—81 million—almost one in 3, live in families where someone in our family has a preexisting condition: a child with diabetes, a mother who has had breast cancer relatively early in life, a father who had an early heart attack. And these people either pay much higher premiums for their health insurance or they can't afford insurance at all or they're insured at their present job but they are terrified to leave their job for fear that they will lose their insurance. And so, at a time when job mobility is highly prized, we see people never leaving their jobs. This is a huge problem.

And 133 million of us, more than half of our population and three-quarters of the Americans who are insured at work have lifetime limits on our policy. So that if one of our children were to be born with a serious long-term disease or problem—or in the case of a family I met a couple of weeks ago in another State, where they had three children and the first two sons were born with a very rare form of cancer which may well be treatable and which may well be able to be maintained—they're going to run out of their health insurance coverage before the second boy gets out of the house. And they'll have to figure out what to do and whether they can continue to work and what in the world is going to happen to their family.

Not only that, 100 percent of us just about are at some risk of losing our health insurance. If you work for a government or if you work for a wonderful company like this, you won't lose it. But what if you decided to change your job, or what if you had to quit your job, then what would happen?

And finally, as has already been said, the system we have—I was glad to hear Mr. Notebaert say this—is the most expensive system adminis-

tratively in the world. We spend roughly twice as much money on paperwork and other administrative costs as any other country in the world does, with the consequence that, in America, we spend 14.5 percent of our income on health care. Canada spends 10 percent of its income; Japan and Germany spend 9 percent of their income. And half of that is for good things—I'll say more about that in a minute—and for things that we can't do anything about. We're more violent than all these other countries, so we have more emergency room bills. We have higher rates of AIDS. But half of it is the crazy way our system is organized.

There was a recent study of two hospitals, one in Canada, one in the United States, with the same number of beds, the same vacancy rate, the same patient caseload. There were 200 people in the clerical department of the American hospital and 6 in the Canadian hospital. You're paying for that.

You're also paying, as has been pointed out, a significant premium because we are the only advanced country that permits some people just to say, "I won't have any insurance; I don't believe I'll be covered." But they all get health care if an emergency happens or when it's too late and they're too sick and they show up at the emergency room. And then the cost is passed on to the rest of you in higher premiums.

There are all kinds of other things we pay for, too. Because we don't provide prescription drugs for elderly people in a lot of family policies, our hospital bills are much greater, particularly for older people, because of maintaining themselves with adequate prescriptions, a lot of people on Medicare choose every month between medicine and food. But they wind up getting care when it's too late, too expensive, and they're in the hospital. And it adds costs to the whole system.

There are millions of Americans who have disabilities that if they were able to have some in-home care would save us money. They would be able to get health insurance, and millions of them would be able to work who cannot work today.

So our whole system, because we don't cover everybody, because we are willing to spend too much on paperwork and, therefore, too little on things that keep people well, like primary and preventive health care, costs too much and does too little. You might ask, "Well, if it's all that simple why haven't we fixed it?" Well, be-

cause it's not all that simple. And I'll explain why.

There are all kinds of improvements going on now all the time. I just got a wonderful demonstration—you all heard about it already—from the Wisconsin Health Information Network. And Marsha, the lady who showed me, was terrific; I learned a lot and I was—if I hadn't been late I would still be out there fiddling with the computer to prove that even I could do it, a total computer illiterate. *[Laughter]* There are some things we can do. But I believe with all my heart, having studied this now for years and years, that we cannot fix these problems unless we have a national response, not a national health care system run by the Government but a national response. The Government of the United States needs to reorganize the health care system to keep what's best and fix what's wrong. And make no mistake about it, there are a lot of things that are great about our system: the doctors, the nurses, the medical research, the technology, the advances.

I have a friend from Wisconsin here—Brienne Schwantes. Stand up and wave to the crowd here. *[Applause]* She was born with a problem; her bones were prone to break easily. And she comes to the National Institutes of Health on a regular basis and gets world-class care. And so here she is. And you know where I found her? Working with the flood victims in the Middle West, risking her brittle bones to help other people who were in trouble. If it weren't for the miracles of our system, she would not be able to do that. And we don't have to mess that up. But we do have to make some hard decisions. We're going to have to either cover everybody or not. If we don't cover everybody, your wages are still going to be stressed by paying too much for health care because other people won't cover their own. You're still going to have horror story after horror story of people who can't get coverage or who are terrified of losing it. And we will continue to pay more than we should.

If we do want to cover everybody, we only have two choices. You look all around the world; there are only two options. You either have to do it through a Government-funded program, like Medicare for everybody—abolish all insurance, charge everybody a tax and fund it—or you have to have insurance for everybody. And if you have insurance for everybody, then either the employers have to pay it or the employees

and employers together have to pay it or the employees have to pay it for those who are working, and the Government's got to help for those who aren't working, who don't have insurance. Now, you can look all around the world. I don't think there are any other options if you believe that the only way to fix this is to make sure that we have health security.

Here's my plan. First, guarantee everybody private health insurance. Why do it that way? Because that's a system we have now and just apply it to everybody. Nine out of 10 Americans who have health insurance buy it at work, and 8 out of 10 Americans who aren't insured have someone in their family who works. So the simplest way is just to extend the system we have now.

Second, make sure the benefits are adequate, not just catastrophic health care but primary and preventive health care, too, mammographies for women in the appropriate age group, cholesterol tests for people. Do the primary and preventive stuff that will hold down the cost of health care and keep us well, as well as take care of us when we're sick.

Next, permit people to choose their own doctors and health plans. Less than half the American people today who are insured at work have a choice of the health plan they're a part of. Now, is that because there's somebody bad in the system? No, it's because that's all the employers and the insurance companies can afford under the present system. But if everyone were insured properly, then the employees and their families could choose what kind of plan they want. And under our plan, every employee in America and their families would get at least three choices every year. If you didn't like the choice you had, next year you could make another choice. I think that's very important.

Third, have insurance reforms. Don't permit insurance companies who issue health insurance to pick and choose whom to cover. When insurance was started for health care by Blue Cross, that's the way it was. Everybody paid more or less the same thing, and we were all insured in huge pools. And insurance companies then made money the way grocery stores do: They made a little bit of money on a lot of people. Today in America, there are 1,500 different health insurance companies writing thousands of different policies and the reason is, as Mr. Notebaert noted, that 25 percent of our money goes to health care paperwork. You think about

it: 1,500 companies, thousands of different policies, everybody with a different deal. Think about how many people you have to hire in insurance offices and doctors' offices and clinics just to figure out what's not covered, just to figure out what not to pay for.

And when you put on top of that the cost-control pressures so that doctors all over America are going crazy, even as we talk, because they have to call some distant insurance company employee to get credit to perform a procedure or practice medicine in a way that to them is perfectly self-evident and when you add to that a separate Government system for the poor, Medicaid, and for the elderly, Medicare, you have a paperwork nightmare.

And it's really tough. So we have got to reform insurance. We've got to say, you can't kick somebody off and you can't charge them more just because one of their children has been sick. You shouldn't charge an older worker more than a younger worker when the average worker is changing jobs six, seven times in a lifetime. You've got people losing jobs in defense industries that are in their late fifties and early sixties who must find new jobs and who cannot find them because their employers can't afford to provide health insurance for them. It's not right. So we've got to have insurance reform.

Fourth, I think we ought to protect Medicare, as I said. Leave it the way it is; it's working. But extend the benefits to elderly people to include a benefit of prescription drugs, which will save money, and for help for the elderly and the disabled for long-term care in the home and in the community.

I think these benefits ought to be provided at work. Why? Because it's the system we have. Now, you need to know that this is at the center of the political debate. And in Washington, a long way from Milwaukee, here's what they're saying. They're saying, "Well, that's all very well for Ameritech. They can talk about that, they're a successful company, they have a strong union, they pay good wages, they've got a great future. But what about all these small businesses in America? What about the poor guys with 10 or 20 employees who have a very narrow profit margin? They shouldn't have to do this." Well—and the argument is that they can't afford to do this. They're going to lose jobs, and most new jobs are being created in the small business sector, and it's a terrible thing, you shouldn't do it.

Now, what's my answer to that? First of all, there are a lot of small businesses in America who are providing health insurance to their employees today, and they are at an unfair competitive disadvantage to those who don't. I met a woman in Columbus, Ohio, running a restaurant and a deli, with 20 people—20 full-time employees, 20 part-time employees. She says to me—this is a typical story—she says, "I'm in the worst of all worlds. I insure my full-time employees, I don't insure my part-time employees, and we pay too much for insurance because I had cancer 5 years ago." She said, "I got it coming and going. I pay more than I should. I feel guilty that I don't insure my part-time employees. And I get punished for insuring my full-time employees because my competitors don't even do that. I would gladly pay a little more if you made all my competitors do the same thing. That would be all right; I'd be on a fair basis with them."

I have a friend who is a car dealer at home in Arkansas, in a little town—said to me the other day, said, "You know, I've been feeling sorry for myself for 20 years because I always covered my employees, and none of my competitors ever did. And I just went around feeling sorry for myself. And then I realized that three of my competitors had gone out of business, and I made more money last year than I ever have. And I think it's because I never lost an employee because I gave them decent health care." Interesting, right?

Today, as I was shaking hands leaving the White House, a small businessman came up to me and says, "I have got 80 employees, and I implore you to pass this health care. I am tired of these lobbies I pay my membership dues to telling you that small business doesn't want this. A lot of us cover our employees. I cover my 80 employees. It costs me 20 percent of payroll. Under your plan my bills would go to 7.9 percent because all my competitors would have to do what I do." The guy just stopped me in the line today on the way out to the helicopter.

Not only that, under our plan, we give discounts to small businesses. If you've got under 70 employees and an average payroll of under \$24,000, you get a discount. And some of these businesses will only have to pay 3.5 percent of payroll for their insurance. The average business has about a third of their cost of doing business in labor costs. So if you pay 3.5 per-

cent, and that's only a third of your cost of doing business, then it's only going to cost you a little more than one percent of the cost of doing business to insure your employees.

I would submit to you that that much, if all your competitors are doing it, can either be passed along or the employees themselves will absorb it. It will only take one year to lower the raise they were going to get by one percent, and then it will all be in there. But that's what these Congressmen are hearing, and they're saying, "If you do this, small business in America will come to an end." Now, the truth is, most small business people are paying 35 percent more than most big businesses for the same insurance.

The other thing they're telling them is, this is a Government-run program and Government would mess up a one-car parade. [Laughter] That's the other thing they're saying. And we have all felt that at one time or another, right? Especially now, it's so close to tax day. But that's what they're saying. That's not true.

Here's what the Federal Government does in our program. The Federal Government says everybody's got to have insurance. The Federal Government says there must be insurance reforms so that people can be insured in large pools. And the Federal Government organizes small and medium-sized businesses so they can get buying power to get the same competitive rates that people in big business and Government have. And we have some basic quality controls which are an extension of what we have now. That's what we do.

We also leave to the States then the ability to decide exactly how these mechanisms will be carried out. This is not a Government-run program. It is private health insurance and private medical providers just like we have today except now the worst abuses of the present system will be erased. That is what we are trying to do. And I think it is worth doing. I think it needs to be done.

Let me say to you that you will have to decide whether you agree. You'll also have to decide whether you think you can persuade your Members of Congress without regard to party that they can do this and be reelected. Every time I go into a congressional district, there are these furious radio campaigns run to send a message to your local Congressman not to bankrupt all the small businesses in the area. But we had several hundred small businesses in Washington

the other day all asking us to do this so they could get a fair deal, so they could buy insurance on a competitive basis.

Now, what's behind this? Somebody's got to lose, right? There will be some changes. What will they be? If you endorse this program, fewer Americans will work in the clerical departments of hospitals, clinics, and insurance offices. And the small insurance companies will not be able to write policies for hundreds of thousands of people. So in order for them to keep writing health insurance, they'll either have to write specialty policies, like many do today for extra cancer coverage or something like that, or somehow find a way to pool with other companies, or they won't all make it. That's true. That is true.

You have to decide whether you think it's worth it. Is it worth it for every American to have the same health care security that you have and to stop your wages from being depressed and your profits from being depressed by paying too much for health care and to provide some sort of security to the working people of this country. I think it is.

We will also create more jobs in the health care industry in providing long-term care. There will not be a net loss of jobs, but there will be a shift of jobs. You need to know that. This is not a free thing. But is it a good swap? I think it is a laydown clear choice, the right thing for the country. But we have got to decide that.

And let me close by just—I don't know if these folks are here. I had three letter writers, people who wrote—we had a million people who have written to my wife or to me on health care—and I think they're here. Are Sheryl Brown, Tami Stagman, and Susan Millard here? Are you all here anywhere? Stand up there. [Applause] Now, I want you to—now these are not abstract theories. These are three citizens of your State. Sheryl Brown from Madison wrote a letter to Hillary about her health insurance. And her husband came down with a serious illness; he lost his insurance. She had to leave her job because she couldn't insure her husband and go on public assistance to get the benefits she needed. Then when she got herself off welfare and went back to work, her family lost their benefits. That's the system we have today.

If you go on welfare—this is a big State for welfare reform, right? I've bragged on Wisconsin until I was blue in the face, about welfare reform all over the country. In our country today,

if you go on welfare, you get health care. If you get off of welfare and go to work and start paying taxes, if you live in a family with a pre-existing condition or you take a minimum wage job, then all of a sudden you are paying taxes to pay for the people on welfare to have health care, and you don't have it anymore. So if you want welfare reform, you've got to pay for the health care of the working people because the people on welfare have got it.

Susan Millard wrote me because she's had a lot of health problems, and she's got a job which doesn't provide health benefits. Should she just quit and give it up? Aren't we proud of her? Wouldn't we rather her work? Isn't it better for us that she works instead of going on public assistance?

And Tami Stagman from Lancaster—in a way the most interesting letter of all. She wrote me because she had some serious health problems, but she had a good health insurance policy because of her husband's job. So she's thinking, what if my husband ever loses his job? What if he ever wants to change his job? And what about everybody just like me who doesn't have the same policy I have?

We can fix this, folks. We can fix this if we remember that there are real Americans out there who are doing their very best to contribute to this country and to move us forward and who deserve to have this fixed. It is in our common interest to do it, and I think we're going to do it this year.

Thank you very much. Bless you. Thank you.

[At this point, Bronson Haase, president, Ameritech Wisconsin, presented the President with a jogging suit.]

The President. I want to tell you what your fearless leader had just said to me, in a way that you couldn't hear over the microphone—[laughter]. He said, I want you to have this jogging suit because I keep seeing you running in running shorts, and I think it would be better if you had long pants. [Laughter] Hey, you know it's part of my job to make people feel better, and I've made millions of Americans feel better about how they look in running clothes. I thought it was a good idea. [Laughter]

Thank you very much. I'll wear them. Great. Thank you.

NOTE: The President spoke at 11:50 a.m. at the Italian Community Center. In this remarks, he

referred to Richard Notebaert, chief executive officer, Ameritech Corp.; Morton Bahr, international president, and Robert D. Johnson, district 4 vice president, Communications Workers of America; Ameritech employees Gary Keating,

Rick Compost, and Deborah Echols; Mayor John Norquist of Milwaukee; and Marsha Radaj, vice president of operations, Wisconsin Health Information Network.

Exchange With Reporters in Milwaukee April 18, 1994

Interest Rates

Q. What about the Fed and the interest rates?

The President. Well, I have two reactions. First of all, there is still no evidence of troubling inflation in this economy, but there is a lot of evidence of growth. And in the last couple of weeks we've seen even more evidence of growth in the economy, for example, big backlogs on automobile orders.

When you have growth in the economy, normally short-term interest rates go up. The estimates are that inflation will be around 3 percent. Historically, short-term interest rates have been about three-quarters to one percent above the rate of inflation. So, this is still within the range of interest rates that should not do anything to harm the economic recovery. And I can only guess that that had something to do with—the signs of economic growth have been very strong in the last couple of weeks, and that the interest rates at 3.5 percent were still only a half a point above the inflation rate, so that's the real interest rate. So I don't think it's cause for real alarm; I wouldn't say that.

But on the other hand, what normally triggers interest rates going up is some evidence of inflation. We don't have that. So we'll just have to watch this. But I think it would be a real mistake to overreact. This is a very strong economy; it's very healthy. We've got good growth.

Q. But this is not overreaction?

Q. By the Fed?

The President. All I can tell you is what I said. I don't make a practice of commenting on what they do. There is no evidence of inflation, but there is evidence that economic growth is stronger even than we thought, say 2 months ago. And historically, in times of real growth, short-term interest rates have been somewhere between three-quarters of a percent and one percent above the projected rate of inflation,

which is 3 percent. So in larger historical terms, this should not be any cause for alarm. We've still got good strong growth, and everybody, including Mr. Greenspan, says that the conditions of economic growth are better than they've been in two or three decades. So I still feel very good about that.

Q. So you have no beef with the Fed? You have no beef with the Fed for raising rates again?

The President. I don't comment on what they do one way or the other, except to try to explain it to people in terms that I think are relevant. I understand what happened if the objective is to have a real rate of return on short-term interest rates. That is, the short-term interest rates ought to be something above the rate of inflation.

But even Mr. Greenspan has said repeatedly that this should not lead to an increase in long-term interest rates. He has said long-term interest rates are, if anything, too high while short-term interest rates might have been too low. So if the market is going to rationally react to this, long-term interest rates should say, well, there's not going to be any inflation in the economy, and we've got good growth so interest rates ought to stay down, not go up. That's what I hope will happen over the long run.

Bosnia

Q. Any new actions for Bosnia, Mr. President?

The President. Well, I'm going back now to find out what happened today.

Thank you.

NOTE: The exchange began at 4:05 p.m. at Leon's Frozen Custard Stand. A tape was not available for verification of the content of this exchange.