

## Remarks at Celgard, LLC, and a Question-and-Answer Session in Charlotte, North Carolina

April 2, 2010

*The President.* Hello, everybody! Hello! Good to see you. Everybody, please have a seat. Have a seat.

Well, thank you so much for the warm welcome. To Bob, thank you very much for the terrific introduction. I want to thank Bryan Moorehead for the great tour, and Mitchell Pulwer for trying to explain to me what was going on here. [Laughter]

We've got Governor Beverly Perdue, who's doing just a great job on behalf of all of North Carolina. Please give her a big round of applause. And I think it's important to note that the State of North Carolina has provided enormous support for expansion here at Celgard as well. And I know that the combination of both Federal and State support makes a big difference. So I didn't want to leave the State out.

Lieutenant Governor Walter Dayton—Dalton is here. Please stand up, Walter. The hot-shot, young, up-and-coming mayor of Charlotte, Anthony Foxx, is in the house. Give him a big round of applause.

Some outstanding Members of Congress: Congressman Mel Watt, Congressman Larry Kissell, and even though he's from across the border, we love him, Congressman John Spratt of South Carolina.

So it is good to be here at Celgard, and it is good to be back in North Carolina. It is good to be back. We just concluded our tour, where we saw some of the workings of this facility where you're manufacturing components for state-of-the-art batteries. You're building separators to make sure diametrically opposed forces can work successfully together, and I couldn't help but think we could use your help in Congress. [Laughter] We could get one of those tripart films and put it between the Democrats and the Republicans. [Laughter] And it would improve conductivity, right? Did I get that right?

*Audience members.* Yes.

*The President.* Yes? Okay. Now, the truth is, these have been a very tough 2 years for North Carolina, and they've been a tough 2 years for the United States of America. We've been

through the worst period of economic turmoil since the Great Depression. Now, keep in mind, when I first took the oath of office, we were already moving towards what some thought was a great depression. We were losing about 700,000, 800,000 jobs per month. And the economy was contracting at a pace that we hadn't seen in generations, about 6-percent contraction that first quarter when I first took office. And I've often had to report bad news during the course of this year as the recession wreaked havoc on people's lives.

But today is an encouraging day. We learned that the economy actually produced a substantial number of jobs instead of losing a substantial number of jobs. We are beginning to turn the corner. This month, more Americans woke up, got dressed, and headed to work at an office or factory or storefront. More folks are feeling the sense of pride and satisfaction that comes with a hard-earned and well-deserved paycheck at the end of a long week of work.

As I said, just 1 year ago, we were losing an average of more than 700,000 jobs each month. But the tough measures that we took, measures that were necessary, even though sometimes they were unpopular, have broken this slide and are helping us to climb out of this recession. And we've now added an average of more than 50,000 jobs each month over the first quarter of this year. And this month's increase of 162,000 jobs was the best news we've seen on the job front in more than 2 years.

Now, at the same time, it's important to emphasize, while we've come a long way, we still got a ways to go. We shouldn't underestimate the difficulties we face as a country or the hardships that confront millions of our fellow citizens; some of your friends, some of your neighbors, some of your relatives you know are still going through a tough time. Eight million people have lost jobs over the past 2 years. That's a staggering sum. Economic statistics don't do justice to the pain and anxiety that results from unemployment. Lasting unemployment takes a toll on families, takes a toll on marriages, takes a

toll on children. It saps the vitality of communities, especially in places that have seen factories and other anchoring businesses shut their doors. And being unable to find work, being able to provide for your family, that doesn't just affect your economic security, that affects your heart and your soul. It beats you up; it's hard.

So we have to be mindful that today's job numbers, while welcome, leaves us with a lot more work to do. It will take time to achieve the strong and sustained job growth that we need. And long before this recession hit—for a decade—middle class families had already been expensing—experiencing a sense of declining economic security. Their paychecks were flatlining, even though the cost of everything, from groceries to college educations to health care, were all going up. And this means that even as we pull out of this immediate crisis, we've got to tackle some of the long-term problems that have been a drag on our economy. And that's why we've been working so hard to turn this economy around.

It's not quick, and it's not easy, and the truth is, there are some limits to what government can do. Government can't reverse the toll of this recession overnight, and government on its own can't replace the 8 million jobs that have been lost. The true engine of job growth in this country has always been the private sector, businesses like Celgard. What government can do is create the conditions for companies to succeed. It can help to create the conditions for companies to hire again. What it can do is build the infrastructure and create the incentives that will allow small businesses to add workers, that will help entrepreneurs to take a chance on an idea, that will lead manufacturers to set up shop in places like Charlotte.

And that's what we did last year through the Recovery Act, also known as the stimulus bill. A lot of folks were down on it—"Well, we don't know what this did." A lot of folks got it mixed up with the steps we had to take to avoid the banking system melting down, and I know that wasn't popular. It wasn't popular with me.

But here's what the Recovery Act did: We cut taxes for small businesses and 95 percent of working families to promote spending and hiring—cut taxes. That's what the Recovery Act did, was cutting people's taxes across America. We're also making investments in our infrastructure, from interstate highways to broadband networks. That not only creates private sector jobs, but it also creates the platform, a better environment in which business can prosper.

It's also what we did through the jobs bill that I signed into law just recently, a bill that cuts taxes for small businesses who hire unemployed workers; and that allows companies to write off investments in equipment, like some of the equipment that we just saw here today; and that encourages job creation by spurring investments in school renovation and clean energy projects and road construction, all of which builds on the investments that we've put into place last year through the Recovery Act.

So as a consequence of all these investments, we've promoted innovation in the private sector not just to create jobs, but also to help America lead in the growth industries of the 21st century. See, I want to improve the short-term jobs picture, but I also want to improve the long-term prospects for our economy. And in no area is America more primed to lead them than in clean energy. And I don't have to tell the folks here at Celgard about that, because through the Recovery Act, this company has received a \$50 million matching grant to expand the facility on this site and to add another facility in Concord, North Carolina. And I also know this builds on the work that Governor Perdue did to bring clean energy jobs to this State.

So here's the bottom line: This investment is expected to create nearly 300 jobs for this company, more than a thousand jobs for your contractors and suppliers, and these are all jobs helping America build the batteries that will power cleaner and more efficient cars and trucks. And through investments like this one across the country, we're already seeing an incredible transformation. Here's an interesting statistic: Before the Recovery Act, before I took office, we had the capacity to make less

than 2 percent of the world's lithium ion batteries—less than 2 percent. In the next 5 years, on the trajectory that we're now on, we're going to be able to make 40 percent of the advanced batteries right here in the United States of America—right here.

So the next time somebody asks you, when you're at the grocery store, "Well, what did this Recovery Act do," you can tell them one of the things it helped do is to expand and catalyze an entire new industry, where the United States of America can gain enormous market share across the globe. And that's the kind of strategy we need: helping the private sector thrive in entirely new industries, the industries of the future. It's a strategy that will not only create jobs in the near term, but also sustained growth and opportunity in the long run.

Now, this has been a harrowing time for our country. And it's easy to grow cynical and wonder if America's best days are behind us, especially after such a terrible crisis. And we've seen folks in Washington trying to play the usual politics with the crisis. And that's not surprising, of course. That's how Washington works. Although, I do think it's important for the American people to remember the failed economic policies that got us into this mess, just so we make sure we don't return to them.

But what we can see here, at this plant, is that the worst of the storm is over, that brighter days are still ahead. In Charlotte and all across the country, we can see the promise and possibility that awaits us. If we tap our ingenuity and our inventiveness, our skill and our drive as a people, if we're smart, if we're willing to do what it takes, we can lead in new industries and create new jobs and strengthen the middle class and achieve a shared and lasting prosperity. And we can turn this turmoil into recovery and emerge stronger than before.

I'm convinced that's what we're called to do; I'm confident that that is what we will do. And I want to say to all the employees here at Celgard, we are proud of you because you're helping to point the way and helping to lead not just here in North Carolina, but all across the country.

So thank you very much, everybody. Let me take some questions from you. Thank you. Thank you. Thank you.

So you know, when they let me out of my cage at the White House, I like to actually have a chance to talk to folks. And so we've got time for a few questions, and we've got some young people here in the audience with their microphones. This is not formal, even though I'm sure with some of the cameras a few of you may feel it's a little intimidating. All you got to do is raise your hand. We'll call on you. And it can be a question about anything. If you can introduce yourself, though, that's helpful, so everybody knows who's speaking. And we'll start with that young lady right there since you're right next to the mike.

#### *Sarbanes-Oxley Act/Financial Regulatory Reform*

**Q.** Hi, my name is Jennifer Dakin. I'm here from Charlotte. I'm part of the Polypore parent company. My question is regarding the Sarbanes-Oxley Act. And many people have commented on the fact that it has come at a great cost to many public organizations, the fact that we need to assess and report on our internal controls of our financial reporting. It's also come, many say, without value in the recent financial crisis. What value do you think it may have going forward on the upswing as the economy goes forward?

**The President.** Well, it's a great question. For those of you who aren't aware of it, Sarbanes-Oxley was instituted not in response to this financial crisis, but in response to the Enron/WorldCom nonsense that took place over a decade ago. And the concern there was that the accounting practices of companies had gotten so out of whack that you had a company like Enron that was essentially booking all these profits, driving up their stock really high; CEOs were making these gazillion-dollar bonuses. But it turned out when you actually got in there and started looking at what they were doing, they were building a house of cards. It was manufacturing profits out of thin air.

And so the concern was, how do we make sure that CEOs and their boards of directors are more accountable to the reporting that

they're doing so that investors, shareholders, the market, customers, suppliers, and employees, a lot of whom had gotten tricked into putting all their savings into a company like Enron and then it turned out that everything they thought they had been saving just went up in a cloud of smoke, that all those folks would be protected.

So the intent around Sarbanes-Oxley was a good idea. It was the right thing to do. There have been, I think, some legitimate criticisms about the fact that although Sarbanes-Oxley is a relatively modest cost for a very big company, it can be a very significant cost for a mid-sized or a small company. Because if they have to abide by all the rules and all the regulations and all the double-checking and triple-checking and quadruple-checking, and so they've got to hire a whole bunch of accountants. It's one thing if you're a Fortune 100 company that's got several billion dollars in revenue to spend a couple million dollars on accountants. It's another thing if you are a company that is making \$100 million a year and you're spending a couple million dollars on accountants. That's suddenly—that could be the difference in terms of your profit margin.

So what we're interested in doing is to work with companies to get advice: Are there ways that we can streamline and make this more effective? Are there ways that we can lessen the burden on small and medium-sized companies, but still retain the basic principle that accounting standards have to be met, and they have to be clear, they have to be understandable—you can't cook the books—and that CEOs and boards of directors have to be accountable for the accounting statements that they put out there? And they've got to sign a bottom line. And they're going to be directly liable if, for some reason, it turns out that there were some shenanigans going on there.

So this raises a broader question about regulation. We went through a period of time where, I think, the general theory was, the less regulation, the better. And if you talk to most companies, they'd rather not have any regulations whatsoever. There's nothing wrong with that. That's just the nature of it. You figure companies think they're pretty smart, they

know what they're doing. And I'm sure if I talk to Bob, he'd say, there are a whole bunch of things that I've got to do that I wish I didn't have to do.

But it's like any other law. You put the laws in place, even though you know most folks are following the rules and operating decently and common sense, to make sure that those folks who aren't operating that way can't wreak havoc on the system.

And so we're going to be having a big debate when it comes to financial regulatory reform. You're seeing the same pattern come up right now. You essentially had a whole bunch of financial institutions—investment banks like Lehman Brothers—who were taking one dollar and they were able to leverage, essentially bet that—use that dollar to make a \$60 bet on subprime loans in housing and take huge, exorbitant risks that almost brought the entire system to heel. And all your friends and neighbors and communities are paying the price, because nobody was minding the store and making sure that these banks and these financial institutions were following basic rules of the road.

So what we've now said is, look, we've got to have a financial system that works. That's how credit flows. That's how businesses finance themselves. But we've got to have some basic rules to make sure that we never find ourselves in a situation again where we've got two choices: Either you bail out the banks, in which case you're thinking, why am I propping up these folks who caused the problems in the first place; or you don't, but then these banks start failing and the whole system breaks down, creating what could have been a great depression.

We can't allow ourselves to be put in that position again. So we've got to have some basic rules, some basic regulations at the front end that say to banks, we're not going to let you get too big to fail; we're not going to put ourselves in a position where somehow you're able to gamble with other people's money in such a way that it can potentially bring down the whole system.

Getting the balance right, how to do that is something that you've got to be very careful

about. But I think now that we've got—we're starting to see a framework emerge both in the House of Representatives and in the Senate, where my hope is, is that we can actually get this done sometime in the next several weeks.

Thank you for the great question. This gentleman right here.

*Offshore Oil and Gas Drilling/Alternative Energy Sources*

Q. Thank you, sir. My name is Michael Shore. I'm here in Charlotte. First, it's an honor to have you here with us today.

*The President.* Thank you very much.

Q. I'm concerned that your decision to allow offshore drilling could have the effect of chilling investment into alternate sources of energy. And I'm interested in what incentives you're going to be proposing to establish the conditions and to stimulate research and development and expansion of that critical sector.

*The President.* Well, I think that's a great question. Look, first of all, understand that the Recovery Act, what we passed last year, represented the single largest investment in clean energy in history, by far. So we invested in wind; we invested in solar; we invested in biomass. We invested in research and development; we invested in commercialization; we invested in battery technologies. We are interested in figuring out how we can improve efficiency across the system, both in buildings and in transportation sectors and—you name it, we're all about increasing energy efficiency and finding new renewable, clean sources of energy. It's one of my highest priorities, and I think it's got to be one of our highest strategic priorities as an economy. It has the potential of being an enormous growth industry.

Here's the challenge that we have. We don't yet have the technological breakthroughs that can completely replace fossil fuels. So for the next 10 years, next 20 years, we're still going to be using oil, we're still going to be using coal, we're still going to be using natural gas. We're still going to be using the traditional sources to fuel our cars, to heat our homes, to run our big power plants, et cetera.

It's my hope that if we're aggressive over the next several years, we can substantially cut our

energy use in every sector while still maintaining our high levels of economic growth. So, for example, at the announcement where I talked about offshore drilling, I did so in front of an F-18, a fighter jet, that is actually going to be run half on biomass. So I was joking with the pilot, I said, so this thing runs on vegetable oil. But they're going to break the sound barrier using biomass as fuel.

So the Pentagon is investing huge amounts in energy efficiency. We are promoting weatherization across the country because this is a win-win situation: You put people to work putting in insulation, putting in windows—most of which, by the way, that insulation and windows is manufactured here in the United States—it saves on the individual's energy bill, plus it means that that power plant has to produce less energy to keep that home warm. So it's a win-win all across the board.

That's our biggest priority: energy efficiency and renewable, clean energy. But because we're going to have this transition—unless somebody here invents something tomorrow, which would be very helpful, and if you have it, let me know, we'll get it going right away—but what's most likely is that we're going to have this transition. And so in the interim, we've got to look at our traditional energy sources and figure out how can we use those most effectively and in the most environmentally sound way.

That's why I announced that we were going to start the first nuclear plant in 30 years. Japan, France, other countries have a safe, secure, reliable, and effective nuclear—civilian nuclear energy. We essentially stopped 30 years ago. For those of you who are concerned about climate change, nuclear energy doesn't produce greenhouse gases. It's not a perfect energy source, because it's got the problem with spent fuel and how that is properly stored, but generally speaking, that's going to have to be part of our energy mix.

The decision around drilling, same approach. What we did was we said we're not going to have drilling a mile off the North Carolina coast or 2 miles off. But 50 miles off, 100 miles off, where it is appropriate and environmentally sound and not risky, we should allow explora-

tion to begin taking place to see if there's certain reserves.

There are some areas that we just completely put off limits, like Bristol Bay in Alaska where it's a huge fishery, environmentally very sensitive. There are some areas off the coast in the Gulf of Mexico which don't make sense for us to allow exploration, even though we know that there are existing reserves there. But what we did was we tried to look at the scientific evidence and figure out where are areas where low risk environmentally and a high potential upside.

Now, here's the last thing I'll say about drilling, though, because what you have is you have some environmentalists who just said, "Don't drill anywhere." And then you've got some of my friends on the Republican side who were saying, "Well, this is a nice first step, but it's not enough; you should open up everything."

I don't agree with the notion that we shouldn't do anything. It turns out, by the way, that oil rigs today generally don't cause spills. They are technologically very advanced. Even during Katrina, the spills didn't come from the oil rigs; they came from the refineries onshore.

But the notion that we could drill our way out of the problem—you'll start hearing about this because you know what happens during the summer. As soon as gas prices start going up—every summer it's the same thing, right? And then politicians start standing up and—"we're going to do something about it." And these days, some of my colleagues on the Republican side, what they'll say is, "You got to drill even more."

Just remember the statistics when you start hearing this. We account for 2 percent of the world's oil reserves, but we use 20 percent of the world's oil. We use 20 percent; we only got 2 percent. We can't drill our way out of the problem.

That's why we've got to get moving on this clean energy sector, but we also have to make sure that we've got enough supply that's regular in terms of these other energy—traditional energy sources so that by the time we get to the clean energy sector, we haven't had to sac-

rifice economic growth along the way. All right?

All right. The gentleman right here, in the white shirt.

#### *Fuel Efficiency Standards/Renewable Energy/Infrastructure Improvements*

Q. James Hill from Greenwood, South Carolina. I work in the PC lab, and I agree, it's an honor for you to be here today. Thank you. My question is, how long do you think—the kind of springboard from which you were just saying, how long do you think it would take for us to have more hybrid vehicles on the road than gas vehicles, and what would it take?

The President. Well, we have already seen a huge spike in the purchase of hybrid vehicles. I mean, if you think about it, just 2 years ago, if you found out somebody had a hybrid vehicle, that was a pretty big deal, and you wanted to go over and test it out and see how it worked. Now it's pretty common. I mean, everybody here knows somebody who's got a hybrid, and you've probably tried it out, and it's kind of cool when you're backing up and it's all quiet.

So I think that that's the future. And consumers are naturally going to start gravitating in that direction. Because here's the fact—we were just talking about oil—not only do we produce only 2 percent and use 20 percent, but countries around the world, everybody is starting to use more oil. I mean, think about it. China, if they get even half of the number of cars per capita, per population that we have right now—there are a lot of folks in China. And there are a lot of folks in India. And their standards of living are all starting to rise, and they're all starting to be interested in buying cars. And the fact of the matter is, is that if they even approach the amount of car ownership that we have, oil will run out very quickly, and on the way, prices will just spike up naturally, no matter what we do.

So it is a huge need for us to increase our fuel efficiency on cars now. And that's why one of the things that I did last year—it's actually taking effect this week—is to raise a national fuel efficiency standard; first time we've done it in a very long time. But frankly, even with us raising those standards, I think consumers, just

in terms of their pocketbook interests, are going to be even more interested in buying hybrids and electric cars.

Two things that we can do that would make a big difference right now: Number one, we've got to make sure that those cars are made here in the United States of America. And so part of the reason why it's so important for us to develop the battery technology here is if we're developing the battery technology, that helps us leverage more auto production here in the United States. And that has—just in the same way that when Bob was talking about what's happening here at Celgard, and the grant we gave creates 300 jobs in the company but potentially a thousand jobs in suppliers, the same is true with the auto industry. Some of you might have said, "Why are we helping out GM?" Well, let me tell you, GM might have employed, along with its dealers and everybody, a hundred thousand, several hundred thousand. But when you looked at all the suppliers involved and the economies, you could have seen another couple million jobs lost. That would have had huge implications for the economy. Now GM is actually making a profit and starting to buy—or starting to hire people back.

But one thing we need to do is make sure that those cars are made here in the United States. The second thing we need to do is to create the electricity grid, what we're calling the smart grid, which is—think about it. Part of the reason that we can drive our cars is because there's a gas station every so often. There are roads; there are gas stations. We know how to fuel up our automobiles. Now, if we want to have everybody getting maximum use out of an electric car or a hybrid car, part of what we have to do is to create a similar distribution mechanism for electricity. And one of the exciting things about these hybrids is we want to get to the point where you've got what's called a plug-in hybrid, where you essentially have a gas station at your house, called your electric socket. And you're going to be able to plug in your car at night. Some of the energy that was stored in the car can actually go back into the house, and then when you're ready to go, you can get that energy and use it to drive.

But to do all that you need a better electricity grid. We've got kind of a creaky infrastructure when it comes to electricity, and that's one of the major investments that we want to start making. And that, by the way, is an investment that only government, working with the private sector, can help to make.

You're hearing a lot of talk these days about government, and government is terrible, and bureaucrats—and they're taking over, and all this stuff. Look, I don't want government any more than is necessary, but there are some things that Bob or any CEO can't invest in. Bob is not going to build the roads to get to Celgard. No company is going to make investments for a public good. None of you would expect a private company to fund our military or our firefighters. There are just some things that you can't do on your own, and the private sector is not going to do. It's not profitable, because if Bob was the guy who had to build the road, he'd have a whole bunch of other people driving on that road that weren't paying for it. So it's not a good investment for him.

That's where government comes in. The same is true when it comes to something like the electricity grid. We're going to have to help create that infrastructure, just like broadband lines, just like a whole bunch of basic 21st-century infrastructure, so we've got the platform in order to succeed and compete economically. That's what the Chinese are doing; that's what the Indians are doing; that's what the Germans are doing. That's what the United States is going to have to do. All right?

I've got time for a couple more questions. I can already see the—this is my guy, Reggie Love, from Charlotte, North Carolina, by the way.

*Audience member.* Reggie! Reggie!

*The President.* Yes. He already told me he's not getting on the plane going back. [Laughter] He's spending the weekend here.

All right, I think I should—let's see, I want to make sure that—I've got to get a woman in here, make sure that it's balanced. All right, this young lady right there.

*Health Care Reform/Cost of Health Care Reform/National Debt*

Q. Thank you, Mr. President. We're honored to have you here today. I'm Doris Ravis from Lake Wylie, South Carolina. I work at Celgard. We have wonderful CEOs that keep—take care of us and have really helped the company grow. My question is, though, in the economy times that we have now, is it a wise decision to add more taxes to us with the health care? Because it—we are overtaxed as it is.

*The President.* Well, let's talk about that, because this is an area where there's been just a whole lot of misinformation, and I'm going to have to work hard over the next several months to clean up a lot of the misapprehensions that people have. Here's the bottom line: Number one is that we are the only—we have been up until last week the only advanced country that allows 15 million of its citizens to not have any health insurance. And the vast majority of those folks work; it's just that they don't happen to work for a company that is either big enough or generous enough to provide them any coverage. So that's point number one. There is a moral imperative that is important.

Number two, you don't know who might end up being in that situation. See, those of us who have health care right now ask ourselves, "Well, is this something that should be a priority right now?" But anybody here who lost their job and then COBRA ran out—or COBRA wasn't subsidized the way the Recovery Act made sure COBRA paid 65 percent of the cost of COBRA—and if you had somebody at home who was sick, or you had a child who got sick, you'd suddenly say to yourself, "Well, now I see the need." And so part of what we have to do is always say to ourselves, there but for the grace of God go I, and have a basic safety net. So that's point number two.

Point number three is that the way insurance companies have been operating, even if you've got health insurance, you don't always know what you got, because what has been increasingly the practice is that if you're not lucky enough to work for a big company that is

a big pool, that essentially is almost a self-insurer, then what's happening is, is that you're going out on the marketplace, you may be buying insurance, you think you're covered, but then when you get sick, they decide to drop the insurance right when you need it. Or when you get sick, they try to find what they consider to be a preexisting condition that would justify them canceling your policy. Or there's some fine print in there where you've got a lifetime limit, and it turns out you thought you had coverage, but it turns out the coverage only goes up to a certain point and then afterwards you have to start paying out of pocket. And even after paying all those premiums, you're now in the hole for 100,000 or \$200,000, and you're going bankrupt or losing your house.

And the final point is that the costs of health care—setting aside anything we did in reform, I mean, if we just allowed the current trajectory to go on—is out of control. Now, I haven't talked to Bob about what his costs are looking like for Celgard employees, but I can tell you that health care costs have gone up, the price of health care has gone up three times faster than wages. So either the company is having to swallow those costs, which means that's less money that they could use for hiring new workers or investing in new plants and equipment, or they're passing on those costs to their employees in the form of higher premiums, higher deductibles, higher copayments.

And what's happening federally is, because the costs are so out of control, all the programs that we already have—Medicare, Medicaid, the Children's Health Insurance Program—all those things are completely out of control. So if you're concerned about the deficit, what you're really concerned about is the cost of Medicare, Medicaid, and all the other programs that are already in place.

So here's what we did: What we said is, number one, we'll have the basic principle that everybody gets coverage. And the way we're going to do that is to say that most people individually shouldn't buy health insurance on their own because they have no leverage and the insurance companies take advantage of it. Instead, what we're going to do is we're going



to set up a big pool, a marketplace that allows everybody to buy into this pool—that Members of Congress, by the way, will be a part of, so you know it's going to be a good deal. Because Members of Congress, they've got to look out for their own families; they wouldn't vote for it if it wasn't going to be a good deal. And just like Wal-Mart is able to leverage a really good price from its suppliers for everything because they're such a big purchaser, well, this pool will be a big purchaser, and it will be able to get a better deal from insurance companies.

So that's point number one. That will drive down the prices for people who are participating, and it will allow everybody to get a decent deal on insurance. And what we do is we provide tax credits to people who still can't afford it so that they can afford it. That's point number one.

Point number two is we've got the strongest insurance reforms in history. So all those things I told you about—you not being able to get insurance because of a preexisting condition, you finding yourself getting dropped, even though you've been paying premiums for 15 years and suddenly they just decide, sorry, we don't want you because you're getting sick—those policies will be over. And so you will be protected as a consumer to make sure you've got security and protection if you've got insurance already. That's the second thing we do.

The third thing we do is we actually put in place a whole bunch of mechanisms to start reducing the actual cost of health care. So, for example, one of the things that we do is to say we're going to start encouraging paying doctors not based on how many tests they take, but based on the quality of the outcome, does somebody end up healthy.

And it turns out that a lot of times if you go to the doctor, you get one test. Then you go—referred to a specialist, you get another test. Then maybe you go to a third person, the surgeon, you get a third test. It's all the same test, but you're paying three times. So what we're trying to say is, we'll pay you for the first test and then e-mail the test to everybody. *[Applause]* Right? Or have all three doctors in the room when the test is being taken.

But that's an example of the kinds of things that save money and will start reducing costs over the long term. So what we've done is we've embedded in how Medicare reimburses, how Medicaid reimburses all these ideas to actually reduce the costs of care.

So our hope is that over time, over the next 3, 4, 5, 6 years, because of all these changes, that we've actually saved money from this, even though more people are covered. And so now you'll hear the critics and the Republicans say: "Now, that just defies common sense. If you're adding 30 million more people, then it's got to cost more money. And you can't pretend like somehow that's going to help us on the deficit." I've heard this criticism; I understand it.

But let me give you an example. If you've got a house and you've got a big hole in your roof, and it's raining and snowing through that roof, and there are some people who are inside the rooms where the roof is okay and they're nice and warm, and then you got a few of your family members in that room where there's a big hole in the roof and they're shivering and they're cold, if you repair the roof, that's going to cost some money. But if all the water damage from your floors and all the heat that's going out of the roof and all—you count all those savings, over time it may turn out that it actually is saving you money, and by the way, all those family members now are warm too. You're not the only one who's warm, right? That's essentially what we're trying to set up.

Now, last point I want to make. All those savings that we're anticipating, we don't even count those when it comes to making sure that this is deficit neutral. Here are the two ways that we're paying for this thing: Number one, we are eliminating a whole bunch of waste, fraud, and insurance subsidies that were being paid out under Medicare that aren't making our seniors any healthier. I mean, you've got a pretty sweet deal for insurance companies right now in a program called Medicare Advantage where they get \$18 billion a year paid to them to manage a Medicare program that about 80 percent of seniors are getting directly from the Government, and it's working just fine. It's just a subsidy to them that doesn't make anybody healthier. So what we're saying is, well, let's eliminate

the subsidy. So that's about how we pay for half of this thing.

The other half of it—it is true that we have identified some additional taxes that we think are fair. And let me describe, just to give you an example—I don't think this will affect you, but I don't know your family's circumstances. Right now if you're on salary, you get your salary from Celgard or any of the companies around here, you're paying your Medicare tax on all of that, right? You see it on your—it's part of your FICA. But if you're Warren Buffett and you get most of your money from dividends and capital gains, you don't pay Medicare tax on that. You're eligible for it. You're going to get the same Medicare benefits as anybody else. But because your source of income is what's called unearned income, capital gains and dividends, you don't have to pay this.

Well, I'm thinking to myself, how is it that the guy who is cleaning up the office is paying the Medicare tax and the guy who is making capital gains isn't? So what we said was, look, if you make more than \$200 and \$250,000 a year, then that money that you make over \$200 and \$250,000 a year that's unearned—that's from capital gains and dividends—you should have to pitch in to Medicare just like everybody else, because you're going to be using it like everybody else. So it's a concept of fairness.

Now, what the Congressional Budget Office has said—I'm sorry, by the way, these questions sometimes are—or these answers are long, but I want to make sure you guys—that I'm really answering your question. I hope you feel like I really want to respect the importance of your question. What the Congressional Budget Office has said is that as a consequence of the savings from the waste and fraud, combined with the new revenue sources I just mentioned, that this thing is going to actually reduce our deficit by over a trillion dollars—over a trillion dollars. We're actually saving money for the Government because we've closed the roof, the house is now insulated, it's warm, and by the way, in the meantime, we've got a whole bunch of people who were left out in the cold who are now being taken care of.

That's the concept. But I know that for a lot of people, they've got a legitimate concern about, gosh, it just seems like Government spending is out of control. I understand that. I feel that. But understand what happened. When I walked in, we already had a \$1.3 trillion deficit. That's an annual deficit of \$1.3 trillion. That's the day I got sworn in, before I did a thing. We had \$8 trillion in accumulated debt from the war in Iraq, not paid for; the prescription drug plan, Medicare Part D, not paid for; Bush tax cuts, not paid for.

So we already had all this debt that had just been piled up, but nobody had noticed because things were going kind of good. Just like a lot of folks didn't notice their credit card was going up or that their home equity loans were going up, because when things are going good, you tend not to notice.

So all that debt had already accumulated. We then had to spend \$787 billion on the Recovery Act to do all the things—unemployment insurance, COBRA, what's called FMAP, which is essentially helping States to keep their budgets afloat so that they didn't have to lay off teachers and cops and firefighters—all of which, if that had happened, would have further depressed the economy and we would have recovered a lot later—the investments we're making in clean energy and things like Celgard to help spur economic growth.

So we had to spend that, but that's only a fraction of what our debt was. And in addition, what happens is when the economy goes south, there are fewer tax revenues. And so you're putting more money out to help people with unemployment insurance and things like that, but you're getting less money in because folks are out of work and businesses aren't making money.

Bottom line is we now have a significant debt that has to be paid down. That's why I'm freezing Government spending. That's why we reinstituted what's called pay as you go. You can't start a program without paying for it. Our health care program is paid for.

But the big thing, if you're really worried about leaving debt to the next generation, which I know you are, the most important thing we're going to have to tackle is our

health care costs because Medicare is by far—Medicare and Medicaid are the biggest things that are looming in the horizon in terms of what our debt is going to be. Nothing else comes close.

If this health care bill never existed, if I didn't do anything about it, we'd actually be a trillion dollars worse off over the long term. But even with what—the savings we're getting from health care, we're still going to have to do more. And if you don't believe that, go on our web site, [www.whitehouse.gov](http://www.whitehouse.gov), and you can look at how the Federal budget works.

A lot of people think if you just eliminated foreign aid we could balance the budget, or if you just eliminated earmarks you could balance the budget. Earmarks—you know, pork projects, what everybody calls pork—those account for about 1 percent of the budget, less than 1 percent. Foreign aid accounts for about 1½ to 2 percent of the budget.

Most of the budget is Medicare, Social Security, Medicaid, defense spending, and interest on the national debt. That accounts for about 70 percent of the budget. And so all this other stuff that sometimes we argue about, that's not the big stuff. We're going to have to tackle the big stuff if we're going to get our budget under control.

Boy, that was a long answer. I'm sorry. [Laughter] But I hope everybody—but I hope I answered your question.

All right, I'm going to—I've got to make this the last question. I'm going to ask this young man right here.

#### *Government Use of Hybrid Vehicles*

Q. My name is Matt Litzler, and I flew down from Cleveland, Ohio, this morning. We're a supplier here to Celgard, and about 75 of those 1,000 jobs are in northeast Ohio. A real quick question: If Reggie is not going to go on the

plane, can I get a ride back to the airport? [Laughter]

*The President.* You know, come on, let's go.

Q. But secondly, the limousines that you drive—electric with Celgard membranes in them sometime soon?

*The President.* You know, the answer—I'm going to be honest with you. I'm going to be honest with him. When I first got Secret Service protection, I asked, can we make these cars hybrids? And I apologize, because Secret Service said no.

Now, the reason is not because Secret Service are bad guys. It's because the cars that I'm in are like tanks. I mean, they—as you might imagine, they're—a little bit of extra stuff on there. They're a little reinforced. So they weigh twice or three times what an ordinary car weighs. So they just couldn't get the performance, in terms of acceleration, using a hybrid engine.

But here's the good news, is that as part of our overall energy strategy, I have ordered us to triple the Federal fleet that is hybrid. And so Government purchases an awful lot of cars for all kinds of things. And we're—I think we're the biggest—I'm assuming we're the biggest car purchaser; maybe Hertz is bigger, I don't know—but we're big, and so we are using our purchasing power to help encourage the clean car industry and hopefully to get you more business. All right?

Thank you very much, everybody. God bless you. Thank you.

NOTE: The President spoke at 12:02 p.m. In his remarks, he referred to Robert B. Toth, president, chief executive officer, and director, Polypore International, Inc.; Bryan Moorehead, vice president of operations, and Mitch Pulwer, vice president and general manager, Celgard, LLC; Personal Aide to the President Reginald L. Love; and Warren E. Buffett, chief executive officer and chairman, Berkshire Hathaway Inc.

## The President's Weekly Address *April 3, 2010*

This is a week of faithful celebration. On Monday and Tuesday nights, Jewish families and friends in the United States and around the world gathered for a Seder to commemorate the Exodus from Egypt and the triumph of hope and perseverance over injustice and oppression. On Sunday, my family will join other Christians all over the world in marking the resurrection of Jesus Christ.

And while we worship in different ways, we also remember the shared spirit of humanity that inhabits us all, Jews and Christians, Muslims and Hindus, believers and nonbelievers alike.

Amid the storm of public debate, with our 24/7 news cycle, in a town like Washington that's consumed with the day to day, it can sometimes be easy to lose sight of the eternal. So on this Easter weekend, let us hold fast to those aspirations we hold in common as brothers and sisters, as members of the same family, the family of man.

All of us know how important work is, not just for the paycheck, but for the peace of mind that comes from knowing you can provide for your family. As Americans and as human beings, we seek not only the security, but the sense of dignity, the sense of community, that work confers. That's why it was heartening news that last month, for the first time in more than 2 years, our economy created a substantial number of jobs, instead of losing them. We've begun to reverse the devastating slide, but we have a long way to go to repair the damage from this recession, and that will continue to be my focus every single day.

All of us value our health and the health of our loved ones. All of us have experienced an illness, a loss, or personal tragedy. All of us know that no matter what we're doing or what else is going on in our lives, if the health of someone we love is endangered, nothing else matters. Our health is the rock upon which our lives are built, for better and for worse.

All of us value education. We know that in an economy as competitive as ours, an education is a prerequisite for success. But we also

know that ultimately education is about something more, something greater. It's about the ability that lies within each of us to rise above any barrier, no matter how high, to pursue any dream, no matter how big, to fulfill our God-given potential.

All of us are striving to make a way in this world, to build a purposeful and fulfilling life in the fleeting time we have here. A dignified life, a healthy life, a life true to its potential, and a life that serves others, these are aspirations that stretch back through the ages, aspirations at the heart of Judaism, at the heart of Christianity, at the heart of all of the world's great religions.

The rites of Passover and the traditions of Easter have been marked by people in every corner of the planet for thousands of years. They've been marked in times of peace, in times of upheaval, and in times of war.

One such war-time service was held on the black sands of Iwo Jima more than 60 years ago. There, in the wake of some of the fiercest fighting of World War II, a chaplain rose to deliver an Easter sermon, consecrating the memory, he said, "of American dead, Catholic, Protestant, Jew. Together," he said, "they huddled in foxholes or crouched in the bloody sands. . . . Together they practiced virtue, patriotism, love of country, love of you and me." The chaplain continued, "The heritage they have left, the vision of a new world, was made possible by the common bond that united them . . . their only hope that this unity will endure." Their only hope that this unity will endure.

On this weekend, as Easter begins and Passover comes to a close, let us remain ever mindful of the unity of purpose, the common bond, the love of you and of me, for which they sacrificed all they had and for which so many others have sacrificed so much. Let us make its pursuit and fulfillment our highest aspiration, as individuals and as a nation. Happy Easter and happy Passover to all those celebrating here in America and around the world.