

opportunity to pursue their dreams. If they're willing to work hard enough and apply themselves, if they've got a big enough imagination and some pluck and some drive, whether it's starting a high-tech company or being a rock-and-roll star, that what makes this place special is that you can go as far as your dreams carry you.

And we've got to make sure that America is there not just for this generation, but for the next generation and the generation after that. And that means we've got to think not about the next election, but about the next generation. That's what Patty Murray does. That's what a whole bunch of folks who have helped us over the last 18 months do.

And that's why I'm so pleased that you are here to support them. If you stay with us, if

you're willing to see this thing through, I'm confident that we're going to be able to look back, despite all the ups and all the downs, we're going to be able to look back and say that what we did mattered, that this was a moment that counted, and that you were standing there to be counted at that critical moment in this country's history.

Thanks so much, everybody. God bless you. Thank you.

NOTE: The President spoke at 2:34 p.m. at the residence of Robert D. and Cori Glaser. In his remarks, he referred to Cameron and Eva Glaser, children of Mr. and Mrs. Glaser. Audio was not available for verification of the content of these remarks.

Remarks and a Question-and-Answer Session in Columbus, Ohio August 18, 2010

The President. Well, I'm just thrilled to be here. And I want to thank Joe and Rhonda and the entire family for being such great hosts. And I want to thank all of you for taking the time to be here.

I see that the mayor of Columbus is here, a great friend. Somebody who's going to be running—and I hope winning—for the U.S. Senate, Lee Fisher is here. And Mary Jo Kilroy is here. We've got one of the best Senators, I believe, in the United States Senate in Sherrod Brown—is here. And one of the finest Governors in the country, Ted Strickland is here. So give those folks a big round of applause.

Should we tell them to take off their jackets too? *[Laughter]* Take off your jackets, guys. Lighten up a little bit. *[Laughter]* Sheesh! *[Laughter]*

This is just a great opportunity for me to have a conversation with you. And I don't want this to be too formal. What I want to do is have a chance to listen to you and also answer your questions. What we've tried to do whenever we are in a setting like this is to talk about the things that folks are going through day to day, because, look, I'll be honest with you, sometimes when you're in Washington, you get

caught up with the particular legislative battles or media spin on certain issues, and sometimes you lose touch in terms of what folks are talking about around the kitchen table.

One of the ways that I stay in touch is through events like this, as well as reading letters from constituents and voters all across the country every night. And obviously, what's on a lot of people's minds right now is the economy.

We went through the worst recession that we've had since the Great Depression. And when I was sworn in about 18 months ago, we had already lost several million jobs and we were about to lose several million more. We lost 800,000 jobs the month I was sworn in. And so we had to act fast and take some emergency steps to prevent the economy from going back into what could have been a Great Depression.

And we were successful in doing so. We stabilized the economy; we stabilized the financial system. We didn't have a complete meltdown. And whereas we were losing jobs in the private sector when I was first sworn in, we're now gaining jobs, and we've gained jobs 7 consecutive months in the private sector. The economy was shrinking about 6 percent; the economy is

now growing. So we've made progress. But let's face it, the progress hasn't been fast enough.

And Joe and Rhonda and I were just talking about the challenges that they've had to go through when Rhonda got laid off—and by the way, also lost her health insurance in the process, at a time when her son was going through some significant medical needs. So in addition to trying to stop the crisis, what we also wanted to do was make sure that we were helping people get back on their feet. So something that I'm very pleased with is that Rhonda was able to use the provisions that we passed to help her get COBRA so that she had health insurance, could keep her health insurance, at a time when the family was very much in need. And millions of people across the country have been able to keep their health insurance.

We've also been trying to help our State and local governments so that they're not having to lay off as many teachers and firefighters and police officers. And I know that—I think the mayor and the Governor would acknowledge that the help that we provided them has really helped to plug some big budget holes.

And in addition, what we've been trying to do is to build infrastructure that puts people back to work, but also improves the quality of life in communities like Columbus. So Joe is an architect, and he's now working on a new police station that was funded in part with Recovery Act funds.

So all these things have made a difference, but we still got a long way to go. And so a couple of things that we're focused on right now is, number one, making sure that small businesses are getting help, because small businesses like Joe's architectural firm are really the key to our economy. They create two out of every three jobs. And so we want to make sure that they're getting financing. We want to make sure that we are cutting their taxes in certain key areas. One of the things that we've done, for example, is propose that we eliminate capital gains taxes on small businesses so that when they're starting up and they don't have a lot of cashflow, that's exactly the time when they should get a break and they should get some help.

We're focusing as well on trying to figure out can we build more infrastructure here in Ohio and all across the country that puts people back to work, not just building roads and bridges, but also building things like high-speed rail or building broadband lines that can connect communities and give people access to the Internet at a time when that's going to be critical in terms of long-term economic development.

We're also going to have to look at how do we, over the long term, get control of our deficit. And that's obviously something that a lot of people have on their minds. The key is to make sure that we do so in a way that doesn't impede recovery, but rather gives people confidence over the medium and the long term. And I'm going to be happy to talk about what we're doing in terms of spending.

But overall, what I—the main message that I want to deliver before I start taking questions—and I said this to Joe and Rhonda—is, slowly but surely, we are moving in the right direction. We're on the right track. The economy is getting stronger, but it really suffered a big trauma. And we're not going to get all 8 million jobs that were lost back overnight. It's going to take some time. And businesses are still trying to get more confident out there before they start hiring. And people—consumers are not going to start spending until they feel a little more confident that the economy is getting stronger. And so what we're trying to do is create sort of a virtuous cycle where people start feeling better and better about the economy. And a lot of it's sort of like recovering from an illness; you get a little bit stronger each day and you take a few more steps each day. And that's where our economy is at right now.

What we can't afford to do is to start going backwards and doing some of the same things that got us into trouble in the first place. This is why it's been so important for us to, for example, to pass something like Wall Street reform to make sure that we're not creating the same kinds of financial bubbles and the massive leverage and the reckless risks that helped to create this problem in the first place.

And I am very proud that we've got somebody like a Sherrod Brown or a Mary Jo, who

worked really tirelessly with us in Congress to make sure that we don't have a situation where we've got to bail out banks that have taken reckless risks, that we are monitoring what's happening in the financial system a lot more carefully, that people—making sure people aren't cheated when it comes to their mortgages, or that there are a bunch of hidden fees in their credit cards that helped to create some of the problems that we've seen in the financial systems.

We can't go back to doing things the way we were doing them before. We've got to go forward. That's what we're trying to do. And hopefully, as we continue over the next several months and the next several years, we're going to see a Columbus and an Ohio and a United States of America that is going to be stronger than it was before this crisis struck. I am absolutely confident of that. But we've got more work to do.

All right. So with that, what I want to do is I just want to open it up and you guys can ask me questions about anything. And just ignore all these cameras who are here—[laughter]—pretend they're not there. The only thing I would ask is introduce yourselves so that I get a chance to know you. Or if you haven't met one of your neighbors, this is a good chance for you to do so.

But why don't we start with this gentleman right here. And we've got some mikes. The only reason—the main reason we're using mikes is so that these folks behind us can hear you. All right? This gentleman right here.

Health Care Reform

Q. Hi, President Obama. I hope I don't pass out while I'm asking this question. So my question is actually about health care. My brother is disabled. He—and is definitely what I would consider one of the working poor. He will not mature any more as far as mindset of a 12-year-old. Right now he works washing dishes at a local restaurant, and unfortunately, because the employer does not offer health care insurance, one whole check, which is 2 weeks worth of work, has to actually go towards him just paying for COBRA, which is obviously well out of his

budget. But he has to simply because of various illnesses that he suffers from.

My question is, unfortunately, I'm not able to sit down and read a 2,000-page bill or law that—or with all the reform that happened with health care. With the present reforms that went into place, how will that help him? And if it doesn't, then how will—I know that you're not done with health care—how will your—the latest changes that you want to happen with health care, how will that help him?

And thank you for doing such a wonderful job.

The President. Well, thank you. Here's how specifically health reform should help your brother. Number one, it gives an incentive to his employer to provide health insurance, because one of the key components of health care reform was providing employers a 35-percent tax break on the premiums they pay for their employees, all right? So basically, it's cutting his potential costs—the employer's potential costs for providing your brother with health insurance; it's cutting it by a third. That's step number one.

And there are going to be companies out there that say, you know what, we want to provide health insurance, but we just couldn't afford to do it, but now that it's costing us up to a third less, saving us thousands of dollars, maybe we should go ahead and provide coverage for that. Okay, so that is step number one.

Step number two is if the employer still doesn't provide coverage, over the next couple of years, your brother is going to be able to join a pool, what we're calling an exchange, where he can basically buy the same kind of insurance that these Members of Congress are buying. And the advantage that he's going to have is that now he's part of a pool of millions of people who are buying it all at the same time, which means they've got leverage. The same way big companies are able to lower their costs per employee because the insurance company really wants their business, well, now your brother could be part of the same pool that these guys are. And that's going to give leverage, which will lower his rates.

And the final part of it is, if even with these lower rates, this better deal, he still can't afford it, then we're going to provide some subsidies to help him. So all those things combined should help make sure that your brother is getting health insurance.

Now, one of the things that I think people may not be aware of is that although this exchange isn't going to be set up until 2014—because it takes a while, we've got to set it up right—there's some immediate things that are helping right now.

If your child has a preexisting condition, insurance companies, starting this year, will not be able to deny those children coverage. And that's a big deal for a lot of folks whose children may have diabetes or some other illness and right now can't get insurance. Insurance companies are going to have to provide them insurance. That's number one.

Number two, how many people here have kids who are college age, about to go to college? All right. Well, one of the things you're going to be able to do is when those kids get out of college, if they don't get insurance right away, they're going to be able to stay on your insurance until they're 26 years old. That's a big deal because a lot of times that first job or those first couple of jobs out of college are the ones that don't provide health insurance.

So there are a number of changes that are being made right now that will make those of you who have health insurance more secure with the insurance they have. We're eliminating lifetime limits. There's a bunch of fine print on the insurance forms that sometimes have ended up creating real problems for people. Your insurance company decides to drop you right when you get sick, just when you need it most. Those kinds of practices are over now.

And the final aspect of health reform that's important is, is that by changing the incentives for how doctors get paid under Medicare and under Medicaid, we're actually encouraging doctors to become more efficient so that over time, health care costs actually start leveling out a little bit instead of skyrocketing each and every year. Because everybody here who's got health insurance, what's been happening? Your

premiums have been going up; copayments, deductibles, all that stuff's been going up. So we've got to actually try to control the costs of it, and part of it is just a matter of making sure that we get a better bang for our health care dollar.

So, for example, when you go to a doctor, we're still filling out forms in triplicate on paper. It's the only business there is where you still have a whole bunch of paperwork. And what we're trying to do is to encourage information technologies so that when you go into a doctor, they can already pull down your medical records electronically. If you take a test, then it's sent to all the specialists who are involved, so you don't end up having to take four or five tests and pay for four or five tests when all you needed was just one.

Those are the kinds of things that will take a little bit longer to actually take into effect, but hopefully, over time, they're actually going to lower costs.

All right. I'm going to go boy, girl here to make sure it's fair. [Laughter] Right here.

Q. [Inaudible]

The President. Absolutely. [Laughter]

Social Security

Q. Mr. President, I'm concerned about the furor lately that's been—it's similar to what's happened in the past, but it's reemerging, mostly from the Republican Party, but some Democrats—that Social Security needs to be privatized because it's losing money, and we're all going to—and it's going to go broke, and that sort of thing. How would you comment on that?

The President. I have been adamant in saying that Social Security should not be privatized, and it will not be privatized as long as I'm President. And here's the reason. I was opposed to it before the financial crisis. And what I said was that the purpose of Social Security is to have that floor, that solid, rock-solid security so that no matter what else happens, you've always got some income to support you in your retirement. And I've got no problem with people investing in their 401(k)s, and we want to encourage people to invest in private savings accounts. But Social Security has to be separate from that.

Now, imagine if Social Security, if a portion of that had been in the stock market back in 2006 and 2007. I mean, you saw what happened with your 401(k)s; you lost 20, 30, 40 percent of it. Now, we've recovered—in part because of the policies that we put into place to stabilize the situation—the stock market has recovered 60, 70 percent of its value from its peak. But if you were really in need last year or the year before, and suddenly you see your assets drop by 40 percent, and that's all you're relying on, it would have been a disaster.

So here's the thing: Social Security is not in crisis. What is happening is, is that the population is getting older, which means we've got more retirees per worker than we used to. We're going to have to make some modest adjustments in order to strengthen it. There are some fairly modest changes that could be made without resorting to any newfangled schemes that would continue Social Security for another 75 years, where everybody would get the benefits that they deserve. And what we've done is we've created a fiscal commission of Democrats and Republicans to come up with what would be the best combination to help stabilize Social Security for not just this generation, but the next generation.

I'm absolutely convinced it can be done. And as I said, I want to encourage people to save more on their own, but I don't want them taking money out of Social Security so that people are putting that into the stock market. There are other ways of doing this. For example, it turns out that if you set up a system with your employer where the employer automatically deducts some of your paycheck and puts it into your 401(k) account, unless you say you don't want it done, it turns out people save more just naturally. I mean, it's just kind of a psychological thing. If they take it out of your paycheck, and they automatically take it out, unless you affirmatively say don't take it out, you'll save more than if they ask you, do you want to save, and then you say, ah, nah, I'm going to keep the money. [Laughter] And then you save less.

So that's just a small change. It's voluntary, but that in and of itself could end up boosting savings rates significantly. So there are a bunch

of ways that we can do—make sure that retirement is more secure. But we've got to make sure that Social Security is there not just for this generation, but for the next one. Okay?

All right, gentleman's turn. And by the way, I know that some folks may be hot, and if they are, you guys can always move into the shade.

Job Growth/Alternative Energy Sources/Infrastructure Improvement/Employee Pensions

Q. Mr. President, sir, my name is Aaron McGreevy, I was born and raised in a good, blue-collar town in Toledo, Ohio. I grew up in a union family, and I work now for a significant number of pension assets in the labor union market with an investment firm. I think the question I have that most bothers me is what's important to my people out there that I talk to, and those two things are, the first, what's going to happen with their pensions, especially those, as you know, in the red and the yellow? The PPA has not exactly been that favorable to them. And the PBGC is not a very good option. My father had to take early retirement. He's not receiving the maximum amount—after decades of hard work and service—that he had anticipated.

The second part is, I'm not naive enough to think that just the pensions alone can help save workers. We've got 9.5 percent unemployment in this country, at least at last release, and I'm sure as you know, that's even more—it's larger than that for the manufacturing industry and us in the Rust Belt: Toledo, Detroit, Cleveland. Obviously, we need to put those guys back to work; they need to have man-hours out there. How can we create a sustainable, competitive product at an advantage to make us another leader in the manufacturing and labor force industry going forward, not just to get them back to work for a year or two, sir, but to get back to work for the long term, so they can grow the market on their own with their own product and their own work?

The President. Well, look, this is a great question, and it goes to the heart of what our economic strategy has to be. And Senator Brown and Congresswoman Kilroy and others, I know this is their number-one concern each and ev-

ery day. And certainly, this is your Governor's number-one concern each and every day, is how do we make sure that we're creating a competitive America in which we aren't just buying things from other countries, we're selling things to other countries, that we're making things here in the United States of America?

Let me give you a couple of examples of areas that I think have enormous promise. Number one is the whole clean energy industry—and Toledo actually is becoming a leader in this—creating good jobs in areas like solar—building solar panels, wind turbines, advanced battery manufacturing. There is a whole series of huge potential manufacturing industries in which we end up being world leaders and as a bonus end up creating a more energy-efficient economy that is also good for the environment.

Now, we made, at the beginning of my term, the largest investment in clean energy in our history. And so there are plants that are opening up all across the country, creating products made in America that are now being shipped overseas. I'll give you one example, and that's the advanced battery manufacturing industry. These are the batteries that go into electric cars, or the batteries that are ending up helping to make sure that if you get solar power or wind power, that it can be transmitted in an efficient way.

We have 2 percent of the entire market—2 percent. By 2015, in 5 years, we're going to have 40 percent of that market because of the investments that we made. So one of the advanced battery manufacturing plants that we helped get going with some key loans and support and tax breaks, they're now putting those batteries into the Chevy Volt. And you combine it then with an entire new U.S. auto industry that is cleaner and smarter and has better designs and is making better products, those are potentially thousands, tens of thousands, hundreds of thousands of manufacturing jobs. And the Midwest is really poised to get a lot of those jobs. In a town like Toledo, where you've still got a lot of skilled workers, they are poised to be able to take off on that. But we've got to continue to support it.

The other area that I've already mentioned is infrastructure. I mean, we've got about \$2 tril-

lion worth of infrastructure improvements that need to be made all across the country: roads, bridges, sewer lines, water mains. It's crumbling. The previous generation made all these investments that not only put people to work right away, but also laid the foundation then for economic growth in the future.

And we used to always have the best infrastructure worldwide. Now, if it comes to rail, we certainly don't have the best rail system in the world. Our roads in a lot of places aren't the best. Our airports aren't the best. Somebody is laughing. They just got—obviously went through an airport. So we've got a lot of work to do on infrastructure. And this is an area where I hope we can get some bipartisan agreement.

It's hard to get bipartisan agreement these days. But I think that the notion that we can put people to work rebuilding America, investing in making stuff here in the United States that—by the way, every time you build a road, that's not just putting people to work on the actual construction; all those supplies that go into road building, all those supplies that go into a bridge, all those supplies that go into rail, that's creating a ripple effect all throughout the economy. So I think that's a second area of great potential.

Last point you made was—had to do with pensions. Look, the truth be told, the way we were handling pensions, both in private companies and among public employees, a lot of it wasn't that different from some of the stuff that was going on in Wall Street, because what happened was, is that these pensions weren't adequately funded. Some of these companies would underfund it and then say, well, we're going to get an 8-percent return or 10-percent return on our pension funds, to make it look like they were adequately funded when they weren't. That contributed to pension funds chasing a lot of risky investments that promised these high returns, but in fact were built on a house of cards. So you're going to see a number of pensions in a number of companies that are underfunded.

Now, we've got a mechanism at the Federal level that provides a certain percentage backup or guarantee for these pension funds if they fail. But we're going to have to, I think, work with

these private sector companies so that—right now they’ve become very profitable; companies are making money right now. We were talking earlier about the economy and how it’s moving slow. Well, corporate profits are doing just fine. They’re holding onto a whole bunch of cash. They’re kind of sitting on it, waiting to see if they can make more money and more opportunity, but they haven’t started hiring yet. One of the things they need to be doing with some of this cash is shoring up their pension funds that are currently underfunded. Okay?

It’s a girl’s turn. Yes, right there.

Education Reform

Q. Mr. President, tied in with the jobs situation, I think, is the education system. And it seems to be in a crisis now, and people are not being educated to take these jobs that are going to be created. And I wondered what sort of plans you might have for that.

The President. That’s a great question. Are you in education?

Q. No.

The President. No?

Q. I’m a nurse.

The President. Well, that’s important too.

Q. Yes.

The President. Thanks for the care you give to people all day long. I’m a big fan of nurses.

The thing that will probably most determine our success in the 21st century is going to be our education system. I’ll just give you a quick statistic. A generation ago, we ranked number one in the number of college graduates. We’ve now slipped to number 12 in the number of college graduates. That’s just in one generation. That is putting us at a huge competitive disadvantage. Because, look, companies these days, they can locate anywhere. You’ve got an Internet line, you can set your company up in India, you can set up your company in the Czech Republic. It doesn’t really matter where you are.

And so what that means is a lot of companies are going to look for where can they find the best workforce. And we have to make sure that that is in Columbus, Ohio. We’ve got to make sure that that’s in Toledo. We’ve got to make sure that that’s in the United States of America.

Now, we still have the best universities and the best colleges on Earth. But there are a couple of problems that have come up. First of all, our education starts at K–12. And we’re not doing a good enough job at the K–12 level making sure that all our kids are proficient in math, in science, in reading and writing.

And what we’ve done is we’ve set up something called the Race to the Top, where, although a lot of Federal money still flows to schools just based on a formula and based on need, we’ve taken a certain amount of money and we’ve said, you know what, you’ve got to compete for this money. And you’ve got to show us that you’ve got a plan to improve the education system, to fix low-performing schools, to improve how you train teachers—because teachers are the single most important ingredient in the education system—to collect data to show that you’re improving how these kids are learning.

And what’s happened is, is that States all across the country have actually responded really well, and we’ve seen the majority of States change their laws to start doing this bottom-up, grassroots reform of the K–12 system. That’s critical. That’s number one.

Second thing that we’ve got to solve is that college became unaffordable for a lot of people. And Joe and Rhonda, we were just talking—we’re about the same age, and we got married, I think, the same year. Our kids are about the same age. So we’ve kind of gone through the same stuff. And Michelle and I—I don’t know about you guys; we didn’t talk about this—but Michelle and I, we had a lot of debt when we finished school. It was really expensive. And neither of us came from wealthy families, so we just had to take out a bunch of student loans. It took us about 10 years to pay off our student loans. It was actually higher than our mortgage for most of the time.

And I don’t want that burden to be placed on kids right now. Because a lot of them, as a consequence, maybe they decide not to go to college, or if they do, they end up getting off to a really tough start because their pay just is not going to support the amount of debt that they’ve got.

So here's what we did. Working with Sherrod, working with Mary Jo, Democrats in Congress, this didn't get a lot of attention, but we actually completely transformed how the Government student loan program works. Originally what was happening was all those loans were going through banks and financial intermediaries. And even though the loans were guaranteed by the Government, so the banks weren't taking any risks, they were skimming off billions of dollars in profits.

And we said, well, that doesn't make any sense. If we're guaranteeing it, why don't we just give the loans directly to the students? And we'll take all that extra billions of dollars that were going to the banks as profits, and we'll give more loans. And as a consequence, what we've been able to do is to provide millions more students additional loans and make college more affordable over time. That's the second thing.

Third thing we've got to do is we've got to focus on community colleges, which are a wonderful asset. Not everybody is going to go to a 4-year college. And even if you go to a 4-year college, you may need to go back and retrain 2 years, or for a year or two, even while you're working, to keep up, keep pace with new technologies and new developments in your industry. So what we've really tried to do is to partner with community colleges, figure out how we can strengthen them, put more resources into them, and link them up to businesses who are actually hiring so that they're training people for the jobs that exist, as opposed to the jobs that don't.

Now, one of the problems we've had for a lot of young people is they go to college, training for a job, thinking that their job—or thinking there's a job out there, and actually the economy has moved on. And what we need to do is tailor people's education so that they are linked up with businesses who say, we need this many engineers, or we need this kind of technical training. And we'll help design what that training is so that when that person goes to college and they're taking out some of those loans to go to college, they know at the end of the road there's actually going to be a job available to them.

Now, last thing: Math, science, we've really got to emphasize those. That's an area where we've really fallen far behind, and our technological competitiveness is going to depend on how well we do in math and science. All right?

Okay. Who we got? Yes, sir.

Support for State and Local First-Responders

Q. Mr. President, my name is Joe Richard. I am a proud firefighter for the great city of Columbus here in Ohio. [Applause] Thank you much.

The President. Joe, did you use to play for Ohio State, man? [Laughter]

Q. I must correct you. I was actually a part of the national championship team for Eastern Kentucky University.

The President. Oh, okay, all right. That's nice.

Q. For the national champion, no less. [Laughter]

The President. Well, there you go, okay. But you look like you could—we could put you on the line right now.

Q. Oh, that's what they all say. [Laughter]

The President. Anyway.

Q. But, Mr. President, I wanted to talk to you about a couple of things as it pertains to the safety and security of our firefighters. I want to share with you some good news as it pertains to the stimulus and the SAFER Act for which you championed and signed off on.

Locally and from the State standpoint, we had some firefighter jobs that were in jeopardy, up in the hundreds. The stimulus package—I know the State was strapped with its commitment and what it had to with those monies. Some of those areas we weren't able to be supported in. But because of your administration signing off on the SAFER Act, which is staffing adequate fire and emergency response, you provided over 300 million last year and upped that to over 400 million this year; that had allowed for the jobs in Ohio to come back—the firefighters, rather, who had jobs come back and get their jobs back.

In addition to that, the FIRE Act has provided safer equipment for us. We—don't want to sound cliché, but I'm just your average Joe. But what we do as firefighters, we want to make a

significant difference to our citizens here in our community as well as our lives. That SAFER Act and that FIRE Act has provided us significant equipment—money, funding, rather, for significant equipment—face pieces, self-contained breathing apparatus, things of those nature. So we come to say how proud we are to be able to afford that opportunity to safely secure our firefighters.

The international president has sent a appreciative thank you, and we would hope that you would find—and I know your busy schedule—somewhere around this country—Cincinnati, Akron, Elyria, Niles—have brought back firefighters because of the SAFER Act. And if anywhere along your schedule you have the opportunity, as a symbolic gesture of support, to stop in to those stations, thank those firefighters, we would greatly appreciate that.

The President. Well, thank you. And as I said, you guys put your lives on the line each and every day. We wanted to make sure that public safety was not being threatened as a consequence of the recession. We've done that. We've helped to support not just firefighters, but also police officers, teachers, other vital services. We're going to continue to support you. And again, we're very grateful for everything you do.

And if this is your lovely wife here, we're grateful to her too, because she's got to put up with you—[laughter]—running off into fires and putting yourself in danger. And I'm sure that makes her a little bit stressed once in a while, but I'm sure she's very proud of you.

Q. Thank you.

The President. Okay. Anybody else? Yes, go ahead. Here, we've got a microphone over here.

Childcare

Q. Hi, Mr. President, my name is Pam Cohen, and I was actually recently laid off of a position working at our local community college, helping dislocated workers get back and get retrained. But the position was funded on workforce investment dollars, and the funding ended. As I look for a new position in social services, one of my concerns is I'm having trouble finding a position that pays enough so that I can

pay my bills and also send my daughter to quality childcare. So I was wondering if there's anything that's been done to reduce childcare costs, in Washington.

The President. Well, we have a childcare credit in place. We'd like to make it stronger. This is one of those back-and-forths we've been having with the Republicans, because we actually think it is a good idea and they don't. [Laughter] But I think that giving families support who have to work each and every day is absolutely critical.

Now, there's some companies that are starting to get smart about providing childcare on site for their employees, which makes a huge difference. It's a huge relief. But those are usually bigger companies. And some of the smaller companies or small businesses don't have that capacity.

The bottom line is, we've just got to make sure that we're providing you more support, primarily through a tax credit mechanism. This is something that we have incorporated in the past in our budget; we haven't gotten everything that we'd like done on it. It will be something that we continue to try to work on a bipartisan basis to get the cost of childcare down.

There's another component of this, though, and that's also boosting the quality of childcare. Kids learn more from the age of zero to 3 than they do probably for the rest of their lives, and this goes to the earlier question about education. We want to get them off to a good start, knowing their colors and their numbers and their letters and just knowing how to sit still. And a high-quality childcare environment can help on that front. But that means that childcare workers, for example, have to be paid a decent wage and get decent training.

And we've been working—we set up actually a task force that is trying to lift up the best practices, who's really doing a great job in creating high-quality health care—or childcare at an affordable rate, and then trying to teach other States and other cities and other communities how to replicate some of that great progress that's been made. There are some terrific programs out there, but they're still too far and few between. Okay?

All right, I've got time for two more questions. Yes, sir, right here.

National Economy/Housing Market

Q. Hi. My name is Mike O'Reilly, and I work for a company who is just—is benefiting from some stimulus money here in Columbus, and it's keeping me and my crews afloat for a while. But what we really need is a stronger housing market here in Columbus. We need to be building new roads and making houses affordable for people. They need to get out there buying. They need to be able to get the loans. And what's up with that? [Laughter]

The President. Well, remember I told you that it's going to take some time for this economy to come back? One of the reasons it's going to take time for this economy to come back is the housing market is still a big drag on the economy as a whole. And the reason the housing market is still a big drag on the economy as a whole is we built a lot of homes over the previous 5, 7, 10 years. Every year, about 1.4 million families are formed that are ready to buy a new house or need some place to live.

And what happened over the previous 4, 5, 7 years during this housing bubble was we were building 2 million homes a year when only 1.4 were being absorbed. And then the bubble burst, and now we're only building 400,000. And all that inventory that's happened during the housing bubble, it's still out there. So some States are worse than others. You go to places like Nevada or Arizona or Florida, California, their inventory of unsold homes was so high that it is just going to take a whole bunch of years to absorb all that housing stock.

Now, what we can do is to help people who are currently in their homes stay in their homes. We can strengthen the economy overall so that that new family that just formed, they feel confident enough to say, you know what, it's time, honey, for us to go out and take the plunge and start looking. And right now they're kind of holding back, the way a lot of people are still holding back, because there's uncertainty in the market. And we've initiated, through the Treasury Department, a number of programs like

that to help support the housing market generally.

But I want to be honest with you: It is going to take some time for us to absorb this over—this inventory that was just too high. And there's no really quick way to do it, because we're talking about a \$5 trillion market. And we can't plug that big hole in terms of all the housing that needs to be absorbed. We're not going to be able to subsidize all that overcapacity right now.

What we can do is just stabilize it and then improve the economy overall. What we're going to do is get back to the point where we're building 1.4 million homes a year, instead of 400,000, and that's a huge difference. So the industry is going to come back. The question is, can we just nudge it a little bit more? And the most important thing we can do now is to improve the economy overall so that people start feeling a little more confidence.

All right? I've got time for one more? You've got a question? Here, you can use mine.

Medicare/Health Care Reform

Q. Thank you. My name is Nadine Eggleston. I'm the practice manager at an ophthalmology practice at the Eye Center of Columbus, downtown. It is a great facility that the city of Columbus helped us get in place. There are over 30 ophthalmologists providing specialty care in separate practices, a state-of-the-art ambulatory surgery center. We see tens of thousands of patients a year. And I think we do a very efficient job of providing quality care, over 300 people employed. So I'm kind of on both sides of health care.

And when I started working for this practice 25 years ago, we are now getting reimbursed one-third of what we got paid for—I'm just going to pick cataract surgery—yet our operating costs continue to go up. My boss is kind enough to provide health care costs entirely for all of his employees. How does he continue to do that when Medicare continues to reduce what they're paying and there's the threat of more cuts coming and the private insurance companies follow suit?

The President. Well, it's a great question. And let me talk about Medicare generally.

Medicare, I think, is one of the cornerstones of our social safety net. The basic idea is, you've been working all your life, you retire; just like you've got Social Security that you can count on, you've also got health care that you can count on and you're not going to go bankrupt just because you get sick.

But in the same way that Social Security has to be tweaked because the population is getting older, we've got to refresh and renew Medicare to make sure that it's going to be there for the next generation as well. And the key problems are not just that more people, as they retire, are going to be part of Medicare. The big problem is just health care inflation generally. The costs of health care keep on skyrocketing.

Now, the way we've been dealing with it, which I think is the wrong way to deal with it, is basically underreimbursing our providers. The right way to deal with it is to work with the providers to figure out how can we make the system less wasteful, more efficient overall. And that way we're paying—your boss, if he's spending a dollar on care, he's getting reimbursed a dollar. But we're also making sure that the care he's providing is exactly what the person needs, and high quality for a better price.

And that's part of what health care reform was all about. I'll just give you a couple examples. One of the things that we were doing in Medicare was we were giving tens of billions of dollars of subsidies to insurance companies under the Medicare Advantage plan, even though that plan wasn't shown to make seniors any healthier than regular old Medicare.

So we said, all right, we're not going to end Medicare Advantage, but we are going to have some competitive bidding and we're going to force the insurance companies to show us, well, what exactly—what value are you adding? How are you helping to make these seniors healthier? And if you're not helping, then you shouldn't be getting paid. We should be giving that money to the doctor and the nurse and the other people who are actually providing care, not the insurance companies.

Well, there was a lot of hue and cry about this, but it was absolutely the right thing to do, because now we just found out—the actuaries

for Medicare said the changes we've already made has extended the life of the Medicare trust fund for another 12 years, which is, by the way, the longest it's ever been extended as a consequence of a reform effort.

So we've made Medicare stronger just with some of the changes that we've already made. But you're absolutely right that we're going to have to keep on making these changes to continue to make it stronger. And that will affect not just Medicare; it will affect the entire health care system. Because there's no doctor out there who doesn't see Medicare as the 800-pound gorilla. If Medicare is saying you've got to improve your quality and efficiency, then they will, because they've got a lot of Medicare patients. But they also have a lot of regular patients. So hospitals, doctors, everybody starts getting more efficient as Medicare gets more efficient. The key is making sure that we're not just cutting benefits.

And frankly, this is an argument that I have with my friends in the Republican Party sometimes. One big change that some of them have advocated is to voucherize the Medicare system. You basically—instead of once you have Medicare, you knowing that you can take that and go get care anywhere you want, we would just give you—all right, here is whatever it is, \$6,000 or \$7,000 or whatever; you go shop and figure out what kind of best deal you can get.

The problem is, is that if Medicare costs keep—if health care costs keep on going up, but your voucher doesn't keep on going up, you're going to be in trouble. And suddenly, you've got seniors who find themselves way short of what they need in terms of providing care.

We've got to change how the health care system actually operates. And that means more prevention—more preventive care. It means better—that we reimburse people for checkups. It means we reimburse doctors when they're consulting with people on things like smoking cessation and weight control and exercise.

There are a whole bunch of things that can make us healthier, reduce our costs overall. But unfortunately, the system doesn't incentivize them right now. We need to change that. Okay? All right.

Anybody have any last burning question? That was technically the last question. But this has to be like one that you're just, man, I really need an answer for. [Laughter]

Q. [Inaudible]

The President. All right.

Financial Regulatory Reform

Q. I've got a very general question.

The President. Okay, go ahead.

Q. It's a very general question, here. My name is Colin O'Reilly. That's my dad Mike, my mom. I work on Wall Street. I was wondering what kind of changes we can expect to see in the reform in the next couple years.

The President. Well, here's the essential components of Wall Street reform that we set up. Number one is that we've got a—we had a system in which there was huge amounts of leverage that banks could take. And what leverage means is if they got a dollar in deposits, they were making a \$40 bet using that \$1, which when times are good, means you're making a lot of money, right? You're putting \$1 down of your own money, and you got \$40, and when the market is going up, you're making out like a bandit. But when the market goes down, when it starts deleveraging, you're in trouble. And that's basically what happened with Lehman's and a lot of these other companies.

So one thing that we've said is that we've got to have—for big firms that are what we call systemic, that if they go down, the whole system could go down with them—we've got to have a better check and say, you know what, you've got to control a little bit how you work in terms of leverage. You've got to have enough capital, actual money, to cover the bets that you're placing so that you're not putting the whole system at risk. That's number one.

Number two, there's a whole derivatives market out there, which, frankly, even the bankers don't completely understand. But you've got trillions of dollars—and if you work on Wall Street, you're familiar obviously with the derivatives market. I mean, you've got trillions of dollars that are basically outside of the regulated banking system, and people didn't know who's making bets on what. And what we

said was that derivatives market, it needs—it can continue, but it's got to be in an open, transparent marketplace so that everybody knows who is betting on what. And we're very clear about who the various parties are in these complex derivatives transactions, that means the regulators can follow it a little more closely. That's number two.

The third thing that we did is we made sure that we don't have taxpayer bailouts again. So we've set up a system whereby if a big firm gets in trouble, we're able to essentially quarantine it, separate it out from the rest of the pack, liquidate it without it spilling over into the system as a whole. That's the third thing.

And the fourth thing is having a consumer financial protection agency that is really going to do a good job making sure that consumers know what they're getting when it comes to financial products. I mean, when you buy a toaster, there has been some assurance provided that that toaster will not explode in your face, right? There are a whole bunch of laws in there; people have to do tests on the toasters to make sure that nothing happens. But if you buy a mortgage that explodes in your face because you didn't know what was going on, everybody acts like, well, that's your problem.

Well, no, it's actually all of our problems, because part of the reason we had this financial crisis was because people did not always understand the financial instruments that they were purchasing. A lot of these subprime loans that were being given out, a lot of these no-interest—you can buy your house and you don't put any money down and you don't pay any interest, you got this beautiful house—and naturally, people were thinking, well, this sounds great. But what they weren't looking at was, okay, all right, there's a balloon payment 5 years down. This is only going to work if your housing—the value of your house keeps on appreciating. And if it stops appreciating, suddenly it's not going to work anymore. People hadn't thought through all those ramifications. And that had an effect on the whole system.

So what we've said is we're going to have a strong consumer finance protection agency whose only job is to look after you when it

comes to financial products. And Joe and Rhonda and I were just talking about how it was only 7, 8 years ago when Michelle and I were trying to figure out our student loans, how were we going to invest for the kids' college education. We had—at the end of the month, I'd be getting my credit card bills, and I'm a pretty smart guy, but you open up some of those credit card, you don't know what's going on. You don't read all that fine print. You just look at the statement.

Well, as an example of the kinds of things that this new agency are going to be enforcing, we've already passed a law—thanks, again, to Mary Jo and Sherrod—we've already passed a law that says a credit card company can't raise the interest rates on existing balances. So it can't attract you with a zero-percent interest, you run up a \$3,000 balance, and then suddenly they send you your next statement and it says, oh, your interest went up to 29 percent. You can't do that. I mean, they'll still be able to say, we're going to raise your interest rate to 29 percent, but that can only be on the balances going forward. It can't be on the money that you borrowed where you thought it was at zero percent.

Well, that's an example of straightforward, honest dealing that we're going to be expecting. We think the financial markets will still make money, the banks can still make money, but they got to make money the old-fashioned way, which is loan money to small businesses who are providing services to the community. Loan money to Joe for his architectural firm, and he's going to make sure you pay him back. Loan people for mortgages, but make sure that you've done the due diligence so that you're not tricking them into something they can't afford. Make sure that it's something that you can afford, right?

They're just a bunch of basic, commonsense reforms that we're putting in place that will allow the market to function. Because the free market is the best system ever devised for creating wealth, but there have got to be some rules in the road so that you're making money not by gaming the system, but by providing a better product or a better service. All right?

Well, listen, I want to thank all of you for spending the time. I know it got a little warm, and you guys just hung in there like troopers. I want to make sure that I thank, once again, Ted Strickland, Sherrod Brown, Mayor Michael Coleman, your Lieutenant Governor—and I believe the next United States Senator—Lee Fisher, and Mary Jo Kilroy for being here. And obviously, I want to thank Joe and Rhonda Weithman and the whole Weithman family for sharing their backyard.

And we're going to have to make sure that we're helping their lawn here. [Laughter] It got trampled on a little bit. I hope you guys are not stepping in the corn. [Laughter] Michelle, by the way, would be very proud to see that you've got the vegetable garden working. All right? Give them a big round of applause, everybody.

Thank you very much. Thank you.

Oh, and by the way, I just wanted—is this still on? I just want you to know that the Weithmans made me the “O” in O-H-I-O. It's on tape. It's on tape somewhere.

NOTE: The President spoke at 10:47 a.m. at the residence of Joe and Rhonda Weithman. In his remarks, he referred to Josh and Rachel Weithman, children of Mr. and Mrs. Weithman. A participant referred to the Pension Protection Act of 2006 (PPA); and the Pension Benefit Guaranty Corporation (PBGC).

Remarks at a Fundraiser for Governor Theodore Strickland in Columbus August 18, 2010

Thank you, everybody! Thank you, Ohio! Please, have a seat. Have a seat. Thank you so much. It is great to be here.

There are a couple of people I want to make sure to acknowledge. They may have already

been acknowledged, but not by me. So I'm going to acknowledge them because they are doing outstanding work: First of all, the mayor of the great city of Columbus, Michael Coleman; a champion of working families not just in Ohio,