

NOTE: This message was released by the Office of the Press Secretary on September 29. The Executive order is listed in Appendix D at the end of this volume.

Remarks and a Question-and-Answer Session in Des Moines, Iowa September 29, 2010

The President. Thank you so much for being here. And first of all, I just want to thank Jeff and Sandy and Tristan and Skyelar for letting us use their backyard. So please give them a big round of applause.

And since we are here, I should just say, go Bulldogs. I know how to work a crowd. [*Laughter*]

I want to make sure that everybody also acknowledges your outstanding Governor, Chet Culver is here; the mayor of Des Moines, Frank Cownie, who's here; and State Representative Janet Petersen is here—all of whom are doing great work and I had a chance to work with and get to know when I spent a few months here in Iowa a couple years ago.

It is wonderful to be back, and I thank all of you for coming. I am not going to give a long speech on the front end here. What I really want to do is hear from you. So what I'm going to do is just speak a little bit at the front end about where I think the country's at, how we move forward. It's relevant because there is an election coming up, although I'm going to try to avoid making just a straight political speech here.

When I started running for President back in 2008—2007, 2008—the reason I was willing to go into the race, even though Michelle was not crazy about politics and I had two young daughters who are the center of my world and I was going to be away from for quite a bit, was a feeling that the country was at a crossroads, that we had some fundamental decisions to make that we had been putting off for decades.

And there are a whole host of individual issues—education and energy and what we do in terms of our foreign policy—a whole bunch of discrete issues that concerned me. What concerned me most, I think, was the nature of our economy and how the American Dream seemed as if it was slipping away for too many people.

From 2001 to 2009, the average wage of middle class families in America actually declined by 5 percent. Job growth was slower during that period than at any time since World War II, at the same time as the costs of everything from health care to college tuition were skyrocketing.

And so what you had was a situation in which the very top was getting very wealthy, but the middle class, which is the beating heart of our economy, and those aspiring to get into the middle class were finding it harder and harder to get ahead.

And there were a range of reasons for that, but a lot of it had to do with the set of policies that had been put in place, whose basic premise was that if we cut taxes, especially for millionaires and billionaires, and if we cut back on rules and regulations for how our industries and companies operate, and then we cut everybody loose to sort of do—to fend for themselves, that somehow the economy would automatically grow. And it didn't work.

The other thing that was happening was that we were becoming less competitive internationally, so manufacturing jobs were moving overseas. You saw countries like China and India and Brazil investing heavily in their education systems and in infrastructure. And where we used to be ranked number one, for example, in the proportion of college graduates, we now rank number 12; where we used to have—had the best public school system in the world, now our kids rank 21st in science and 25th in math. And so slowly, all the things that had made us the most productive country on Earth were starting to slip away, and we were losing that competitive position.

So what I said was, I'm going to run for President because there are some long-term things that we can do that will start growing our economy from the bottom up, make sure that the middle class is expanding, make sure that innovation and entrepreneurship is taking place in

this country and not someplace else, that we can start rebuilding our economy so that it works for everybody. And that was really the platform that I ran on in 2008.

And that meant that we had to have a school system that was serious about training our young people for the jobs of the future, which wasn't just a function of more money, by the way; it also meant reforming our school system so that it worked better. It meant that we made sure that every young person who worked hard and took responsibility was able to afford to go to college without accumulating some huge mountain of debt.

It meant that we put much more emphasis on math and science and how we could develop new technologies in our economy and innovation. It meant that we started investing more in research and development. We used to typically invest about 3 percent of our gross domestic product in research and development. That started slipping. I said we had to get it back up.

It meant that we invested in infrastructure that would lay the groundwork for a 21st-century economy—not just roads and bridges, but also broadband lines and a smart electric grid that could make us more energy efficient. It meant that we had a new energy policy that would focus on clean energy: solar and wind and biodiesel.

And it meant we had to fix our health care system, which was a huge drag on businesses and families and the Federal Government. It meant that we had to also get control of our spending and align what we take in and how much we spend at the Federal Government level so that it was sustainable.

Now, that was just on domestic policy. We had a whole bunch of things we had to do on foreign policy too.

It turns out that we were in more trouble than we had even imagined in 2008, so that by the time I was sworn in, in January of 2009, a lot of these economic policies had culminated in the worst financial crisis since the Great Depression. And I don't need to tell you how devastating that's been for people all across the country and here in Iowa. I mean, in the 6 months before I was sworn in, we'd lost 4 mil-

lion jobs. The month I was sworn in, we lost 750,000 jobs; the month after that, 600,000; the month after that, 600,000.

So we had already lost most of the 8 million jobs that we were going to end up losing in this recession before any of my economic policies even had a chance to take effect. And the financial system was on the verge of meltdown, so that we—people couldn't even get loans to buy a car. I mean, credit was just shut down.

So we had to take a number of emergency measures. We stepped in, and we stopped the bleeding. Now the economy is growing again. We've had private sector job growth for the last 8 months. Credit is now flowing again, although small businesses are still having a tough time getting credit, and so we've been focused—we signed a bill actually this week to help small businesses get credit and cut some of their taxes.

And so I'm very proud of the fact that we've been able to prevent the economy from going into a second depression. But not only do we have a big hole that we've got to climb ourselves out of—we still have those 8 million jobs that were lost, and that's a lot of jobs to make up—the economy's still not growing as fast as it needs to. A lot of small businesses are still struggling. A lot of large businesses are just sitting on a lot of cash because they're still uncertain about whether to invest in the future. But all those other problems that we had, those didn't go away, the foundational problems, the structural problems in the economy that had led us to slip relative to other countries. So we've had a real challenge over the last couple of years of dealing with a crisis but not taking our eye off the ball in terms of some of the policies that we've got to change.

And that's why financial reform was so important, so we never have to engage in taxpayer-funded bailouts again. That's why health reform was so important, because we had the opportunity not only to help ordinary folks have a better handle on their health care costs, but also that over time, we could make the health care system as a whole more efficient and effective.

That's why we've put so much emphasis on education reform. And this is one area where I

think that we've actually gotten some compliments from Republicans, because we're—we are not taking an ideological approach. We're saying: How do we create more accountability in the system? How do we encourage better teachers in the classroom? How do we break through some of the bureaucracy to make sure our kids are learning what they need to learn?

This is all by way of saying that the challenges the economy faces are still great, and they're not going to go away tomorrow or the next day. But we're on the right path, we're on the right track, as long as we stay focused on two things: number one, that our economy only works when folks who are working hard, middle class families, ordinary folks have opportunity so that if they're doing the right thing, they're going to be able to support a family, they're going to be able to send their kids to a good school and send them to college, they're going to be able to retire with some dignity and respect, they're going to be able to afford health care and not go bankrupt when they get sick.

That has to be the orientation. And everything we think about in terms of economic policy is, how do we make sure that if people are out here working hard and taking responsibility for themselves and their families, that they are rewarded? That's the essence of the American Dream.

And the second thing that we've got to keep in mind is that we've got to make tough choices if we're going to solve some of these long-term problems that we've been putting off. And that means putting aside some of the politics as usual. And it also means sometimes telling folks things they don't want to hear.

Now, we're in election season, so that second part of the formula is very hard to apply. And I just want to say—and then I'm just going to open it up for comments and questions—when you look at the choice we face in this election coming up, the other side, what it's really offering is the same policies that from 2001 to 2009 put off hard problems and didn't really speak honestly to the American people about how we're going to get this country on track over the long term.

And I just want to use as an example the proposal that they put forward with respect to tax policy. They want to borrow \$700 billion to provide tax cuts for the top 2 percent of Americans, people making more than \$250,000 a year. It would mean an average of a \$100,000 check to millionaires and billionaires. That's \$700 billion we don't have, so we'd either have to borrow it, which would add to our deficit, or we'd have to cut, just to give you an example, about 20 percent of the amount of money that we spend on education. We'd have to cut investments we've made in clean energy. We'd have to cut investments we've made in Head Start. We'd have to cut improvements in terms of student loans for kids going to college that would affect about 8 million kids.

So that's an example of where you've got a choice to make. You can't say you want to balance the budget, deal with our deficit, invest in our kids, and have a \$700 billion tax cut that affects only 2 percent of the population. You just can't do it.

And so I hope that as you go forward, not just over the next 6 weeks before the election, but over the next 2 years or next 6 years or next 10 years, as you're examining what's taking place in Washington, that you just keep in mind that we're not going to be able to solve our big problems unless we honestly address them.

And it means that we've got to make choices and we've got to decide what's important. And if we think our kids are important and the next generation's important, then we've got to act like it. We can't pretend that there are shortcuts or that we can cut our taxes, completely have all the benefits that we want and balance the budget and not make any tough choices. That's, I think, more than anything, the message that I want to be communicating to the American people in the months and years ahead.

Anyway, with that, I just want to open it up. I know that there are microphones somewhere in the audience. We got these terrific young people who have volunteered. They'll—so just raise your hand, and they'll find you.

Here you go. Why don't we start right here? And please introduce yourself.

National Economy/Job Growth

Q. Good morning, Mr. President. My name's Mary Stier. Welcome back to Iowa.

The President. Thank you, Mary.

Q. We're thrilled to have you back here.

The President. It's great to be back.

Q. I have a 24-year-old son who campaigned fiercely for you and was very inspired by your message of hope. He graduated from Simpson College about a year and a half ago with honors.

The President. Congratulations.

Q. And he's still struggling to find a full-time job. And he and many of his friends are struggling. They are losing their hope, which was a message that you inspired them with. Could you speak to that—how you would speak to the young men and women in our country who are struggling to find a job, and speak to that message of hope?

The President. Well, I was in Madison, Wisconsin, yesterday, and we had about 25,000 mostly young people come out. And it was a terrific reminder of the fact that young people still have so much energy and so much enthusiasm for the future. But they're going through a tough time. Look, this generation that is coming of age is going through the toughest economy of any generation since the 1930s. That's pretty remarkable.

Most of us—in fact, I'm just looking around the room—I think it's fair to say nobody here remembers the economy of the Great Depression. So the worst economy we had gone through—maybe one—[laughter]—maybe one, maybe a couple. But you guys look really good for your age, though, so—[laughter].

But for most of us, the worst we had seen before was the 1980-'81 recession, the 1991 recession, and then the recession in 2001. This recession had more impact on middle class families than those other three recessions combined in terms of job loss and how it's affected people's incomes. So that's going to have an effect on an entire generation. It means that they're worried about the future in a way that most of us weren't worried when we got out of college.

Now, here's the good news, and I've said this to young people. I think that this generation—

your son's generation—is smarter, more sophisticated, more passionate, have—has a broader worldview. I think that they don't take things for granted, they're willing to work hard for whatever they can achieve. I think they think about the community and other people, and they don't just have a narrow focus on what's in it for me. When I meet young people these days, I am very impressed with them. I think they've—they are terrifically talented.

And so their future will be fine. But in the short term, what I'd say to them is that, first of all, we're doing everything we can to make sure that they can get the best education possible.

One of the things that we did this year that didn't get a lot of attention was we were able to change the student loan program out of the Federal Government to save about \$60 billion that's going to go directly to students in the form of higher grants, reduced loan burdens—debt burdens when they get out of college. It's going to make a difference to them. So we're going to do everything we can to make sure they can succeed educationally.

Number two, obviously, we're doing everything we can to grow the economy so that if they've got the skills, they're going to be able to find a job in this new economy. And as I said, we've seen private sector job growth 8 consecutive months now.

The economy is growing; it's just not growing as fast as we'd like it, partly because there are still some headwinds. We had some overhang because of all the problems in the housing market, and the housing market's a big chunk of our economy. All that excess inventory of houses that were built during the housing bubble, they're getting absorbed, and slowly, that will start improving. So the expectation is, is that although we're not growing as fast as we can, if we're making some good choices about providing small businesses tax breaks and helping to shore up the housing market, that over the next couple of years, you're going to start seeing steadily the economy improving.

And if young people like your son are prepared, if they're focused and equipped, they're going to be able to find a good job.

In the meantime, what we've also done is made sure, for example, that your son can stay on your health insurance until the age of 26, which—because of health care reform, and that is going to relieve some of the stress that they're feeling right now.

And then finally, what I'd tell your son is, is that we're trying to make some tough decisions now so that by the time he has his own son or daughter, that we are back to number one in research and development, back to number one in the proportion of college graduates, back to number one in terms of innovation and entrepreneurship, that we have succeeded in creating a competitive America that will ensure this 21st century is the American century, just like the 20th century was.

But it's going to take some time, and so the main message I have to young people—in some ways, this generation may be less fixed on immediate gratification than our generation was, partly because they've seen how—some hardship in their own families and in their own careers.

Okay, who's next? Gentleman right here.

U.S. Military Operations in Afghanistan/Cost of U.S. Military Operations

Q. My name's Bob Brammer. I live about five or six blocks away in Beaverville, and we're really glad you came here, Mr. President.

The President. Thank you. It's not hard to come here. This is a nice neighborhood, by the way.

Q. It's great.

The President. I love these big trees.

Q. Hear, hear!

The President. It's beautiful.

Q. Now, my question relates to things half-way around the world and how they affect the economy, particularly the wars and the enormous amount of spending that has gone into that and the—over the last decade, not just the last couple years. So this is what I'd ask. Those decade-long conflicts have had an enormous cost in terms of people killed and wounded—our men and women and other peoples who are killed—and they've had a gigantic cost in terms of money and resources and people diverted to

the war. When can we look forward to reducing the huge spending on these wars, and is it possible that kind of funds could help us square up our budget and give us crucial resources to strengthen our economy right here at home?

The President. Well, I said at a speech I made at West Point talking about Afghanistan that I'm interested in nation-building here at home. That's the nation I want to build more than anything else.

As you know, because it was a big issue when I was campaigning here in Iowa, I was opposed to the war in Iraq from the start. I made a commitment that I would bring that war to a responsible end. We have now ended our combat mission in Iraq, and we've pulled out 100,000 troops out of Iraq since I was in office. So that's a commitment we've followed up on.

Now, Afghanistan was a war that most people right after 9/11, I think, overwhelmingly understood was important and necessary. We had to go after those who had killed 3,000 Americans. We had to make sure that Al Qaida did not have a safe haven inside Afghanistan to plan more attacks. And you can speculate as to whether if we hadn't gone into Iraq, we had just stayed focused on Afghanistan, whether by now we would have created a stable situation and we would not have a significant presence there. But that's not what happened.

So when I walked in, what we had was a situation in Afghanistan that had badly deteriorated over the course of 7 years and where the Taliban was starting to take over half of the country again. You had a very weak Afghan Government. And in the border region between Afghanistan and Pakistan, you had Al Qaida still plotting to attack the United States.

Now, I had said during the campaign, we need to make sure that we're getting Afghanistan right. And what I committed to when I came into office was, we'll put additional resources, meaning troops and money on the civilian side, to train up Afghan forces, make sure that the Afghan Government can provide basic services to its people.

But what I also said is, we're not going to do it in an open-ended way. We're going to have a time frame within which Afghans start having to

take more responsibility for their own country. And I said that on July of next year, we're going to begin a transition of shifting from U.S. troops to Afghan troops in many of these areas.

Now, the situation there is very tough. Afghanistan is the second poorest country in the world. There are a lot of countries in the world; this is the second poorest. It has a 70-percent illiteracy rate. Afghanistan was much less developed than Iraq was. And it had no significant traditions of a strong central government that could provide services to its people or a civil service or—just the basic infrastructure of a modern nation-state.

So we're not going to get it perfect there. It is messy, it is hard, and the toughest job I have is when I deploy young men and women into a war theater, because some of them don't come back, and I'm the one who signs those letters to family members offering condolences for the enormous sacrifice of their loved ones.

But I do think that what we are seeing is the possibility of training up Afghan forces more effectively, keeping pressure on Al Qaida so that they're not able to launch big attacks, and that over the next several years, as we start phasing down, those folks start lifting up.

Here's the impact it will have on our budget. There are going to be still some hangover costs from these two wars, the most obvious one being veterans, which we haven't always taken care of as well as we should have, and I've had to ramp up veterans spending significantly because I think that's a sacred trust. They've served us well; we've got to serve them well. And that means services for posttraumatic stress disorder, reducing backlogs in terms of them getting disability claims, help specifically for women veterans, who are much more in the line of fire now than they'd ever been before. All those things cost some money.

So there's—even as we start winding down the war in Afghanistan, it's not as if there's going to be a huge peace dividend right away. But what it does mean is, we'll be able to more responsibly manage our military budget, and this is another example of where you can't say you want to balance the budget and not take on reform in the Pentagon. I mean, we've already

pushed hard to eliminate some weapons programs in the Pentagon budget that the generals, the people who actually do the fighting, say we don't need. But getting those programs shut down is very difficult because typically, there's not a single weapons program out there that doesn't have some part being built in 40 different congressional districts in 10 or 20 different States, so that everybody has a political vested interest in keeping it going.

And Bob Gates, my Defense Secretary, has been really good about pushing hard on that. And we've won some battles, but that's going to be an area that we're going to have to take a serious look at as well when we put forward a plan for getting a handle on our long-term debt and deficits.

Okay? All right, I'm going to go boy, girl, boy, girl, just to make sure everybody knows I'm fair here. [Laughter] Right here.

Health Care Reform

Q. Hi. My name is Jeannette McKenzie, and my mother lives with my husband and I. We take care of her. She's been with us for 6 years now. She is currently in a nursing home getting rehab.

The President. Right.

Q. I have great concerns over your health bill. One of the ladies in admissions over there whom I was talking with the other week started—she's from England, and her family is still in England.

The President. Right.

Q. And she was explaining to us how—telling us what we had to look forward to here. Her sister worked as a nurse in the same hospital for 20 years. She was 55. She was told she needed open-heart surgery. She was put on a 10-year waiting list. Three years later, she had a major heart attack, and they were forced to give her that surgery that she needed.

I realize you're saying the 26-year-olds will have health insurance; they don't have to worry about that. My mother always told me the older you get, the faster time goes. And when she said that to me years back, I thought she was crazy.

The President. Yes, I've noticed this too. [Laughter]

Q. Yes. And these 26-year-olds in a heartbeat are going to be 50, 55. When you're young, you're supposed to be able to work hard for what you want. You build up your income. You further yourself so you can retire and have peace of mind.

The President. Right.

Q. It's hard to—I can't fathom now, how can you be excited in your youth when you have to save, save, save just to protect yourself health insurance-wise when you reach our age?

The President. Let me ask you a question, though. The—I mean, because you said you're worried about my health reform bill, and the nurse said, here's what you have to look forward to. Is your mom on Medicare?

Q. Yes.

The President. Yes.

Q. Yes, she's—

The President. So the—there's nothing in our health reform bill that is going to impact whether your mom can get heart surgery if she needed it. The—we didn't change the core Medicare program. So unless there's something specific that you're worried about—

Q. Medicare doesn't start until you're 65.

The President. No, no, I understand.

Q. I'm talking about 50, 55—

The President. Okay.

Q. —years old.

The President. All right, so if you're not on Medicare—

Q. Yes, right.

The President. And do you have health insurance?

Q. Yes.

The President. Okay.

Q. Right now, yes.

The President. Right. So the—there's nothing in the bill that says you have to change the health insurance that you've got right now. I just want to identify what your worry is, because I want to say, you shouldn't be worried about it. But what is it that you think might happen to your health insurance as a consequence of health care reform?

Q. Okay, what I'm concerned about is, say, if my—just say if my husband got laid off.

The President. Right.

Q. Say we had no health—

The President. You had no health insurance, okay?

Q. —care insurance. Okay.

The President. Now, right now, before reform, if you had no health insurance, you'd just be out of luck, okay?

Q. All right. And then we'd get the Government-run health insurance, right?

The President. Well, no—

Q. Is that what you're saying?

The President. No, here's the way it would work. So let me just kind of map it out for you. If you are already getting health insurance on your job, then that doesn't change. Health insurance reform was passed 6 months ago. I don't know if anybody here has gotten a letter from their employer saying you now have to go into Government-run health care because we can't provide you health insurance anymore. I mean, that hasn't happened, right?

So you're keeping the health insurance that you had through your job. And the majority of people still get health insurance through your job.

The only changes we've made on people's health insurance who already have it was to make it a little more secure by saying there are certain things insurance companies can't do. It's a patient's bill of rights, basically.

So insurance companies can no longer drop your coverage when you get sick, which was happening. Sometimes there were some insurance companies who were going through your policy when you got sick to see if you had filled out the form wrong, you hadn't listed some infection that they might call a preexisting condition, et cetera, a bunch of fine print that led to people not having health insurance. So that was one thing that we said.

We said also, you can keep kids on your health insurance till they're 26; that children with preexisting conditions had to be covered under health insurance.

So there were a handful of things that we said insurance companies have to do, just as good business practices to protect consumers. But otherwise, you can stay on your employer's

health care. So that's if you have health insurance.

The other thing we did was we said, if you're—a lot of people who don't have health insurance, it's because they work for small businesses, who have trouble affording health insurance because they're not part of a big pool. They're not like a big company that has thousands of employees and they can negotiate because the insurance companies really wants their business. So what we said was, let's provide tax breaks to small businesses so they can—they're more likely to buy health insurance for their employees. And right now about 4 million businesses across the country are now getting a tax break—a tax credit if they provide health insurance for their employees that can save them tens of thousands of dollars. So that's the second thing.

And the third thing we said was, okay, if you don't have health insurance—let's just say your job doesn't offer you health insurance or you lose your job—then what we're going to set up is what's called an exchange, which is basically a big pool; you become part of this big group of people, just like as if you were working for a big company or a big university like Drake. You become part of this pool, and you'll be able to buy your own insurance through this pool, but the rates will be lower, and you'll get a better deal because you've got the bargaining power of these thousands or millions of people who you're buying it with. You'll still have a choice of plans. You'll be—have a choice of BlueCross, or you'll have a choice of this plan or that plan, but you'll be buying it through a pool. And if you can't afford it, then we'll provide you some subsidies to see if we can help you buy it—so make it affordable.

So that's essentially what health reform's about. Now, what that means is, is that you're not going to be forced to buy a, quote, "Government-run health care plan." The only thing that we have said is, is that there—if you can afford to get health care and you're not getting health care, well, that's a problem because that means when you get sick and you have to go the emergency room, everybody else here has to pay for it. And that's not fair.

So we've said, if you can afford to get health care, we're going to make sure that you can afford it, but you've got to have some basic coverage so that we're not subsidizing—everybody else isn't paying an extra thousand dollars on their premiums to cover you.

Q. All right. We're all—we all agree health—there needs to be health reform, okay? We just moved out here a year ago from Las Vegas.

The President. Right.

Q. Okay. There are illegal immigrants that are getting free health care right now, okay? The doctor we had, clinics and stuff, close up because they couldn't even afford to stay open because of all the illegal immigrants that were getting health care.

The President. Well, let me do this because—I'll answer this question, and then I want to make sure everybody else gets a chance too. But the—no, I think this is important for me to be able to clear up some stuff. There's no doubt that there are probably a number of hospitals in every major city, doctors in every major city, who are providing uncompensated care to a whole lot of people, including some illegal immigrants.

I mean, basically, most doctors and nurses that I meet, their whole reason for being in the profession is to help people. And so if they see somebody coming into the emergency room, if there's some child who is badly injured or sick, they're going to not check on their immigrant status; they're going to say, this is somebody who needs help.

And I think that's the right thing to do for our society generally. I don't—I think it is very important for us to make sure that we have compassion as part of our national character.

Now, the thing I want to point out, though, is, is that first of all, there's nothing in my health care plan that covers undocumented workers, right? So that's not part of health reform.

And the second thing is, it turns out, actually, illegal immigrants probably underutilize the health care system. They—the only time they go to the health care system is if they have an emergency, because for the most part, they're worried about getting caught.

So that's not to say that there's not a portion of that population that is getting uncompensated care that's adding to our costs. But there are a lot more Americans who don't have health insurance, as a consequence don't get regular checkups, aren't getting preventive care, are more likely to end up in the emergency room, are more likely to add to the costs of the hospitals or the doctors.

And so if we can provide them with basic checkups, basic preventive care, affordable health care so they've got some peace of mind, that will actually over time make the system more efficient as a whole, because emergency room care is the most expensive kind of care.

But I guess the main message I just want to communicate—because there was a lot of misinformation during the health care debate—I just want to communicate that the—if you're happy with what you've got, nobody's changing it. And you and your mom are going to be able to have—your mom is going to have her Medicare, and the core benefits of Medicare aren't changing. And if you've got health care through your employer, that's not going to change, except to make it a little bit safer and more secure.

If you don't have health care, then it's just going to help. And overall, independent estimates say that this is not going to add to our deficit; it's actually going to reduce our deficit because we're making the health care system more efficient over time.

But I understand why people are concerned, because this is a very personal thing, and nothing's scarier than when you don't have health care and you're sick.

I've told the story of when Sasha was 3 months old, she got meningitis. And I still remember going to the hospital. And she had to get a spinal tap, and I never felt so helpless and scared in my life. And I was lucky to have health insurance, but we were in the emergency room looking around and thinking, well, what if I was one of these other parents who didn't have it and my daughter was going through this? And I was thinking, I'm going to get a \$20,000 or \$30,000 bill after this, and I have no way of paying for it. What is—or what if my child has a chronic illness? And so it's not just a one-time

trip, but it's trip after trip. And I don't think any parent should have to go through that, not in a society as rich as ours, so—but thank you for the question. It was—it's helpful.

Yes, sir. Got a mike right behind you.

Taxes/Small Businesses/National Debt/Federal Budget/China-U.S. Relations

Q. President Obama, first, thanks for allowing us the opportunity to meet with you here in Iowa.

The President. You bet.

Q. And especially since I'm a Drake graduate, I'm especially thrilled to be here; it's like testing my education, my graduate degree at least.

Anyways, I moved here from Chicago about 30 years ago.

The President. You still got a little—

Q. It's a nice town.

The President. You still got a little Chicago in you.

Q. Yes, it's still going to be there. I won't argue with you on anything. But I think the reason I stayed here was, it was a wonderful place to start a business. I got a master's here, and I started a small business with \$200 and a big dream. And I was 25 years old.

I'm 53 now. I've been in business 28 years. We went from what was myself to now almost 100-and-some employees and about 200,000 square foot of manufacturing.

The President. That's—what kind of business is it?

Q. We manufacture promotional products, and we actually make those bag signs you see in all the political yards.

The President. Right, right.

Q. We do all the printed T-shirts for every juvenile diabetes walk.

The President. That's great.

Q. And the beauty of my background is, I actually came from a medical background. My father, my father-in-law, my brother, my brother-in-law—everybody's a doctor, all in Chicago. So I was supposed to be a doctor, but I came here, and I said, well, you know, I sort of like business, I like making deals. So we got started in business, and we started out as an ad agency.

And I guess as we got into it, we realized that the key thing is to have a product to sell so you could sell truckloads of something rather than just sell one thing at a time. And so we did wholesale the way most people would like to do wholesale. And part of that meant importing, it meant trips to China 25 years ago, and it meant 25 years of growing the business.

I always hear—I'm never confrontational, I'm sure everybody here will tell you that—but I always hear that we're trying not to tax anybody but the people that make over that 250,000, that elitist 2 percent. Any viable, strong, competitive business—and the name of our business is Competitive Edge, 30 years ago, before CNN ever used it as a term—the hope is that you're supposed to grow profitability so you can grow your business.

When I went in as a young man of 25 and said, "How about a bank loan?"—it was a bank right across the street, and they really weren't interested in myself unless I was buying a boat or a car and I was going to make payments. They didn't understand the business.

Twenty-five years go by very quickly, unfortunately, and you find yourself looking around, proud of what you've built, but at the same time realizing there are new threats that, besides what, unfortunately, you have to deal with on your plate, on a macro level, which is mindboggling, we each have our own little niche.

We also pay that health insurance for our employees—always did. I remember paying for an employee who said, "What are my benefits?" I said, "You're going to get health insurance, you're going to get a profit-sharing possibility here, you're going to be able to grow with us." And the goal was, lock up the person, because you don't want people changing jobs.

That insurance for that individual was \$32, \$32 a month, and I more than happily picked that up. Today that amount is like \$500. They don't even get the same level of service. They get all generics. They don't get the products; they don't get anything.

I guess what my commentary comes down to is, as the Government—it gets more and more involved in business and gets more involved in taxes to pay for an awful lot of programs, what

you're finding is, you're strangling those job-creation vehicles that are available; you're sort of strangling the engine that does create the jobs. We have jobs that we offer, I mean, regularly. There's always an opportunity for somebody that wants to work hard. I don't care what the background is. I don't care what the health level, what the education is, or where they came from.

But the fundamentals are profit. Two hundred and fifty thousand dollars—well, if you're two people and a family, that's not a lot. It seems like a lot, but not when you have the family, the kids, the cars, the college, and all the other things that go—plus you have to grow the engine. You have to grow it to continue to provide more jobs and to create the dream.

Yes, there's a lot of wealth, but it's trapped in the buildings, the 200,000 square feet. It's trapped in millions of dollars in inventory. It's trapped in accounts receivable, which can run millions of dollars, people that are saying: "You know, I don't have it right now. I can't pay yet." But the Government comes along every quarter, and the tax checks do go out on imaginary profits that you hope you won't write off as bad debts in a year later, on things that really, from my perspective, are the thrills of owning a small business, you know? Having the whole plate on a micro level that you would have and having to constantly keep the balls in the air.

One of the things that concerns me is that repeal the Bush, quote, "tax cuts." The repeal, I don't care if it's 5 percent; that's 5 percent that would create a job. Five percent on millions of dollars of profit creates many jobs. Nobody's putting it in their pocket. On a corporate level, they can sit with their piles of cash. But on a small-business level, which is the essence of this country, and it is the foreign Ambassador for countries around the world to meet us. When I go to China and I spend all my time, I have a one-on-one relationship.

I sent an e-mail out to all the people we do business with: Did you have any questions for our President? If I'm blessed and I have the opportunity to spend the 4 hours under the trees, I'd like to present your arguments. First one

was, from China, why are you pressuring them for the renminbi? Why are you pressuring—

The President. All right, we're going way afield now. I mean, the—so let me focus on your question—

Q. —the job creation and the taxes.

The President. —and I'll be happy to talk about it. And then if you want, I can tell you, if you're making an argument on behalf of China about their currency, I'm happy to make that argument, to push back on that. But let me focus on the issue you raised about your business.

And first of all, we're—I'm thrilled that you've been able to build this success. I have signed eight small-business tax cuts since I came into office. And the package that we signed this week cut taxes in eight more ways. So your taxes haven't gone up in this administration; your taxes have gone down in this administration.

So I just want to be clear about this, because this is something that I know a lot of times there's—I just think the notion that, well, he's a Democrat, so your taxes must have gone up—well, that's just not true. Taxes have gone down for you, the small-businessperson, and by the way, for 95 percent of working families. That was part of the Recovery Act, was reducing people's taxes.

Now, with respect to the debate that's now taking place on the Bush tax cuts, keep in mind that what we've proposed is to extend the Bush tax cuts for all income up to \$250,000. So it's not just sort of the person who is making \$60,000 who would get a tax break or who is making \$100,000 who would make a tax break—who would get a tax break. If you're making \$300,000, you'd still get a tax break on the first \$250,000 worth of income. You'd pay a slightly higher rate on the \$50,000 above that. If you make half a million dollars, you'd still be having tax relief on the first half of your income. On the other half above 250, you'd have a slightly higher rate—a rate, by the way, that is back to the level it was under Bill Clinton, at a time when there were a lot of small businesses and, in fact, the economy was doing much better.

The reason I think it's important for us to do this is not because I'm not sympathetic to small businesses. It has to do with the fact that 98 percent—98 percent—of small businesses actually have a profit of less than \$250,000. So it's not just individuals who generally don't make that much money; most small businesses don't make that much money, either. But it costs \$700 billion.

And so I've got to figure out, well, how do I pay for \$700 billion? Because everybody is also concerned that our deficit's out of control. So then folks will say, "Well, let's cut Government spending."

Well, most Government spending is Medicare, Medicaid, veterans funding, defense. When people look at the budget, a lot of times they say, "Well, why don't you just cut out foreign aid?" for example. Foreign aid is 1 percent of our budget; not 25 percent, it's 1 percent.

People say, "Well, why don't you eliminate all those earmarks, all those pork projects that Members of Congress are getting out there?" Now, I actually think that a lot of that stuff needs to end, but even if I eliminated every single earmark, pork project by Members of Congress, that's 1 percent of the budget. I mean—so finding \$700 billion is not easy.

And when we borrow \$700 billion, we're adding to our deficit and debt, and then we've got to pay interest to China or whoever else is willing to buy our debt.

So these are the choices. So it's not that when it comes to small businesses or big businesses, that I have any interest in raising taxes. I'd like to keep taxes low so that you can create more jobs. But I also have to make sure that we are paying our bills and that we're not adding—putting off debt for the future generation.

And that's what happened in the Bush tax cuts in 2001 and 2003. We lopped off taxes, and we did not pay for it. And that is the single largest contributor to the debt and the deficit. It's not anything that we did last year is—in emergency spending. It's not the auto bailout. It's not the health care bill. That's not what's added to our deficit. The single biggest reason that we went from a surplus under Bill Clinton to a deficit of record levels when I walked into office

had to do with these Bush tax cuts, because they weren't paid for and we didn't make cut—we didn't cut anything to match them up.

So I think that to say to the top 2 percent of businesses—which, by the way, includes hedge fund managers who've set up an S corporation but are pulling down a billion dollars a year, but they're still considered a small business under the criteria that are set up there—that to say to them, you've got to pay a modestly higher amount to help make sure that our budget over time gets balanced, I think that's a fair thing to do.

And I think—when I talk to a lot of businesses, they just don't want super high rates of the sort that existed before Ronald Reagan came into office. And I'm very sympathetic to that. And on capital gains and dividends, for example, we want to keep those relatively level. We don't want—I would like to see a lower corporate tax rate. But the way to do that is to eliminate all the loopholes, because right now on paper, we've got a high corporate tax rate. But in terms of what people actually pay, they've got so many loopholes that they've larded up in the Tax Code that, effectively, they pay very low rates. So this is a challenge. But I want to do everything I can to make sure that your business succeeds.

I will say, I'm—the reason that I'm pushing China about their currency is because their currency is undervalued. And that effectively means that their—goods that they sell here cost about 10 percent less and goods that we try to sell there cost about 10 percent or—now, let me not say 10 percent, because I don't want the financial markets to think I've got a particular—there is a range of estimates. But I think people generally think that they are managing their currency in ways that make our goods more expensive to sell and their goods cheaper to sell here. And that contributes—that's not the main reason for our trade imbalance, but it's a contributing factor to our trade imbalance.

All right. Over here.

U.S. Poverty Rate/National Economy/Education

Q. Thank you. Good morning, Mr. President.

The President. Good morning.

Q. I'm a proud Iowa social worker who works with crime victims. And my question is about the poverty rate. We currently have a rate of 14 percent poverty. That's one out of seven people are in poverty. And I believe that that's the highest rate since the 1960s. And there's a lot of reasons why people go into poverty who weren't in poverty before, things like medical emergencies and losing jobs, being a crime victim, and, especially for women, a divorce.

My question is, what are we going to do—or I guess, more specifically, what are you going to do—[laughter]—to help one out of six or seven people get out of poverty?

The President. It's a profound question. I'm—the poverty rate, I think, is the highest it's been in 15 years. It's still significantly lower than it was back in the 1960s, but it's—look, it's unacceptably high.

The single most important thing I can do to drive the poverty rate down is to grow the economy. What has really increased poverty is folks losing their jobs and being much more vulnerable. So everything we can do to provide tax breaks for small businesses that are starting up, to make sure that we are encouraging—for example, trying to accelerate investment in plants and equipment this year and letting people write it off more quickly so that companies that are on the sidelines that are thinking about investing, they say, you know what, why don't we go ahead and take the plunge now and start hiring now, instead of later—all that can make a big difference in terms of growing the economy, reducing the unemployment rate. That'll reduce the poverty rate.

The second most powerful thing I can do to reduce the poverty rate is improve our education system, because the single biggest indicator of poverty is whether or not you graduated from high school and you're able to get some sort of postsecondary education. And right now too many of our schools are failing.

So this week we spent a lot of time talking about the education reforms we've already initiated. As I said, we set up something called Race to the Top. And it was a simple idea: The Federal Government sends education dollars to schools all across the country to help them,

particularly poorer schools. But what we said is, we're going to take a portion of that money—\$4 billion—and we're going to say to the States, you're going to have a competition for this money. You're not automatically going to get it because of some formula. You've got to show us that you are initiating reforms that are going to recruit better teachers and train them more effectively; that are going to have greater accountability measures so you're able to track how students are doing during the course of the school year and make adjustments so that they're not just being passed along from grade to grade even though they can't read and—or do arithmetic at their grade level. We're going to encourage more charter schools and more experiments in learning across the country.

All these reform efforts that we triggered through this competition have meant that 32 States actually changed their laws. It's probably the biggest set of reforms that we've seen nationwide on public education in a generation.

Then what we're trying to do is make sure that we're working with community colleges and ensuring that they are providing a great pathway for young people who do graduate from high school. They may not go to 4-year colleges right away, but the community college system can be just a terrific gateway for folks to get skills. Some start at a community college and then go on to 4-year colleges. Some just get technical training, get a job, and then come back maybe 5 years later to upgrade their skills or adapt them to a new business.

So we're putting a lot of resources and effort into making sure that community colleges are constantly improving, and they're adapting their curriculum to the jobs of the future. So education and growing the economy generally, those are the most important things I can do for poverty.

Now, there are other things like, for example, health reform so that people don't lose their homes if they get sick that will help keep people out of poverty; making sure that we're dealing with domestic violence, which can have an impact on women that then drives them out of homes and puts them into difficult situations; dealing with our veterans so that if they've got

posttraumatic stress disorder, we are treating them quickly before it compounds itself and eventually they end up on the streets and it's very hard for them then to get back on their feet.

Those are all things that are important, and we're going to keep on doing them. But if we can grow this economy and improve our education system, that's going to be the most important thing we can do.

Am I—I'm getting the signal? One more question? Okay.

I'm going to have to call on the guy with the collar. What can I do? [Laughter] The—I didn't mean to outrank you here, but—

Job Growth/Manufacturing Industry/Education

Q. Sorry, Matt. [Laughter] Mr. President, Father Michael Amadeo, pastor of Holy Trinity Catholic Church here in Beavertown, as well as the school that in 2008 was recipient of the Department of Education's Blue Ribbon award.

The President. Congratulations.

Q. So thank you for being here.

The President. Congratulations. Congratulations.

Q. Secondly, thank you for your leadership. These are very tough economic times, tough times for our country in regards to men and women being deployed.

My question for you comes from a member of my congregation who is 55 years of age, has a wife, two children who are freshmen in high school. A year ago, he lost his job in manufacturing. He's been unemployed now for a year-plus. What will your economic policies do for him within the next year and, hopefully, to be able to secure a job and have that American Dream again, which has now been lost?

The President. Well, obviously that story is duplicated all across the country, and I get letters—I get about 40,000 letters or e-mails from constituents across the country every single day. And my staff selects out about 10 of them for me to read each night, sort of a representative sampling.

I know this is a representative sampling because about half the letters call me an idiot—[laughter]—so they—they're not screening

them out. [*Laughter*] But a bunch of those letters talk about: "I'm 50 years old, I've worked hard all my life, I've looked after my family, the plant closed or the office shut down, and it's very hard for me now to find work. The jobs that are available pay 20, 30 percent less than what I was making before."

Sometimes the parents write about them feeling ashamed that they can't provide for their kids the way they wanted to.

Sometimes I get letters from kids who aren't at all ashamed of their parents. They love their parents. They're proud of them. But they know that their parents are feeling bad. And so they write to me saying, I wish you could just do something, because my dad or my mom, they look like they're losing hope and they're lost, and I feel bad.

So what you're hearing is what a lot of folks are going through all across the country. And I think—I've spoken generally about what we can do long term for our economic competitiveness. There are some things that we're doing immediately to try to improve the business climate. So as I already mentioned, trying to get businesses—who actually have a lot of cash, they're making profits now—to invest those profits now as opposed to sitting on the sidelines or holding them.

And in plant and equipment and research and development, we're trying to change sort of the incentive structures and the Tax Codes to spur on additional business investment.

If your—the member of your congregation, your parishioner, was in manufacturing, one of the things that we think holds a lot of promise is the whole clean energy sector, because some of the manufacturing jobs that have been lost just won't come back, partly because manufacturing has become much more efficient.

I mean, a lot of people think that the reason manufacturing has gone down so fast is because all these jobs have been shipped overseas. Well, that's a contributing factor. There's no doubt China took a whole lot of our manufacturing jobs; prior to that, Mexico. Next will be Vietnam or Malaysia or other countries, just because their wages are much lower.

But—and frankly, it's also because sometimes our trade deals weren't enforced very well. And one of the things that I'm saying is, I believe in free trade. I think that it can grow our economy. We already heard from a businessman who is involved in international trade. But I think it is very important to make sure that trade is fair and that each side is being treated equally. And right now that's not always the case.

But it turns out that a lot of manufacturing has declined just because it's gotten so much more efficient. You go into a steel plant now that used to take 10 folks to put out 1 unit of steel; now you need 1 person with a computer. When you go into just about any manufacturing plant these days, so much of it is automated. You've got these robot arms, and it's all clean and pristine, and it's just—it's a different type of industry now. So that's where a lot of jobs have been lost.

But here's the good news. The clean energy sector, I think, is going to be a huge growth sector. And what we did during the Recovery Act was we invested in companies, including companies here in Iowa. I was out at a wind farm—where was that? Out in Fort Madison, Siemens—where you go here and what was just a shutdown factory, they've reopened. They're building the blades for these massive windmills. And they had just hired several hundred people and were looking at hiring several hundred more because they are seeing some certainty in the renewable energy industry.

And so you—they had actually hired a lot of folks who were coming off traditional manufacturing industries, applying their new skills to these new jobs.

The same is happening in advanced battery manufacturing. I don't know how many people here have a hybrid car—you've got a couple of folks. It turns out that we weren't making the batteries that are going into these hybrid and electric cars; we were—they were all being made elsewhere. We had about 2 percent of the market.

So as part of the Recovery Act, what we said was, let's invest in creating our own homegrown advanced battery manufacturing. And we're on

track now by 2015 to have 40 percent of the market.

And we were in Michigan and looking at one of these plants. A lot of the folks who were there are folks who used to work as suppliers for the auto industry. They had gotten laid off, and now they're back helping to build what will be the cars of the future. These advanced batteries that they're building are going into the Chevy Volt, which is a American-built clean energy car, a car of the future.

So there are still going to be opportunities for skilled tradesmen, people who've worked in manufacturing, but it's not going to be in just these massive factories of the 1950s. It's going to be in these new factories focusing on new industries, and this is where innovation and research and development is so important.

The one thing that's going to happen, though, is, is that parishioner is going to need probably to update some of their skills, because as I said, the fact that they know manufacturing, they know machines and tools, all that's going to be helpful, but they're also probably going to need to work a computer better. They're going to need to know how to diagnose a big, complicated system, looking at a flat screen inside the factory as opposed to tooling around and opening things up to see what's going on. And that may require some retraining. And that's again why the community college system can be so important.

A lot of folks at the age of 50, they don't need 2 years of education, but they may need 6 months where they're able to retool and get some help paying the bills and making the mortgage while they are retooling. And those are the kinds of programs that I think we need to set up.

Well, listen, this has been terrific. I am so grateful to all of you for taking the time to be here. As I listen to the questions, it's a good reminder, we've got a long way to go.

Remarks and a Question-and-Answer Session in Richmond, Virginia September 29, 2010

The President. Well, everybody have a seat, have a seat. I just want to—first of all, I want to

But I do want everybody to feel encouraged about our future. This goes to the first question that was asked about the next generation. America is still the wealthiest country on Earth. We have the best colleges and universities on Earth. It still has the most dynamic entrepreneurial culture on Earth. We've got the most productive workers of just about any advanced nation. We still have huge advantages, and people—billions of people around the world would still love the chance to be here.

And so I don't want everybody to forget that we've been through tougher times before, and we're going to get through these times. But typically, when we've gotten through tough times, it's because we all buckled down and we refocused and we came together and we made some tough but necessary adjustments and changes in how we approach the future. And I'm confident we're going to do that again.

But it's going to happen not just because of me, the President. It's going to be—happen because of individual small businesses. It's going to happen because of what's happening in congregations. It's going to happen because of what young people are doing—thinking about their future and how they're applying themselves to their studies.

All of us are going to have to be pulling together and refocusing on the future and not just the present. If we do that, we're going to do fine.

So thank you very much, everybody. Appreciate it.

NOTE: The President spoke at 10:06 a.m. at the residence of Jeff Clubb and Sandy Hatfield Clubb. In his remarks, he referred to Tristan Clubb, son, and Skyelar Clubb, daughter, of Mr. Clubb and Ms. Hatfield Clubb; Ryan Stier, son of Des Moines, IA, resident Mary P. Stier; and David Greenspon, owner, Competitive Edge Advertising Specialty Mfg. Co.

thank Matt and Stephanie who were making their backyard available until it got really wet,