AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

them in country after country after country much more involved in trying to promote commercial activities and working with the Commerce Department and others.

The Secretary of Transportation has, I think, focused on the global aspects of his job more than any of his predecessors that I can think of. So I think what you could say is that this administration will be aggressively involved in this kind of endeavor. When I think it is appropriate and potentially helpful, I don't mind asking for the business. But I think it's something I don't want to lay down a general rule of thumb on because I think it will have to be taken on a case-by-case basis.

Japan-U.S. Trade

Q. Mr. President, are you still contemplating more sanctions against Japan, or can you rule that out for now?

The President. Well, ever since the talks I had with Prime Minister Hosokawa, we've been reviewing our options, consulting with our friends, and trying to assess what course we ought to take. And I think sometime in the next few days my economic team—Mr. Rubin is here—and our national security team will come back with a set of options and recommendations to me. And then I'll have something to say about that. That is different from, of course, the announcement which was made yesterday by Ambassador Kantor on the cellular telephone issue. That's an issue of longstanding development.

Saudi Arabian Aircraft Contract

Q. Mr. President and Prince Bandar, actually, does this emphasis on redoing the Saudi commercial airline system, does it sort of represent a shift in priorities and a shift in emphasis? Does the Saudi Government no longer feel as much of a military threat perhaps as it did before and feel the need to—[*inaudible*].

Prince Bandar. No, just means Saudi needs to modernize its fleet, that's all. [*Laughter*]

The President. For those of you who don't know it, the Prince is an accomplished pilot, trained on American fighters in the United States, and he just wants to always see them in the best and the newest airplanes. [*Laughter*]

Thank you very much.

NOTE: The President spoke at 10:12 a.m. in the Roosevelt Room at the White House.

Remarks to the American Association of Retired Persons in Edison, New Jersey

February 16, 1994

Thank you. Thank you very much, Bernice. And thank you, ladies and gentlemen, for that warm welcome. I am delighted to be back in New Jersey. I always love to come here. You know, New Jersey had a lot to do with making me President in one of your typically close elections here. I keep hoping someday I'll see an election in New Jersey that's not close just so somebody doesn't have a heart attack right before the election. [*Laughter*]

I'm so glad that Hillary came up here with me today. I think she deserves a gold medal for trying to fix the health care system. I want to thank Dr. Flora Edwards, the president of Middlesex Community College, and all of those who made it possible for us to come here and meet today. I want to thank my longtime friend Senator Bradley for his statement. He and Senator Lautenberg, who couldn't be here today, and the Members of Congress who are here and those who aren't are going to have some tough decisions to make. I thank Congressman Pallone for his statement. This is the second time I have been to your district to talk about health care. Once I was at the Robert Wood Johnson Hospital, a wonderful medical facility, to talk about what we were trying to do to help to make sure we'd have more of those kind of facilities. And I thank Congressmen Klein, Menendez, and Payne and Hughes also for being here today and coming out of their district during this congressional recess period.

I'd also like to say I'm glad to be here with your new Governor, Governor Whitman. We had a great visit down in Washington at the Governors' conference. I thank you for being here. And Mayor Spadoro met me outside with the whole city government. I thought they were going to give me a list of every-

thing they wanted from Washington. [*Laughter*] I now have met more people in this city government than most of you have, and I liked it, too.

I want to thank a special person—I want to ask him to stand up—representing the Edison Seniors Council, the man who wrote me and asked me to come here, David Sheehan. Where are you, David? Stand up. Thank you, Governor and Mrs. Florio, for coming. I'm glad to see you here. I want to say a special word of thanks to the AARP, to Bernice Shepard, and also to Kevin Donnellan and Molly Daniels and all the others who have worked so hard to get this group of people here.

I was a Governor in my former life—or as I like to say, back when I had a life—for a dozen years, and before that, an attorney general of my State. And I had a long, long time to work with the AARP to do 20 or 30 things that were important to the members of AARP in my State. And I always found that I could depend upon the AARP to do the right thing and to stand for the right thing, not only on issues that affected senior citizens, by the way. The AARP in our State was one of the strongest advocates for education reform, for example, trying to help their grandchildren mostly get the kind of educational opportunities that we would need for the 21st century. So I'm delighted to be here and delighted to embrace your goals of long-term care and prescription drugs for senior citizens.

When I became President I had some pretty old-fashioned ideas that I at least thought then and now I think still are too much in absence in our Nation's Capital. I had the crazy idea that the purpose of our political system was to get people together and to get things done and that that was more important than all the partisan squabbling and personal finger-pointing and all the blame-placing and all the kind of stuff that we're treated to day-in and day-out, sort of emanating in this endless gusher of politics and negativism that our national system seems to produce. And I went there with the view that we ought to try to find a way to put that aside and actually deal with the serious problems of this country and to basically change and move toward the 21st century in ways that would guarantee the things we care most about, work and family and community; would enable America to go into the next century as the greatest country in the world, being fair to all of our people.

In the last couple of months I've had the opportunity to review the progress of the past year. And I won't repeat all that now, but I think it's clear that we've begun to turn this economy around. The deficit is going down instead of up. Investment is going up instead of down. New jobs are coming into the economy, because the Congress took some tough decisions.

This year, we're trying to face some more of our problems: developing a new approach to education at the national level to help States and local school districts reach world-class goals with grassroots reforms; helping people who aren't going to college move from school to work with further training and education so their incomes will be decent; and developing a whole new training system for people who lose their jobs so that people can have the security of knowing that throughout their lives, they'll always be able to get the training they need to get newer and better jobs.

Yesterday I went to Ohio to talk about the problem of crime, something that you've dealt with a lot here in the last couple of years. We're trying to pass a crime bill in the next few months in Congress that will put another 100,000 police officers on the street and take assault weapons off the street and put repeat violent offenders behind bars for good.

So I tell you, I think we are moving in the right direction. But I have to say that unless we have the courage to deal with this health care issue, it's going to be very difficult over the long run for our country to be fully competitive and for your Government to fully serve you. Why is that? There are many reasons, but let me just give you three, if I might.

First of all, nearly everybody in America's for balancing the budget in theory. What you need to know is, the budget we have now reduces defense, in my judgment, by all we can afford to reduce it and maybe then some a little bit. It reduces defense in the wake of the aftermath of the cold war. It freezes

all domestic spending for 5 years, which means every time I want to give the State of New Jersey one more dollar to educate children or retrain adults or help poor kids with the Women and Infants Children program or the Head Start program, I have to cut another dollar somewhere else: total freeze.

Social Security recipients get their cost of living increases, but that's tied to inflation, and it doesn't go up any faster than revenues do. The only thing in our budget now going up at faster than the rate of inflation, faster than the rate of revenues, is health care costs, Medicare and Medicaid, at 2 and 3 times the rate of inflation. So, (a) there will never be a budget in balance unless we do something to bring health care costs in line with inflation; (b) we will be spending all of our new money shortly on nothing but health care, and not new health care, not the long-term care you want, not the prescription drugs you want, but more money for the same health care. So we won't be buying anything new, and we will be paralyzing the whole rest of our budget. So that's the first thing that bothers me about it.

The second thing you need to know is that this system is the only advanced system in the world—that is, no other country in the world has a system that doesn't provide health security for everybody, and yet we are spending 14.5 percent of our income, 14.5 cents of every dollar, on health care. Only Canada spends 10 cents; Germany and Japan are under 9. And we have to compete with them every day.

And if you've seen this argument we're in with Japan now over cellular telephones, health care costs for the American phones are a lot bigger than the ones they are for the Japanese phones. Today we just announced we sold $6 billion worth of American-made airplanes to Saudi Arabia, beating out our European competitors in spite of the fact that there is a huge extra cost in health care in every one of those planes. And that means American jobs, so that bothers me.

The third thing that bothers me is that Americans are rapidly losing their choices in health care and being forced into plans that give them almost no choice and don't cover the basic things that are needed. And another 100,000 Americans a month lose their health care forever. So these are the reasons I say we have to face up to this problem.

What did Hillary say those people were in the health insurance ad, Harry and Louise? I always want to say Thelma and Louise; they're about that—[*laughter*]. And you know those health care ads where the actors are telling you how scared you ought to be of our program—they never put any real people on there.

We've gotten nearly one million letters from people talking about their real problems in the health care system. And so, since we can't afford to keep up with the health insurance companies who have all of your premiums to buy television ads with, we just started bringing ordinary citizens who've written us in. I want to introduce four people from New Jersey who wrote us letters who are here today. I wish they had written us ads. Barbara Hassmiller, stand up—where are you, Barbara?—who wrote us when her father lost his job at age 70 and had a stroke and was not eligible for long-term care under Medicare and was, thankfully, too well off to be eligible under Medicaid, the Government's program for poor people. Helen Kallos—where are you, Helen? Stand up—whose mother was taken ill at an advanced age and who wanted to help care for her mother at home. But under our system, you can't get any help for providing for your kinfolks if you keep them at home through long-term care. But if you're eligible, the Government will spend a fortune to put them in a nursing home but won't help you leave them at home for much less money. Margaret Meding, who discovered that her husband had a condition that neither Medicare nor private insurance would cover nursing home care for even though plainly it was the most appropriate thing. And finally, Arthur Paranto who had both Medicare and a Medigap policy, but his biggest health care problem was a huge drug bill which he got no help for.

When I ran for President, starting in 1991, I met people in the State of New Hampshire who literally were making a choice every week between food in their refrigerator and medicine in the medicine cabinet because Medicare provided no drug coverage, and

this in the country that has the finest pharmaceutical industry in the world, leading the world in all forms of medical research related to drugs; when we know, based on the experience of a country like Germany, for example, that if you provide more prescription medicine to people in a proper way, you actually save money on hospitalization costs and more severe medical costs over the long run.

These are people you will never see in television ads, unless I can raise a lot more money for this campaign. But they are real people, and they have real problems that deserve to be addressed. They are some of the problems that the First Lady and her task force dealt with over a period of months when they consulted thousands of doctors and nurses and other medical providers and people in the insurance industry and consumers to try to come up with an approach that would deal with the real problems of real people, not the rhetoric that you often see in the campaign.

Now, I care about them. I care about the fact that there are people with no insurance, that there are millions of Americans with insurance who could lose it in a minute, that there are millions of others who pay too much for their insurance because they or someone in their family have a preexisting condition or who can never change jobs because if they do, they'll lose their insurance.

Sure, I'm concerned about the small businesses who don't offer health insurance and are afraid they can't spend anything to provide it. But I'm also concerned about people like the fine husband and wife I met yesterday in Columbus, Ohio, in a little delicatessen, where they have 20 employees' full-time, 20 part-time; they're not required to do anything. The lady had a serious medical condition; all of her employees' premiums went through the roof because she was sick. But she refused to drop their coverage. She said, ''I'm going to cover my full-time employees, and I would gladly cover my part-time employees if only my competitors had to do the same.'' She said, ''You know, I'm out here doing this because it is morally right. I'm not going to let these people work for me and not have health insurance. But none of my competitors have to do it. We wouldn't go broke if you just required us all to make a fair contribution to the Nation's health care system.'' I'm concerned about people like her, too.

What we're trying to do is to fix what's wrong with the system and keep what's right. You all know what's right. We do have the best health care in the world for people who have it available to them. We do have by far the best medical research and technology developments in the world. And we shouldn't do anything to mess that up. What we propose to do is to fix the system of financing, which is crazy and which is adding tens of billions of dollars to this system, dollars that you pay that have not anything to do with the health care of Americans.

We want guaranteed private insurance for every American. We want preventive and primary care in that insurance package to save money over the long run. We want to protect the choices that people have. Today, fewer than half the people who are insured in their workplace have any choice anymore of their doctor or their medical plan. We want to increase that. We want to give small businesses and farmers and individuals access to the same rates that now only people who are insured, like me, through government or through big business have. We want to protect the academic health care centers like the Robert Wood Johnson facility I visited, and medical research. And we also know we have to preserve what is right for you.

Our plan clearly preserves and strengthens Medicare. It retains your right to choose a physician under the Medicare program just as it operates today, as well as dealing with these other issues. It puts $3 billion into medical research, including issues confronting older Americans like Alzheimer's, cancer, heart disease, and stroke research—more money into medical research, not less. If there's a breakthrough just around the corner, we want to turn the corner in a hurry.

But look what has got to be fixed. If we don't do anything, millions more will continue to lose their coverage. If we don't do anything, millions more will continue to pay more than they should. If we don't do anything, we'll still have older people being charged more for their health insurance than younger people when they're still in the work force. If we don't do anything, we will know

that the insurance companies will continue to restrict costs and to decide who can or cannot be insured and under what circumstances.

In today's system, the insurance companies regularly charge older people more than younger people. In today's system, older Americans are also regularly victimized by costly and unnecessary tests and procedures and by overcharging and by being sold bogus long-term policies that don't have the coverage they purport to have. You know that as well as I do. That's wrong, and we have to do something about it.

I also want to thank Bernice for pointing out that this long-term care issue is not simply an issue for the elderly. We have millions of Americans living with various kinds of disabilities who could be much more productive, much less costly to society and much happier if they had adequate long-term care. They should also be taken into account.

This system can also be much less expensive administratively. It is unbelievable: Every single solitary study that's been done of our health care system comparing it with any other says we spend about a dime on the dollar more than anybody else pushing paper around. Why? Because we have 1,500 separate health insurance companies with thousands and thousands of different policies, requiring clerical workers in hospitals, in doctors' offices, and insurance offices that are not present any other place in the world, only to make sure that nobody gets covered for anything that the fine print of the policy says that they're not covered for. Nobody else does this. Nobody in the world does this.

And so we are paying for a paper system that is organized to keep people out of the health care system. So the best health care system in the world is not available to some people because of the paperwork barriers that are placed. And the people who are paying for most of these television ads want the paperwork barriers to stay there. Don't kid yourself. That is what is going on. It doesn't have anything to do with consumer choice. You get more choice under our plan than under the system they're taking us toward.

Now the Congress is going to begin to work on these programs, and there will be a thousand ideas. But there are a few major plans before the Congress now. Only one of them proposes to keep Medicare strong and makes it stronger; that's our proposal. Only one of them deals with long-term care and prescription drugs for the elderly, our proposal.

I have to say this in all respect: I am very grateful for the kind words that AARP has said about this plan. But there are interest groups in there spending tens of millions of dollars to beat this plan—are going to come after it piece by piece by piece. We are the only plan that offers any help for long-term care and for prescription drugs. And I would respectfully suggest that the AARP ought to be for the only plan that helps you. Otherwise, the interest groups will convince Congress that you don't really care, and you will lose these parts of our plan. The time has come to be counted, to stand up, to take a stand, and to fight with us if you want to get something done. This is a fight. And if you want it, you're going to have to fight for it.

Let me also say that in addition to this issue of what new things can happen, you need to look at what's going to happen if our plan doesn't pass and someone else's idea does. There are a lot of people who really believe the only way to reduce the deficit and to reform health care is to basically take benefits away from older Americans. We have shown in the budget we passed this year and in the health care proposal we made that you can reduce the deficit and reform health care and be fair to older Americans.

If we fix the health care system, you can keep the deficit on a downward path, as the nonpartisan Congressional Budget Office showed, saving unbelievable amounts of money by the first decade of the next century. And you can do it without slashing medical care to the elderly or the Social Security system. On the other hand, look at some of the other alternatives that are out there. Next week the Senate will consider a balanced budget amendment that many believe will lead to dramatic cuts in Social Security and Medicare without doing a thing to fix the health care system or to add to your security.

Now, no one can be against a balanced budget in principle. Remember, I've heard all that rhetoric about cutting Government

spending, but you're looking at the person that's bringing the deficit down, with the help of Congress, not letting it go up. I've heard all the rhetoric. Our budget proposes to eliminate over 100 Government programs and to cut 60 percent of the specific line items in the Federal budget. So I know all about cutting spending. But this balanced budget amendment, according to every single analysis, will force either the Congress to raise taxes or cut Social Security and Medicare and aid to cities and States, or both, significantly.

The only way to get this deficit down to zero in a fair way without unduly cutting defense, which is not good for the country, or cutting Social Security and Medicare or having an unnecessary tax increase when we are building back for an economic recovery, is to reform the health care system. That is the responsible way to do it. But make no mistake about it, right now there are forces in the Congress who believe that they should use Medicare to either balance the budget or take the money away from seniors and pay for somebody else's health care, instead of asking them to take responsibility and pay a part of their own.

If this balanced budget amendment passes, or if these other health care proposals were to pass, which cut Medicare—and they all do—then we would all be trying to do something for middle class children in the future by hurting middle class senior citizens today. The middle class has taken a big enough hit. Let's do it in the fair, right, and disciplined way, not the cheap, easy, quick way.

We ought to be taking care of each other. We shouldn't pit the old against the young or the middle-aged. And we have a way to do it. It just requires us to undertake the pain of making thousands of separate tough decisions that will have to disappoint some people in the present system. But if we reform health care, we can achieve these savings without cutting benefits to the elderly; we can reduce the deficit without cutting Medicare. That's what we ought to do.

We proposed savings in Medicare. Do you know the present budget estimates that Medicare and Medicaid will increase in every year in the next 5 years between 2 and 3 times the rate of inflation plus population growth? It is unacceptable. But we think those savings should be plowed back into benefits that help the people who actually set up and operated the Medicare system and helped to pay for it all these years, the people who paid the payroll taxes. That's how Medicare was financed, after all. Don't forget that.

So we want to take the savings from Medicare, which will be achieved by bringing health costs in line with inflation and put them into providing the prescription drug benefits and put them into phasing in the long-term care benefits for the elderly and the disabled. That is the fair way to save money from Medicare, bring the deficit down, reform health care, and not hurt the senior citizens of the country. We don't need to mess up Medicare. It works. We need to add to it and strengthen it, and we can do that.

I will say again, three of the four letters I received from the fine people that were introduced today were from people who had a problem with long-term care, three of the four. If you are really poor in this country and you qualify for Medicaid, you can get in a nursing home. Unfortunately, most places you don't qualify for alternatives to nursing homes, so you may not get the best placement. But at least you will have some care. But if you are older and you are not really poor and you don't have a certain set of very unique conditions, you're out in the cold. And then, if you qualify for nursing home care under Medicare, which is reasonably rare, you still won't qualify for long-term care any place but a nursing home. And if you're not old enough to be eligible for Medicare and you're disabled, then you have to be impoverished to be eligible for Medicaid so you go to a nursing home instead of getting some in-home care where you might also be able to do something to generate some income. This system does not make sense, and we can do better.

The purpose of our common endeavors should be to allow all of us to rear our children with good values and a good education and a real shot at the American dream and then to live as long and as well as we possibly can, respecting the rights and the interests

of our neighbors. We cannot do that with the health care system we have today.

There's one other thing about this program I'd like to emphasize, and that is that we try to do something to protect early retirees who run out of their health care benefits. This is a big issue in New Jersey. When so many big companies are downsizing, who's there to protect the people who are forced into early retirement? Many of them lose the benefits they've paid for throughout their entire working lives if a company decides to save money by cutting the benefits of retirees. A better approach, in my opinion, is to make a commitment to these workers. A more fair approach would say to any retiree over 55, your policy is guaranteed, and all you have to do to keep your health benefits is to keep paying the same share you were paying when you were a working person. I think that's fair, and I think we ought to do it.

Now, that is what our program does. If you want fair benefits for early retirees, if you want a prescription drug benefit, not just for the elderly but for families as well, if you want a beginning on this long-term care problem which is plaguing our country and something we had better face because people over 65 are the fastest growing percentage of our population, if you want health care costs brought under control in a way that is fair, then I would argue you have to support our plan. Not because you think it is perfect—this deals with a very complicated issue—but because it is the only plan that deals with these issues. And then you can come and say whatever you think about the edges of it.

Now, before I close, let me just say, sometimes when a person like me gives a speech like this and you hear it, you say, ''Well, why is anybody against it?'' And you either distrust them or you distrust the speaker, right? Because you know it's more complicated.

Let me restate: This fight is about who calls the shots in the health care system. It's about where the jobs will grow and shrink in the health care system, and it's about who pays, because people get health care. Even people without health insurance will eventually get health care, but normally when it's too late, too expensive, in an emergency room, and the rest of us pay for it.

So this fight is about that. Should the insurance companies and the HMO's that they control call the shots for the future? Should they be the ones who decide who gets insurance and who doesn't and who pays how much? Should we continue to be the only advanced country in the world that gives all those decisions to them, with all the consequences that you know?

And a lot of them—by the way, that does not mean they're all bad people. A lot of them are good people. A lot of them are doing the best they can under terrible circumstances. But this is a bad system. And a lot of them now say, ''Well, what we want is to give everybody access.'' Let me tell you what they mean, folks. They mean they want to give you access just like everybody in this room right now has access to a Mercedes, right?—or maybe to a new Chevrolet pickup truck if you're from my part of the country. In other words, we all have universal access today to every car sold in America. It's just some of us can't afford to buy them, right?

So when you hear this word, perk your ears up and ask yourself, ''Now, what do they mean by that? Give me the details.'' Say, when you hear that word, say, ''What do you mean by that?'' Because nobody else in the world that we're competing with talks about access. They say, ''If you're a family living in our country, here is your health coverage, and here are your responsibilities.''

When they say access, do they still mean we're going to charge old folks much more than younger people? What's covered? What are the benefits? What are the costs? What are the copays? What are the deductibles? What about the people that don't feel like helping? Listen.

The second issue is, the tough issue is the employer mandate. Should we require all employers to do something toward their employees? That is a tough issue. I concede that. But look at what we have today. Seventy percent of the small businesses in America today cover their employees because they think it is the right thing to do. Most of them cover them with packages they think are not quite adequate, but it's all they can afford. And they pay on average 35 to 40 percent more

in health insurance premiums than government and big business does.

So is it fair to the 70 percent of the small businesses to do that? Or shouldn't we allow them to go into bigger pools where they can get the same rates that government and big business do, and then say to all small business owners, "You have to do something to take some responsibility for your folks"? I think we should.

This is a fight over jobs. If you don't need as much paperwork, if you have one standard form, instead of 1,500 companies writing thousands of different policies, you won't have to hire as many people to keep up with who shouldn't be covered for something. But you will have—so you will have fewer jobs. Let's level with you. You will have fewer jobs in the clerical department of hospitals, clinics and insurance companies. But you will have more jobs taking care of people in long-term care, producing pharmaceuticals, providing basic primary care in public health clinics in inner cities and depressed rural areas. You will have more jobs. So there will be a job shift.

But we shouldn't pretend that this is easy. This is a real fight, and you have to decide whether that's a change you're willing to undertake. I tell you, I think we are willing to undertake it.

Under our plan, which has been studied by any number of people who are, to put it charitably, nonbiased—everybody who studies it says more than half the people in this country will get the same or better health care for the same or lower cost. Everybody who's studied our plan says that there will be some more costs for some people, principally those who pay nothing now and for young, single, healthy workers who will have to pay a little more so that elderly workers can pay a little less and families can get a little better break. I think that's fair. And I think most young people think that's fair.

This is a great opportunity for our country, because we're having an honest debate. I will try not to paper over the real difficulties. I tried to be frank with you today about what the real difficulties are. But I am telling you, if you want this country to be what it ought to be and if you want every elderly person in this country to have access to a life that he or she has earned by being a good American and if you want your children and grandchildren to grow up in an America not burdened by debt and not burdened by a Government strangled by health care costs and absolutely unable to invest in jobs and technology and education, in short, if you want us to do the sensible and the humane thing, then help us pass comprehensive health care reform that guarantees insurance to all Americans and has long-term care and has prescription drugs and is fair.

We need your help. Thank you, and God bless you all.

NOTE: The President spoke at 1:40 p.m. in the gymnasium at Middlesex Community College. In his remarks, he referred to Bernice Shepard, AARP board member; Gov. Christine Whitman of New Jersey; former New Jersey Gov. James Florio and his wife, Lorinda; Edison Mayor George Spadoro; Kevin Donnellan, AARP legislative counsel; and Molly Daniels, manager, AARP health care reform help desk.

Exchange With Reporters on Arrival From Edison, New Jersey

February 16, 1994

Bosnia

Q. Mr. President, are there a lot of differences between the U.N. and NATO on Bosnia Sunday night?

The President. No.

Q. What is the problem——

The President. Well, I don't think there is a problem. The decision of the North Atlantic Council still stands. And the rules are clear: that the heavy artillery either has to be taken out of the safe zone or put under the control of the U.N. either in one of these areas where the weapons can be deposited; or if the weapons cannot be moved, they still must be under the control of the U.N.

So I think the issue is just simply working out the mechanism for control of weapons that are either too high in the mountains or snowbound or otherwise unable to be moved to one of these centralized areas. But so far, it seems to me that based on the detailed conversations I had today with the national security staff and the work the Joints Chiefs are doing that they're just working it out.