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REMARKS BY THE PRESIDENT  
IN ARNOLD, MISSOURI TOWN HALL

Fox Senior High School  
Arnold, Missouri

10:25 A.M. CDT

THE PRESIDENT: Thank you so much. Thank you. Everybody please have a seat. Have a seat. Thank you so much. What a wonderful introduction. It's good to be out of Washington, good to be back in the Midwest.

AUDIENCE MEMBER: We love you!

THE PRESIDENT: Love you back. (Applause.)

Let me, first of all, ask everybody to give a huge round of applause to Linda for the great introduction and everything that she's been doing in the community. Thank you so much. (Applause.)

I've got a few other friends who are here -- you may know them, I want to make sure that I acknowledge them. One of, I think, the finest members of Congress that we have and somebody who's just been a great friend of mine, she is somebody you want in the foxhole with you when you got a tough fight -- please give a huge round of applause to Claire McCaskill. (Applause.)

We've got one of the finest new governors in the country, Jay Nixon. (Applause.) Where did Jay go? There he is. An outstanding Secretary of State and somebody who I think may turn out to be pretty good in Washington if she just so decides -- Robin Carnahan. (Applause.) We've got Attorney General Chris Koster here. (Applause.) State Treasurer Clint Zweifel. (Applause.) A great friend who was with me from the start --

Susan Montee, your State Auditor. (Applause.) We have our outstanding host today, Mayor Ron Counts, of Arnold. (Applause.)

We've got Congressman Russ Carnahan, who is voting on the budget today, but I want everybody to give him a big round of applause anyway. (Applause.)

I want to thank everybody here at Fox High School for their hospitality. (Applause.) I want to thank your lovely school superintendent, who is just doing an outstanding job. Please stand up. (Applause.) I want to thank the Warriors for the basketball jersey -- (applause) -- which I will wear with pride -- yeah! (Applause.) If I ever get to play basketball again -- (laughter) -- they've been keeping me a little busy.

It is great to be back in the middle of America, where common sense often reigns. (Applause.) And this reminds me of why I like to get out of Washington now and again.

The last time I was in Missouri was just under six months ago, at a high school a lot like this one. We were in Springfield; it was two days before the election, and I was making my final case to the American people. And it was just an unbelievable crowd, bigger than anything anybody had expected. And so we're here in Missouri to -- we were here in Missouri at the end of a long journey to the White House, and so now I want to come back and speak to you at the beginning of another long journey. Today marks 100 days since I took the oath of office to be your President. (Applause.) One hundred days. It's a good thing. Thank you. Thank you. (Applause.)

Now, back in November, some folks were surprised that we showed up in Springfield at the end of our campaign. But then again, some folks were surprised that we even started our campaign in the first place. (Laughter.) They didn't give us much of a chance. They didn't think we could do things differently. They didn't know if this country was ready to move in a new direction.

But here's the thing -- my campaign wasn't born in Washington. My campaign was rooted in neighborhoods just like this one, in towns and cities all across America; rooted in folks who work hard and look after their families and seek a brighter children -- future for their children and for their communities and for their country.

It was driven by workers who were tired of seeing their jobs shipped overseas, their health care costs go up, their dreams slip out of reach. (Applause.) It was grounded in a sense of unity and common purpose with every single American, whether they voted for me on Election Day or voted for somebody else. It was energized by every citizen who believed that the size of our challenges had outgrown the smallness of our politics. My campaign was possible because the American people wanted change.

I ran for President because I wanted to carry those voices -- your voices -- with me to Washington. (Applause.) And so I just want everybody to understand: You're who I'm working for every single day in the White House. I've heard your stories; I know you sent me to Washington because you believed in the promise of a better day. And I don't want to let you down.

You believed that after an era of selfishness and greed, that we could reclaim a sense of responsibility on Wall Street and in Washington, as well as on Main Street. You believed that instead of huge inequalities and an economy that's built on a bubble, we could restore a sense of fairness to our economy and build a new foundation for lasting growth and prosperity. You believed that at a time of war, we could stand strong against our enemies and stand firmly for our ideals, and show a new face of American leadership to the world.

That's the change that you believed in. That's the trust you placed in me. It's something I will never forget, the fact that you made this possible.

So today, on my 100th day in office, I've come to report to you, the American people, that we have begun to pick ourselves up and dust ourselves off, and we've begun the work of remaking America. (Applause.) We're working to remake America.

Now, we've got a lot of work to do, because on our first day in office we found challenges of unprecedented size and scope. Our economy was in the midst of the most serious downturn since the Great Depression. Banks had stopped lending. The housing market was crippled. The deficit was at \$1.3 trillion. And meanwhile, families continued to struggle with health care costs, too many of our kids couldn't get the education they needed, the nation remained trapped by our dangerous dependence on foreign oil.

Now, these challenges could not be met with half-measures. They couldn't be met with the same old formulas. They couldn't be confronted in isolation. They demanded action that was bold and sustained. They demand action that is bold and sustained. They call on us to clear away the wreckage of a painful recession, but also, at the same time, lay the building blocks for a new prosperity. And that's the work that we've begun over these first 100 days.

To jumpstart job creation and get our economy moving again, we passed the most ambitious economic recovery plan in our nation's history. And already, we're beginning to see this change take hold. In Jefferson City, over 2,500 jobs will be created on Missouri's largest wind farm, so that American workers are harnessing clean, American energy. (Applause.) Across the state, roughly 20,000 transportation jobs will be supported by the Recovery Act, so that Missourians are rebuilding your roads, your bridges, your rails.

To restore fairness to our economy, we've taken several steps with Congress to strengthen the middle class. We cut taxes for 95 percent of American households through a tax cut that will put \$120 billion directly into your pockets. (Applause.) We finally signed a law long overdue that will protect equal pay for equal work for American women. (Applause.) We extended health care to millions of children across this country. (Applause.)

We launched a housing plan that has already contributed to a spike in the number of homeowners who are refinancing their mortgages, which is the equivalent of another tax cut for them. And if you haven't refinanced, you might want to take a look and see if it's possible, because that can save people a lot of money. We've taken steps to unfreeze the market for auto loans and student loans and small business loans. And we're acting with the full force of the federal government to ensure that our banks have the capital and the confidence to lend money to the families and business owners who keep this economy running.

Now, even as we cleared away the wreckage, I've also said that we can't go back to an economy that's built on a pile of sand -- on inflated home prices and maxed-out credit cards; on over-leveraged banks and outdated regulations that allowed the recklessness of just a few people to threaten the prosperity of all of us.

So that's why I introduced a budget and other measures that build on the Recovery Act to lay a new foundation for growth -- a foundation that's built on five pillars that will strengthen our economy and help us compete in the 21st century: number one, new investments in education that will equip our workers with the right skills and training; number two, new investments in renewable energy that will create millions of jobs and new industries; number three, new investments in health care that will cut costs for families and businesses; number four, new savings that will bring down our deficit; and number five, new rules for Wall Street that reward drive and innovation. (Applause.)

Now, I've got to say that some of the people in Washington have been surprised -- they said, boy, he's so ambitious; he's been trying to do so much. Now, maybe they're not accustomed to this, but there's no mystery to what we've done. The priorities that we've acted upon were the things that we said we'd do during the campaign. (Applause.) I mean, it's not like anybody should be surprised. The policies we've proposed were plans we talked about for two years, in places like this, all across the country with ordinary Americans. The changes that we've made are the changes we promised. That's what you should expect from a President. You may not always agree with me, but if you take a look at what I said I was going to do when I was running for office, and you now look at what we are in the middle of doing -- we're doing what we said we'd do. (Applause.)

Now, after 100 days, I'm pleased with the progress we've made, but I'm not satisfied. I'm confident in the future, but I'm not content with the present -- not when there are workers who are still out of jobs, families who still can't pay their bills; not when there are too many Americans who can't afford their health care, so many of our children being left behind and our nation is not leading the world in developing 21st century energy. I'm not satisfied. And I know you aren't either. The crisis that we're confronting was many years in the making; it will take us time to overcome it. We've come a long way, we can see the light on the horizon, but we've got a much longer journey ahead.

And one of the encouraging things for me is the fact that the American people know this. You know that our progress has to be measured in the results that we achieve over many months and years, not the minute-by-minute talk in the media. And you know that progress comes from hard choices and hard work, not miracles. I'm not a miracle worker. We've got a lot of tough

choices and hard decisions and hard work ahead of us. The 100th day might be a good time to reflect on where we are, but it's more important to where we're going that we focus on the future, because we can't rest until our economy is growing and we've built that new foundation for our prosperity.

We can't rest until we reform those outdated rules and regulations that allowed this crisis to happen in the first place. And that's why I've called for tough, new, common-sense rules of the road that punish abuse and reward drive and innovation in the financial sector. I expect a bill to arrive on my desk for signature before this year is out. We are going to make sure this kind of crisis does not happen again. (Applause.)

We can't rest until we have schools that prepare our children for the challenges of the 21st century. And we've already made historic investments in education and college affordability. I was talking to your superintendent about all the wonderful things that she's going to be able to do with some of the money that came out of the recovery package. We're going to continue to help our schools meet high standards and close achievement gaps. And we're going to reward teachers for performance and give them new pathways for advancement. (Applause.) We are going to seek the goal of once again having the highest proportion of college graduates in the world -- we're going to do it by 2020. (Applause.)

We can't rest until we harness the renewable energy that can create millions of new jobs and new industries. The Recovery Act will double the supply of renewable energy, but the only way to truly spark an energy transformation is through a gradual, market-based cap on carbon pollution so that energy, clean energy is the profitable kind of energy. And we can do this in a way that creates jobs. That's how we can grow our economy, enhance our security, and protect our planet at the same time.

I don't think we can rest until we have a 21st century health care system that makes sense -- (applause) -- one that cuts costs for families and businesses across America. That's why we invested in preventative care, we've invested in electronic records; that's why my budget makes a down payment on reform that will finally make quality health care affordable for every American. And I look forward to working with both parties in Congress to make this reform a reality in the months to come.

And we can't rest until we restore the fiscal discipline that will keep us from leaving our children with a mountain of debt. And working with people like Claire McCaskill, we have already put forward a budget that will cut the deficit in half by the end of my first term. We've launched a procurement reform effort that will greatly reduce no-bid contracts and will save \$40 billion. We're going through the budget line by line, page by page; we've already identified more than 100 programs to reduce or eliminate because they don't work. And I've personally asked the leadership in Congress to pass into law rules that follow the simple principle: You pay for what you spend -- so that government acts the same way any responsible family does. If you want a tax cut, you got to pay for it; if you want a new program, you got to pay for it. Tell the American people the truth -- how are you going to pay for it? (Applause.)

And finally, we can't rest until America is secure and our leadership is restored. And that's why I've begun to end the war in Iraq through a responsible transition to Iraqi control. It is their country, they need to take control. (Applause.) That's why we have a new strategy to disrupt and dismantle and defeat al Qaeda in Afghanistan and Pakistan. That's why we've renewed our diplomacy to reduce the spread of nuclear weapons, to speak directly to our adversaries, and strengthen relations in the hemisphere.

And that's why we have rejected the false choice between our security and our ideals. That's why I ordered the closing of the detention center at Guantanamo; that's why I prohibited the use of torture -- (applause) -- because America is stronger than any enemy -- and we always have been -- precisely because we do what's right not just when it's easy, but when it's hard. That's what sets us apart.

We're living through extraordinary times. We didn't ask for all the challenges that we face, but we're determined to answer the call to meet them. That's that spirit I see everywhere I go. That's the spirit we need to sustain, because the answer to our problems will ultimately be found in the character of the American people. We need soldiers and diplomats, scientists, teachers, workers, entrepreneurs. We need your service; we need your active citizenship. That's why I recently signed a bill that will create hundreds of thousands of opportunities for the American people to serve. That's why I will continue to ask for your help and your ideas and your support to make the changes that we need.

I want to warn you, there will be setbacks. It will take time. But I promise you I will always tell you the truth about the challenges that we face and the steps that we are taking to meet them. I will continue to measure my progress by the progress that you see in your own lives. And I believe that years from now we are going to be able to look back at this time as the moment when the American people once again came together to reclaim their future. (Applause.) That's what this is about.

Thank you, everybody. Thank you. (Applause.)

All right, this is the fun part. Everybody sit back down. I'm going to take questions. There are no rules, nobody has been pre-screened. And we're not going to be able to get through all of the questions that people want to ask, so if you can raise your hand I will try to call on you. We're going to go girl-boy-girl-boy, so nobody thinks I'm biased. (Laughter.) I'll try to just go around the gym and we'll get to as many as we can. If you can stand up, introduce yourself when the question has been asked, and we should have some microphones in the audience -- right? Where are microphone people? Raise up your mics. Okay, so we've got a few here. So wait for the microphone so everybody can hear your question.

All right, this gentleman right here -- right there. Yes, you. I guess we're going boy-girl. (Laughter.) You can go ahead and hand him the mic.

Q I'm a retired auto worker from General Motors. And I was just curious, with all the -- what's going on in the news and with the contracts and everything, where is this all eventually going to leave the retirees' pensions and our health care? I mean, we also are considered middle class --

THE PRESIDENT: Keep the mic near you.

Q Oh, I'm sorry. We're also considered middle class and it seems like they keep constantly wanting to take it away from the auto worker and prosecuting us, instead of the corporate that brought us to this.

THE PRESIDENT: Well, it's a good question. Let me talk about what's happening with autos, because obviously this is a big concern for everybody. I believe that the U.S. should have a strong auto industry. I believe that. (Applause.) One of

the things, one of the transitions I want to make, I want us to get back to making things, not just shuffling paper around. (Applause.) And so the auto industry is a major part of that.

Now, what is also true is that the decisions that were made over decades put the U.S. auto industry in a bad spot. We used to build the cars that consumers wanted, and at a certain point those weren't the cars that were being designed. Now, in fairness to the auto industry, a lot of the cars that are coming out of Detroit have gotten really good; they are on par with foreign imports. But the problem is, is that because of a lot of those bad decisions catching up, even though there's some very good products out there, overall the companies were in really bad shape.

Now, the Bush administration had already given several billions of dollars worth of aid, and GM and Chrysler were told to come up with a plan. When they presented the plan to us, my responsibility to taxpayers is to look at those plans in a realistic way and figure are these plans going to work in order to put these auto companies on a firm, solid footing where they can operate without government subsidies and succeed, and compete in the marketplace. Because we've got the best workers; we just need the best plans. Right? (Applause.)

Unfortunately, the plan that they presented just weren't realistic. I mean, we did a pretty thoroughgoing analysis of this thing and you couldn't -- what they were doing wasn't painting a picture of how they could be viable over the long term -- without being wards of the state. And, frankly, there's no way that we were going to get taxpayers to just, every few months, just give a few more billion dollars, because there are a lot of other industries that would love to have those kinds of subsidies.

So we are now at the point where Chrysler is supposed to report back to us in the next day or two about their plans for a potential merger with Fiat -- and the Fiat management has actually done a good job transforming their industry. We're hoping that you can get a merger where the taxpayers will put in some money to sweeten the deal, but ultimately the goal is we get out of the business of building cars, and Chrysler goes and starts creating the cars that consumers want. And one of the potential advantages of a merger is new technologies where Chrysler starts making fuel-efficient clean-energy cars that will meet the needs of the future market.

We don't know yet whether the deal is going to get done. I will tell you that the workers at Chrysler have made enormous sacrifices -- enormous sacrifices -- to try to keep the company going. One of the key questions now is, are the bond holders, the lenders, the money people, are they willing to make sacrifices, as well? We don't know yet, so there's still a series of negotiations that are taking place.

I can tell you that no matter what happens, we want to provide certain protections to retirees for their health care and their pensions. That will also be expensive for taxpayers. But my attitude is we got here not because our workers didn't do a great job trying to build a great product; it was because management decisions betrayed workers.

There are going to be some long-term adjustments that have to be made, though, both for Chrysler and GM. GM, by the way, has 30 more days, because their restructuring is more thoroughgoing than what was required with Chrysler. But I can guarantee you I will -- I look at this from the perspective of how can I create a strong, viable, competitive auto industry that is giving workers an opportunity to build a great product, take pride in that product, and continue to support their families and build communities that are strong.

That's my entire orientation, and how do I do that in a way that doesn't waste taxpayer money -- because, as I said, people in other industries would love help, as well, and I've got to be fair to people who aren't in the auto industry. If we're going to do it, it's got to be because we think that we've got a long-term plan that actually makes sense. I think we can get there, but we've still got a little more work to do. (Applause.)

`All right. Young lady up there in the pink, right there. There we go.

Q I'm a school counselor in the Fox T6 district. President Obama, what do you feel is the biggest challenge facing our educational system today, and how do you plan on meeting those challenges?

THE PRESIDENT: Okay, excellent question. I believe that we've got a multitude of challenges. So rather than just isolate on one, let me talk about several.

Our children are coming out of high school -- in some cases, they're not even graduating high school, but even if they

graduate from high school -- ranked lower on math and science scores than many other advanced industrialized countries. Nations like China and India are starting to turn out more engineers, more scientists. If we aren't able to compete technologically we're not going to be able to compete, because this is a knowledge-based economy. We can have some people who are really willing to work hard, but if the technology is coming from overseas and all we're competing for is just our labor, then over time those countries will get richer, our countries will get poorer.

So we've got to upgrade across the board -- not just in poor, underprivileged schools, but across the board -- we've got to upgrade the performance levels of our young people. Now, in order to do that, the single-biggest ingredient is the quality of our teachers; single most important factor -- (applause) -- single most important factor in the classroom is the quality of the person standing at the front of the classroom. And that's why our recovery package put a lot of emphasis on teacher training, teacher recruitment, teacher retention, professional development.

And I've got a terrific young Secretary of Education, Arne Duncan, who is -- (applause) -- and he is so passionate, but he's tough, and he wants to push school districts to really do what it takes to give teachers the support that they need.

Now, that involves a whole range of things. It means that how we train and recruit teachers in the first place, how do we match them up with master teachers so that they learn best practices; how do we make sure that if they're coming in and they don't have all the professional background they need in something -- a subject area like science, that we give them the training they need; and how do we recruit people who might be great teachers but didn't go through the conventional channels. If there's a chemist out there somewhere who wants to teach, we should be able to get him into the classroom in an expedited way, because he or she is bringing skills that we need.

I just gave an award to the Teacher of the Year, who was a police officer, a cop -- had gone to the -- had become a captain in the New York City Police Department and then decided that he wanted to pursue his lifelong love of learning and went back to teach -- and asked for the toughest-to-teach kids. Well, we want to encourage people like that who have a passion for teaching.

Now, I also want to increase teacher pay so that a lot more people want to go into teaching. (Applause.)

The deal I've got to strike with teachers, though -- I may not get as much applause on this -- (laughter) -- is I would like to work with teachers and the teachers unions, because I'm a union guy, but I do believe -- (applause) -- but I do believe that it's important for the unions to work flexibly with school districts in a consensual fashion to find ways so that if you've got a really excellent teacher, after 15, 20 years, they can get paid a little bit more -- right? -- if they're doing a really good job. (Applause.)

And now the flip side -- I'm telling you, I'm getting to the point where I'm not going to get applause. (Laughter.) If you've got a bad teacher who can't -- after given all the support and the training that they need is just not performing up to snuff, we've got to find that person a new job. (Applause.)

Just a couple more comments on education generally. A lot of schools still aren't using technology as well as they could in the classroom. And one of the things we're trying to do with the Recovery Act is to help schools get broadband, get computers, but then also train people to use it properly. I think we can do more with technology. Once kids get out of high school, making college affordable is absolutely critical. (Applause.) We have to redesign the college experience so that -- not everybody is going to go to school for four years right in a row when they're 18. Some people are going to work for two years, then go back to school for two years once they figure out something they're interested in; go back to work, maybe five years down the road they need to retrain.

We've got to create a pathway for lifelong learning for young people -- and not-so-young people -- so that all American workers are continually upgrading their skills. (Applause.) So we want to put a lot more emphasis on community colleges and how they are working effectively together.

Let me make a last point because I don't want to -- I could talk about this stuff forever. One last point which I always have to remind people of -- I said that the biggest ingredient in school performance is the teacher. That's the biggest ingredient within a school. But the single biggest ingredient is the parent. (Applause.) So this is an example where, people are always trying to say, oh, Obama, is he liberal? Is he

conservative? Well, I want government to do what it should do, but there's some things government can't do. That's where I'm conservative. Government can't force parents to turn off the TV set and tell your kid to sit down and do their homework. I can't do that. (Applause.) That's not my job. That's your job. Well, it is my job with Sasha and Malia. (Laughter.) Those two, I'm responsible for.

But the other part of it is it's not just making sure your kids are doing their homework, it's also instilling a thirst for knowledge and excellence. It's been noted widely that there are a lot of immigrant students who come from very modest backgrounds economically that end up doing very well. And why is that? Well, the difference is, is that in their families and in their communities a lot of times they've got that attitude that used to be prevalent, but sometimes we're losing -- sometimes I worry we're losing -- and that is, boy, it is a privilege to learn, it's a privilege to discover new things, it's cool to be smart. (Applause.) We want to reward kids for doing well in school. (Applause.)

And the community can help the parents. Listen, I love basketball. But the smartest kid in the school, the National Science Award winner should be getting as much attention as the basketball star. (Applause.) That's a change that we've got to initiate in our community.

All right, gentleman in the tie there, since he wore a tie. That was really nice of him. (Laughter.) We appreciate that. Thank you.

Q I'm the junior class vice president of Fox High School. (Applause.)

THE PRESIDENT: All right.

Q I was just curious to what policies you're going to put into place in order to protect Social Security for the upcoming generations.

THE PRESIDENT: That's a good question. (Applause.) Let me, first of all -- a lot of people know this, but I always want to try to explain how Social Security works so that you have a better sense of what we have to do, going forward.

Social Security is not an individual account. When you pay your payroll tax, it doesn't go into -- I'm sorry, what was your

name? Jay? It doesn't go into Jay's account. Your Social Security tax goes to pay for current retirees. And hopefully when you retire, young people who are working then, their money will go to pay for your retirement.

So it's an intergenerational commitment that we make to each other. What we say is, look, all of us are going to grow old, so we're going to make sure that there's enough money in there for your retirement; and those of us who are currently working, we pay into the kitty to make sure that that happens, and then we expect that the next generation is going to do the same. All right?

Now, here's the problem that we confront -- and this is a solvable problem. I've got -- there are some problems that are really hard to solve; this is actually one that we can solve. And that is -- the problem is that the baby boomers -- there were a lot of them, and they're getting older. Even though they deny it, they're getting older. (Laughter.) So what's happening is you're getting a big bulge of people who are retiring and you've got fewer workers supporting more retirees. That means you got more money going out, less money coming in -- and so you get a mismatch.

Now, what's been happening is, up until very recently we've been running a surplus in the Social Security account. So there should be enough money -- and if we were wise then all that money would be there and then we -- we're going to start running a deficit as the baby boomers start retiring, but we would have accumulated all this money and everything would be fine.

But a couple of things have happened. Number one is that the Social Security trust fund -- there wasn't a fence around it so people started borrowing out of it for other things. That's not helpful. But the other part of it is, is that there's still going to be a gap if we don't do anything -- even if we repay all the money into the trust fund, there's still a gap because there are too many retirees.

So it's not that Social Security would go away, Jay; the problem would be that by the time you retire, you'd be getting 75 cents for every dollar that was promised to you. So you'd get cheated out of a little bit of your Social Security. That's why -- when people say Social Security is going bankrupt, that's not true. The problem is not that it's going bankrupt; the problem is just that your benefit

-- it would be the equivalent of a benefit cut of about 25 percent if we don't start making some changes.

Now, there are only a handful of ways to make these changes. Number one, you could just keep on trying to borrow a trillion dollars, or a couple trillion, or however much it takes from China. But that's not such a good solution, because you'd end up having to pay interest on it and at some point they're just going to be tired of lending to us because they've got their own senior citizens that they want to take care off.

Second option is to gradually raise the retirement age. Now, I don't think this is the best option just because we just talked to an auto worker over here -- that's hard work. And if people's -- if the retirement age is already 67, and now you want to get it up to 68 or 69, if you're working on an assembly line, and you've been doing that for 50 years, or 40 years, that's some tough stuff. If you're a senator, you can work until, you know -- (laughter) -- but if you're doing real work -- (laughter and applause) -- now that's -- except for Claire. Claire does some real work. Claire is a hard worker. Claire is a hard worker. (Applause.)

You could cut benefits. You could raise the tax on everybody, so everybody's payroll tax goes up a little bit. Or you can do what I think is probably the best solution, which is you can raise the cap on the payroll tax. (Applause.)

Now, let me explain one last point about this. Whether you are Bill Gates, or you are Jay, a junior at Fox High School, you pay the same rate on your payroll tax, but what happens is, is that it gets capped out at \$102,000. Now, the majority of people here, for almost everybody here, what that means is, is that you pay a payroll tax on every dime that you earn. But if you're Bill Gates, that means you're only paying payroll tax on 1/10th of 1 percent of what you earn, because you earn so much more -- \$100,000, that's just the first fraction of what you earn, and then you stop paying it.

So what I've said is look, for wealthier people why don't we raise the cap? (Applause.) Make them pay a little more payroll tax. (Applause.) Not everybody is wild about this idea, not surprisingly. (Laughter.) And so what I would like to do -- I had a fiscal responsibility summit where I brought together Republicans, Democrats, experts on all these issues -- how do we start dealing with our long-term deficits, our long-term debt. I actually think that we could get all those folks

together, and we could come up with a solution that would ensure stability of the Social Security system for a long, long time to come.

Let me just make this last point though. The big problem we have with entitlements is not Social Security, it's Medicare. Medicare and Medicaid, the two health care programs that the federal government helps support, those are the things that are really breaking the bank.

I know you've been hearing all these arguments about, oh, Obama is just spending crazy, look at these huge trillion-dollar deficits, blah, blah, blah. Well, let me make a point. Number one, we inherited a \$1.3 trillion deficit -- that wasn't from my -- that wasn't me. (Applause.) That wasn't me. Number two, there is almost uniform consensus among economists that in the middle of the biggest crisis -- financial crisis since the Great Depression, we had to take extraordinary steps. So you've got a lot of Republican economists who agree that we had to do a stimulus package and we had to do something about the banks. Those are one-time charges, and they're big, and they'll make our deficits go up over the next two years. But those aren't the problem that we face long term.

What we face long term, the biggest problem we have is that Medicare and Medicaid -- health care costs are sky-rocketing, and at the same time as the population is getting older, which means we're using more health care -- you combine those two things, and if we aren't careful, health care will consume so much of our budget that ultimately we won't be able to do anything else. We won't be able to provide financial assistance to students; we won't be able to help build green energy; we won't be able to help industries that get into trouble; we won't have a national park system; we won't be able to do what we're supposed to do on our veterans. Everything else will be pushed aside because of Medicare and Medicaid. That's the problem that we really confront.

That's why I've said we've got to have health reform this year -- (applause) -- to drive down costs and make health care affordable for American families, businesses and for our government. (Applause.)

So, you know, when you see -- those of you who are watching certain news channels that -- on which I'm not very popular -- (laughter) -- and you see folks waving tea bags around -- (laughter) -- let me just remind them that I am happy to have a

serious conversation about how we are going to cut our health care costs down over the long term, how we're going to stabilize Social Security. Claire and I are working diligently to do basically a thorough audit of federal spending. But let's not play games and pretend that the reason is because of the Recovery Act, because that's just a fraction of the overall problem that we've got.

We are going to have to tighten our belts, but we're going to have to do it in an intelligent way, and we've got to make sure that the people who are helped are working American families. And we're not suddenly saying that the way to do this is to eliminate programs that help ordinary people and give more tax cuts to the wealthy. We tried that formula for eight years. It did not work, and I don't intend to go back to it. (Applause.)

All right, it's a young lady's turn. It's your turn? (Laughter.) No, I'm going to call on her. I might call on you later, though.

All right, go ahead.

Q I'm a licensed acupuncturist and licensed massage therapist in Florissant. And so --

THE PRESIDENT: I could use one right now. (Laughter.) My back is stiff. I've been working hard.

Q I'll be happy to help you. (Laughter.) And this kind of fits into what you were just talking about as far as health care. I'm wondering, as a practitioner of Oriental medicine, knowing that the National Institutes of Health and the World Health Organization has discovered through their studies that alternative medicine often is more cost-effective and very effective, how will alternative medicine fit in your new health care program?

THE PRESIDENT: Well, look, my attitude is that we should -- we should do what works. So I think it is pretty well documented through scientific studies that acupuncture, for example, can be very helpful in relieving certain things like migraines and other ailments -- or at least as effective as more intrusive interventions.

I will let the science guide me. We just swore in an outstanding new Secretary of Health and Human Service, Kathleen

Sebelius, former governor of Kansas. (Applause.) It's good to see that a Jay Hawk got applause on this side of the border here. (Laughter.) But she's going to do an outstanding job. And my charge to her is, as we're going through health care reform let's find out what works.

I think one basic principle that we know is that the more we do on the prevention side, the more we can obtain serious savings down the road. So giving children early checkups, making sure that they get immunized, making sure that they are diagnosed if they've got eyesight problems, making sure that they're taught proper nutrition to avoid a life of obesity -- those are all issues that we have some control over. And if we're making those investments, we will save huge amounts of money in the long-term.

Unfortunately, the hardest thing to do in politics -- and certainly in health care reform -- has been to get policymakers to make investments early that will have long-term payoffs. Because people -- their attitude is, well, I'll be out of office by the time that kid grows up; and, the fact that they're healthy, that doesn't help me. And in the private sector insurance system, oftentimes insurers make the same calculation. Their attitude is, well, people change jobs enough for us to pay for the preventive medicine now when the problem may not crop up for another 20 years and they'll be long out of our system, so we don't want to reimburse it because it will make things more costly. That's the logic of our health care system that we're going to have to change.

The recovery package put a huge amount in prevention. We are, in our budget, calling for significant increases in prevention. And my hope is, is that working in a bipartisan fashion we are going to be able to get a health care reform bill on my desk before the end of the year that will start seeing the kinds of investments that will make everybody healthier. All right? (Applause.)

Okay, it's a man's turn. It's a guy's turn, it's a guy's turn. This gentleman right here, he raised his hand. Go ahead. Yes, sir -- hold on, wait for your -- now, are you an elected official, by the way?

Q No, sir.

THE PRESIDENT: Okay, good. Because elected officials, you guys can't hog the mic right now.

Q No, sir. I'm a pastor.

THE PRESIDENT: Oh, God bless you. (Laughter.)

Q Mt. Sinai Baptist Church in the City of St. Louis. My question has to do with foreign policy. While we spend so much money with Afghanistan and in other parts of the world, fighting and what have you, on the continent of Africa -- Sudan, Darfur and other places -- the poverty level is so high, so many people are dying. Is there a chance in your administration that we would be able to build in that area? (Applause.)

THE PRESIDENT: It's a good question. Let me, first of all, say that whatever arguments we had about Iraq, I think we've been able to build a consensus that it is time for us to bring our troops home and give responsibility over to the Iraqis. (Applause.)

We are doing it in a careful way, because we don't want the country to collapse -- that would not be in our strategic interests. There's been recent flare-ups of violence in Iraq that are highly sensationalized, and that indicates the degree to which this is a ramp-down that is conducted over the course of 18 months. I think that's the right thing to do.

In Afghanistan and neighboring Pakistan, we do have real problems with the Taliban and al Qaeda. They are the single most direct threat to our national security interests. And I had some grumblings and complaints from certain factions in the Democratic Party when I made a decision to send 17,000 additional troops there. I understand people's concerns. But as Commander-in-Chief it is my responsibility to make sure that bin Laden and his cronies are not able to create a safe haven within which they can kill another 3,000 Americans or more. That's an obligation that I have. (Applause.)

Now, having said that both on Iraq and Afghanistan I think we're doing the right thing, I think it's difficult; it's going to require a new strategy that mixes not just military action, but also includes diplomacy and development. We can't neglect these other parts of the world. So I've appointed a special envoy, a Major General Scott Gration, a very close friend of mine, was one of the top fighter pilots in our military, in our Armed Forces, and somebody who's also an expert on development issues. He just returned from Sudan. We are trying to find a way to create peace and stability that will allow the kind of

humanitarian assistance that's needed to take effect in that country.

But you're making a broader point, which is there are a lot of countries, not just in Africa, but in Asia, and Eastern Europe, et cetera, that need our help. And sometimes people ask me, why should we help other countries when we've got so much to do here at home? I mean, foreign aid is very unpopular. I'm telling you, it's probably the single most unpopular thing. If you just ask the average American, they'll say, why should we be giving money to other countries?

And people usually grossly overestimate how much our foreign aid budget is. If you ask people, they'll say, well, we give 10 percent of our federal budget away in foreign aid. Actually, it's 1 percent. We give less in foreign aid than any other wealthy country as a percentage of our GDP.

Here is the reason why it's important. The reason why it's important is that a lot of times we can advance our national interests more effectively by showing that we are interested in the well-being of the people of other countries. That makes those countries more predisposed to work with us on a whole range of issues that are very important to us. It's an important tool for us to be able to meet our national security interests.

So, for example -- let me just give you one very specific example. If in Latin America, where I just returned, people see that we are sending doctors and teachers and Peace Corps workers into these communities, then that's the face of America; when it come time for them to help us on drug interdiction, it's a lot easier for the President of a Colombia or a Mexico to ally themselves with us because we're known to the Mexican people or the Colombian people as good friends, as people who care about them. And that may actually then ultimately save us money in the long term because we don't end up having to send troops in and do some things ourselves, because we've got allies to work with us.

So not only is it the right thing to do from a ethical and moral perspective, but it is also good strategy. And so I have said to the Congress, even in these difficult times we need to do some additional work in terms of foreign assistance, because it will save money for us -- and lives, blood and treasure for us -- in the long term.

I mean, right now everybody is concerned about the swine flu, and properly so. This is a potentially serious issue, and we've got to monitor it very carefully. But think about it. If Mexico has a good strong public health system that is catching these things early, ultimately that's going to save us money, because flu gets contained. And a lot of the threats that we're going to be facing, whether it's international terrorism, cyber terrorism, nuclear proliferation, pandemic, climate change -- a lot of these issues, they cross borders. So it's not like we can just draw a moat around America, and say, I'm sorry, don't bother us; keep your problems outside. It just doesn't work that way.

People get on planes from Africa, and will bring a disease right here to our doorstep, because we weren't concerned about whether or not they had a public health system that could catch these diseases early. So this is all part of our interests, and not just other people's.

All right. Okay. I was told that I have time for one more question. I want to -- I'm sorry guys, but I'm going to go with a student -- (applause) -- because young people, this is their school. But I want a young lady, because it's a young lady's turn. This young lady right here, this is the one, the one with the lei on here.

All right, there you go. She looks ready with a good question. (Applause.)

Q It's an honor to meet you, President Obama.

THE PRESIDENT: Thank you so much. What is your name?

Q I'm a fourth grader. I was curious, how is your administration planning to be more environmentally friendly? (Applause.)

THE PRESIDENT: Well, that is just a great question. You're a very poised and articulate fourth grader. (Applause.) Yes, isn't she impressive? (Applause.) Yes, absolutely. We might have to run you for President some day. (Applause.)

Well, there are some short-term things we can do, and there are some long-term things we can do. On the short-term list, we already, for example, passed a historic public lands bill that creates many more acres of public space that is environmentally protected -- (applause) -- from logging and from other -- from

mining and from other uses. And that I think is going to be very important.

Now, in some cases what we do is we balance the need for economic growth, but we do it in a sustainable way. There doesn't have to be a contradiction between jobs and the environment, we just have to be thinking a little smarter. So, for example, when it comes to forestry, there's nothing wrong with us cutting down some trees for timber, as long as you make sure that it's done in a sequence and is spaced properly so that the forest itself is sustained.

Sometimes these debates become this all-or-nothing thing: either commercial interests can do anything they want -- dump stuff in the oceans and tear down all the forests, and that's the only way we can get economic growth; or alternatively, everybody is hugging trees and you can't cut a tree. You know, there's a balance that can be struck, and the key principle is sustainability. Are what we are doing -- will it ensure that you have this incredible treasure we call America when you grow up, for your kids, so you can take them into a park, so sportsmen or fishermen can enjoy it. That's the key.

Now, there is a long-term problem that we've got to deal with, and that's is a tough one. And that is this issue of climate change. I want to tell you the truth here because this is going to be a debate that we're going to be having over the course of the next year. The average person probably thinks, yes, climate change, that's kind of a drag, but it's not one of my top priorities -- because you don't really see it or feel it, it doesn't hit your pocketbook, it doesn't have to do with your job directly. And so the tendency is just to kind of push it off. People think, well, this just has to do with polar bears, and I feel bad about polar bears but I've got other things to worry about.

I don't think people fully appreciate the potential damage -- economic damage, as well as environmental damage -- that could be done if we are not serious in dealing with this problem. If the temperature goes up a couple of degrees, well, it will change weather patterns pretty significantly. It could create droughts in places where we haven't had drought; it could bring insect-borne diseases up into places like Missouri that we haven't seen before. But we can probably manage. If the temperature of the planet goes up 5 degrees, you're now looking at coastlines underwater. You're now looking at huge, cataclysmic hurricanes, complete changes in weather patterns.

Some places will get hotter, some places will get colder. Our economy would be disrupted by tens of trillions of dollars.

So this is no joke. And the science shows that the planet is getting warmer faster than people expected. Even the most dire warnings, it's gotten -- it's moved forward faster than anybody expected. They're talking about, just in a few years, during the summer, there won't be any ice in the Arctic, something we have never seen before. So we have to do something about it.

Now, the question, again, is how do you do it in an intelligent way? There are some people who would say this is such a big problem that you just got to shut everything down. Well, I'm sorry, that's not going to happen. People have got to go to work, and we've got to drive, we've got to fly places. Our economy has to grow.

But there are ways that we can do it that are intelligent and smart. And I think one of the best ways to do it is to say, in a gradual way, let's set a cap, a ceiling, on the carbon pollution that comes out of all sorts of places: our utilities, our cars, our industries. Let's take a look at all the carbon that's being sent into the atmosphere that's causing climate change, and let's say that each year we're going to reduce the allowable amount in total that is released.

And what we'll do to each industry is we'll say we're going to make a deal with you: Come up with ways to improve your processes and bring pollution down, and you can make money by sending out less pollution; on the other hand, if you have more pollution than you were allowed, then you're going to have to pay money. You start creating a market for the clean energy, and you start making it less economical to produce harmful energy.

Now, if we do that in a smart, gradual way and in a way that protects consumers from the initial attempts of utilities, for example, to pass on those costs to consumers -- which is what they'll try to do, so we've got to rebate some of that money to make sure that people are held harmless -- then I actually think that we can get control of this problem, we can save the polar bears, but more importantly we can make sure that we are preserving our economy.

And here is the great opportunity. Everybody knows that we're going to have to do this. The country that gets there

fastest, the country that's the first one to figure out really good battery technology for a plug-in hybrid car, the first country that perfects wind power and solar power and knows how to get it from one place to another in an efficient way, that country will dominate the economy of the 21st century the same way that America dominated the 20th century. I want that to be America. That's what we're fighting for. (Applause.)

All right, everybody, I had a good time. Thank you.  
(Applause.)

END

11:36 A.M CDT