

THE WHITE HOUSE

Office of the Press Secretary

(Rio Rancho, New Mexico)

REMARKS BY THE PRESIDENT

IN RIO RANCHO TOWN HALL

ON CREDIT CARD REFORM

Rio Rancho High School

Rio Rancho, New Mexico

10:30 A.M. MDT

THE PRESIDENT: Thank you so much. What a wonderful welcome. It's good to be back in New Mexico. (Applause.) It's always nice to get out of Washington for a while -- (applause) -- and come to places like Rio Rancho. (Applause.) The climate is nice, the conversation is nice, people are nice. It is just wonderful to be here.

We've got a few special guests that I want to acknowledge here. First of all, a great friend, one of the finest governors in the country -- please give it up for Bill Richardson. (Applause.) Lieutenant Governor, Diane Denish. (Applause.) Secretary of State, Mary Herrera. (Applause.) State Treasurer, James Lewis. (Applause.) State Auditor Hector Balderas. (Applause.)

We've also got Joe Garcia, President of the National Congress of American Indians. (Applause.) Got Rio Rancho Mayor, Tom Swisstack. (Applause.) We've got some members of Congress who couldn't be here today, but I just want to acknowledge them because they're doing a great job. Senator Tom Udall -- (applause) -- Senator Jeff Bingaman -- (applause) -- and Representative Ben Luján. (Applause.)

And I want to thank Chris for the wonderful introduction and for her wonderful family who are here. Please give her a big round of applause. (Applause.)

Now, the last time I came here was 10 days before the election. (Applause.) We were over at the University of New Mexico. (Applause.) Tens of thousands of you showed up, it was a gorgeous night, stars were out. And I told you then that if we wanted to steer ourselves out of

our economic crisis, if we wanted to bring about the change we needed, then I needed your help. I needed you to show up one more time.

And, New Mexico, you delivered. (Applause.)

Q We love you!

THE PRESIDENT: I love you back. (Applause.) You delivered because you believed that after an era of selfishness and greed, we could reclaim a sense of responsibility from Wall Street to Washington to Main Street. You believed that in a time of great inequality, we could restore a sense of fairness to our economy. You believed that rather than go back to the pursuit of short-term profits and a bubble-and-bust economy that led us to this point, we could build an economy based on sound ideas and solid investments, hard work, in order to secure a long-term prosperity.

So, New Mexico, I've come back today to tell you that's exactly what we've begun to do. (Applause.) Since the very first day that I took office, we have acted boldly and swiftly across all fronts to clear away the wreckage of this painful recession and to start laying a new foundation for prosperity.

We passed the most ambitious economic recovery plan in our nation's history to jumpstart job creation -- (applause) -- and get our economy moving again -- a plan that has kept teachers in the classroom and class sizes from increasing; a plan that will save or create 22,000 jobs just in New Mexico, mostly in the private sector; a plan that made good on the middle-class tax cut that we promised -- (applause) -- a tax cut that's already begun to appear in paychecks for 700,000 working families across New Mexico. (Applause.)

We made historic investments in the kind of clean energy that's led to an influx of cutting-edge companies creating new jobs and new opportunities right here in this state.

We've made productive strides towards fixing the health care crisis that I know has hit especially hard here -- strides towards reform that brings down costs; that give Americans the freedom to keep their doctor or plan that they already have, and choose a new doctor and a new plan if they want to; that finally gives every American access to quality, affordable health care. (Applause.)

And already we've got millions of children across the country that have health care right now under the children's health care bill that we signed since I've taken office. (Applause.) So I believe we're moving in the right direction. Step by step, we're making progress. Now, we've got a long way to go before we can put this recession behind us. And New Mexico is doing better than many states. But it's tough out there. But we do know that the gears of our economy, the economic engine, are slowly beginning to turn.

In the meantime, though, I know that there are so many Americans who are hurting right now. You got hundreds of thousands who've lost their jobs just last month. Millions are working jobs that don't pay enough to cover the bills. Millions more see increasing portions of

their income going towards paying down debt. They're Americans struggling to cope with the rising cost of putting things like their mortgage, their tuition, their medical bills -- even their food and gas bills -- on their credit cards, because they feel like they're going underwater. But they're quickly finding out that they can't dig their way out of debt because of unfair practices. And that's what I want to talk about today briefly.

We're talking about folks like Chris Lardner. She and her husband work hard; they're doing well. They have a wonderful small business. But she wrote to me last week and you just heard her story. Her husband's business is in Albuquerque; two of their children are in college. When one tuition payment that was mistakenly charged to a credit card put her over the limit, her credit card company more than tripled her rate to nearly 30 percent. And she made a simple point in the letter that she wrote to me. She said: "If we conducted business this way, we'd have no business," she wrote. "And if this is happening to us, I can only imagine what's going on in homes less fortunate than ours."

You all know what Chris is talking about. I know. I remember. It hasn't been that long since I had my credit card, sometimes working that a little bit. (Laughter.) We're lured in by ads and mailings that hook us with the promise of low rates while keeping the right to raise those rates at any time for any reason -- even on old purchases; even when you make a late payment on a different card. Right now credit card companies charge more than \$15 billion a year in penalty fees. One in five Americans carry a balance that has been charged interest rates above 20 percent. Sometimes they even raise rates on outstanding balances even when you've paid your bills on time.

Now, I understand that many Americans are defaulting on their debt, and that's why these companies claim the need to raise rates. One of the causes of this economic crisis was that too many people were living beyond their means with mortgages they couldn't afford, buying things they couldn't pay for, maxing out on credit cards that they couldn't pay down. And in the last decade, Americans' credit card debt has increased by 25 percent. Nearly half of all Americans carry a balance on their cards, and those who do have an average balance over \$7,000.

So we have been complicit in these problems. We've contributed to our own problems. We've got to change how we operate. But these practices, they've only grown worse in the midst of this recession, when hardworking Americans can afford them least. Now fees silently appear. Payment deadlines suddenly move. Millions of cardholders have seen their interest rates jump in the past six months.

You should not have to worry that when you sign up for a credit card, you're signing away all your rights. You shouldn't need a magnifying glass or a law degree to read the fine print that sometimes don't even appear to be written in English -- or Spanish. (Applause.) And frankly, when you're trying to navigate your way through this economy, you shouldn't feel like you're getting ripped off by "any time, any reason" rate hikes, and payment deadlines that seem to move around every month. That happen to anybody? You think you're supposed to pay it this day, and suddenly -- and it's never on the end of the month where you're paying all the rest of your bills, right? It's like on the 19th. (Laughter.) All kinds of harsh penalties and fees that you never knew about.

Enough is enough. It's time for strong, reliable protections for our consumers. It's time for reform -- (applause) -- it's time for reform that's built on transparency and accountability and mutual responsibility -- values fundamental to the new foundation we seek to build for our economy.

Now, this is not an issue I just discovered recently. For years, I've been a proponent of strengthening consumer protections when it came to credit cards. As a senator, I fought predatory lending and credit card abuse. And I called for what I called a Credit Card Bill of Rights. Last month, I met with the leaders of the major credit card companies to discuss these and other reforms that I believe will better protect the nearly 80 percent of American households that use credit cards.

And we didn't agree on anything -- everything as you might expect. (Laughter.) That was a slip of the tongue here. (Laughter.) We didn't agree on everything -- (laughter) -- but we did agree that any reforms we can shouldn't diminish consumers' access to credit. I also think there's no doubt that people need to accept, as I said before, responsibility that comes with holding a credit card. This is not free money. It's debt. And you shouldn't take on more than you can handle. We expect consumers to make sound choices and live within their means and pay what they owe in a timely manner.

Banks are a business, too, and so they have a right to insist that timely payments are made. But what we also expect is that our institutions act with the same sense of responsibility that the American people aspire to in their own lives. We expect that when we enter into an agreement, that agreement is reasonable and transparent. We expect to pay what's fair, not just what fattens growing profits for some credit card company. This is America, and we don't begrudge a company's success when that success is based on honest dealings with consumers. But some of these dealings are not honest. (Applause.) That's why we need reform.

We need reform that restores some sense of balance. We need a new equilibrium where credit is flowing, where lenders can succeed, where consumers don't find themselves in a bad situation that they didn't anticipate. This kind of reform is especially needed during this economic crisis. And as I've said all along, it should adhere to four basic principles:

First, there has to be strong, reliable protections for consumers -- protections that ban unfair rate increases and forbid abusive fees and penalties. The days of "any time, any reason, anything goes" rate hikes and late fees, that must end. That must end. (Applause.)

Second, all forms and statements that credit card companies send out have to be in plain language, in plain sight. (Applause.) No more fine print, no more confusing terms, no more hiding the truth. We're going to require clarity and transparency from now on.

Third, we have to give people the tools to shop for a credit card that meets their needs without being afraid of being taken advantage of. So we're going to require firms to make all their contract terms easily accessible, and we're going to give consumers the information they need to do some comparison shopping. And we'll require firms to offer at least one simple, straightforward card that offers the strongest protections along with the plainest terms and prices.

And finally -- (applause) -- finally we need more accountability. Instead of abuse that goes unpunished, we need to strengthen monitoring and enforcement and penalties for those who engage in deceptive practices that take advantage of families and consumers. (Applause.) And we also need to clean up practices at universities to protect students from getting stuck in debt before they even get started in life. That's important. (Applause.)

Now, the Federal Reserve has already issued some new rules that would change some of these practices, and I'm grateful to them for doing so. But I'm also pleased that Congress has begun to act. Two weeks ago, the House passed credit card reform legislation that follows these principles by a wide bipartisan majority, and I thank them for that.

And New Mexico, you should be proud that you've elected people, as I said before -- Ben Ray Luján, Martin Heinrich, Harry Teague -- (applause) -- who stood up for you by voting for that bill. (Applause.) Even as we speak, the Senate is debating its version of the bill, and I know your senators, Jeff Bingaman and Tom Udall, stand on your side, too. (Applause.)

So I'm calling on Congress to take final action to pass a credit card reform bill that protects American consumers and send it to my desk so that I can sign it into law by Memorial Day. There's no time for delay. (Applause.) It's time to get it done. There's no time for delay. We need durable and successful flows of credit in our economy, but we can't tolerate profits that depend on misleading working families. Those days are over.

Because more than anything, this economic crisis has reminded us we're all in this together. We can't prosper by putting off hard choices, or by protecting the profits of the few at the expense of the middle class. We're making steady progress moving from recession to recovery, but we want lasting prosperity. And that means that we have to ensure that the legacy of this moment is an American economy that rewards work and innovation, that's guided by fairness and responsibility, and that grows steadily into the future. (Applause.)

So, New Mexico, I know there will be setbacks. I know that this is going to take some time. Some of you are going to continue to struggle for a while. We're doing everything we can. But here's what I also know -- if you're willing to do your part, if our companies are willing to do their part, if those of us in Washington are willing to do our part, if we all work together, then I promise you this: Years from now, you will be able to look back at this moment as the time when the American people once again came together to reclaim their future and bring about a new and brighter day. (Applause.)

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

So I didn't come here -- I didn't come here just to make a speech. Whenever we visit a community we want to do a little bit of a town hall, give people a chance to ask questions. Obviously we've got a lot of people and I won't get through every question, but I'm going to try to get through as many as possible.

And we're going to go boy, girl, boy, girl. (Laughter.) Or girl, boy, girl, boy. And I'm going to go around the room. If you can raise your hands when you have the question, and there

are people with microphones in the audience, so wait until you get the microphone -- everybody can hear your question that way. And introduce yourself so we know who you are.

And I'll start with this young lady over here. Yes.

Q Oh, thank you. Thank you, Mr. President. I work for one of the large corporations here. But I talk to a lot of people about health care. My question is, so many people go bankrupt using their credit cards to pay for health care. Why have they taken single-payer off the plate? (Applause.) And why is Senator Baucus on the Finance Committee discussing health care when he has received so much money from the pharmaceutical companies? Isn't it a conflict of interest? (Applause.)

THE PRESIDENT: Well, as you know, I campaigned vigorously on health care reform, and I think that we have a better chance of getting it done this year than we've had in decades. I am optimistic about us getting health care reform done.

Now, health care is one-sixth of our economy, so it is a complicated, difficult task. And Congress is going to have to work hard. And everybody is going to have to come at this with a practical perspective, as opposed to trying to be ideologically pure in getting it done.

Here are my principles in terms of health care: Number one, we've got to control costs across the system, because if we simply insured everybody under the current system, we couldn't afford it -- we'd go broke. The fact of the matter is, is that families are seeing their premiums go up -- skyrocket each and every year. Businesses are getting crushed by the rising costs of their employees' health care. And the federal government -- Medicare and Medicaid -- is going broke. That's the single biggest driver, by the way, of our deficits.

I want everybody to be clear about this, because driving in I saw some folks who were saying, what are you going to do about debt, et cetera. Listen, by far the biggest contributor to our national debt and our annual deficit is the costs of Medicare and Medicaid -- as well as the other entitlement, Social Security -- defense, and interest on the national debt. That's the lion's share of the federal budget.

The things you read about in the newspapers and you see on TV about earmarks -- I want to get rid of earmarks, but the truth of the matter, they're only 1 percent of the entire budget. Most of what's driving us into debt is health care. And so we've got to drive down costs.

Now, here is some good news. There are ways that we can drive down costs, because we just have an inefficient system. If we emphasize prevention and wellness programs; if we help -- (applause) -- if we -- so that we're reimbursing doctors and providers not just for treating people after they get sick but for helping people stay well if we use medical technology to reduce error rates and ensure electronic medical billing so when you go to the hospital, you don't have 15, 20 forms that you have to fill out over and over and over again.

There are simple things that we can do that will save us money, so we need to focus on cost, that's number one.

Number two, I think that it is very important that we provide coverage for all people, because if everybody's got coverage then they're not going to the emergency room for treatment. (Applause.) And right now, if you've got health insurance, the average family is paying about \$900 a year in additional hidden costs because you're subsidizing the folks who are going to the emergency room.

And so you'd be better off with a system that might cost the federal government overall a little bit more -- and we do have to pay for that -- but that would lower your premiums so that you don't have these hidden costs, because it's cheaper to treat a child for asthma with an inhaler than it is to have them go to the emergency room and take up a hospital bed. So that's the second principle.

Now, this brings to the last principle, and so this touches on your point, and that is, why not do a single-payer system. (Applause.) Got the little single-payer advocates up here. (Applause.) All right. For those of you who don't know, a single-payer system is like -- Medicare is sort of a single-payer system, but it's only for people over 65, and the way it works is, the idea is that you don't have insurance companies as middlemen. The government goes directly -- (applause) -- and pays doctors or nurses.

If I were starting a system from scratch, then I think that the idea of moving towards a single-payer system could very well make sense. That's the kind of system that you have in most industrialized countries around the world.

The only problem is that we're not starting from scratch. We have historically a tradition of employer-based health care. And although there are a lot of people who are not satisfied with their health care, the truth is, is that the vast majority of people currently get health care from their employers and you've got this system that's already in place. We don't want a huge disruption as we go into health care reform where suddenly we're trying to completely reinvent one-sixth of the economy.

So what I've said is, let's set up a system where if you already have health care through your employer and you're happy with it, you don't have to change doctors, you don't have to change plans -- nothing changes. If you don't have health care or you're highly unsatisfied with your health care, then let's give you choices, let's give you options, including a public plan that you could enroll in and sign up for. That's been my proposal. (Applause.)

Now, obviously as President I've got to work with Congress to get this done and -- (laughter.) There are folks in Congress who are doing terrific work, they're working hard. They've been having a series of hearings. I'm confident that both the House and the Senate are going to produce a bill before the August recess. And it may not have everything I want in there or everything you want in there, but it will be a vast improvement over what we currently have.

We'll then have to reconcile the two bills, but I'm confident that we are going to get health care reform this year and start putting us on a path that's sustainable over the long term. (Applause.) That's a commitment I made during the campaign; I intend to keep it.

All right. We've got -- it's a man's turn. This guy right here. This guy right here -- big guy. Yes, right here.

Q Hello, President Obama. I work with AFT New Mexico, and also with the AFL-CIO. (Applause.) And I'd like to ask you, what would the Employee Free Choice Act do for New Mexicans and throughout the United States? And mine is kind of like a two-question -- and the second one is, how can you help us get this bill passed?

THE PRESIDENT: Okay, let me talk about the Employee Free Choice Act. One of the things that I believe in -- and if you look at our history, I think it bears this out -- even if you're not a member of a union, you owe something to unions, because -- (applause) -- because a lot of the things that you take for granted as an employee of a company -- the idea of overtime and minimum wage and benefits -- a whole host of things that you, even if you're not a member of a union, now take for granted, that happened because unions fought and helped to make employers more accountable. (Applause.)

The problem that we've seen is that union membership has declined significantly over the last 30 years. And so the question is, why is that? Now, part of it, the economy has changed and the culture has changed, and there hasn't been a very friendly politics in Washington when it comes to union membership. But part of it just has to do with the fact that the scales have been tilted to make it really hard to form a union. So a lot of companies, because they want maximum flexibility, they would rather spend a lot of money on consultants and lawyers to prevent a union from forming than they would just going ahead and having the union and then trying to work with -- and collectively -- allow workers to collectively bargain.

So there's a bill called the Employee Free Choice Act that would try to even out the playing field. And what it would essentially say is, is that if a majority of workers at a company want a union then they can get a union without delay -- and some of the monkey business that's done right now to prevent them from having a union.

Now, I want to give the other side of the argument. Businesses object to some of the provisions in the Employee Free Choice Act, because one of the things that's in there is something called card check, where rather than have a secret ballot and organize a big election, you could simply have enough employees, a majority of employees, check a card and that would then form the union. And the employers argue we need to have a secret ballot.

I think that there may be areas of compromise to get this bill done. I'm supportive of it, but there aren't enough votes right now in the Senate to get it passed. And what I think we have to do is to find ways in which the core idea of the Employee Free Choice Act is preserved, which is how do we make it easier for people who want to form a union to at least get a vote and have an even playing field -- how do we do that, but at the same time get enough votes to pass the bill. That's what we're working on right now. I think it's going to have a chance of passage, but there's still more work to be done. (Applause.)

All right, it's a young lady's turn. This young lady right there. You, yes. (Laughter.)

Q Hello, President Obama. Our family, we're small business owners, and we're seeing a marked decrease in revenue due to customers having less discretionary income. Are there any plans to help small businesses ride out the storm?

THE PRESIDENT: I'm sorry, can you repeat -- I missed just part of it. No, not the whole thing. You're a small business owner. You were saying that you've seen something happen to your revenues, but I couldn't hear you.

Q We've noticed a decrease --

THE PRESIDENT: A decrease.

Q Right.

THE PRESIDENT: Well, look, this is part of why we passed the Recovery Act. We passed a package of \$787 billion over two years -- this is the largest economic recovery package ever been passed -- and it includes tax cuts. So everybody should be seeing a slight increase in your paycheck. It's not in a lump sum, it's spread out -- each paycheck you're getting a little bit money back that you weren't getting before. So that's putting money in people's pockets.

We are rebuilding our infrastructure all across the country. So Governor Richardson, I know he's put in a whole bunch of proposals to rebuild roads and bridges and infrastructure. (Applause.) The Mayor of Albuquerque is here, I know that he's working on it.

The nice thing about infrastructure projects, it's a two-fer -- not only does it put to work -- people to work right now, especially a lot of folks who have been laid off from the construction industry, which has been weakened, but what it's also done is it creates the framework for long-term economic growth, because if we've got better mass transit, if we've got high-speed rail, if we are rebuilding our electricity grid to get clean energy from the places that produce it to the places that need it, all that will generate economic growth above and beyond the short term. So that's another element of it.

Part of what we've done in the Recovery Act is just make sure that the economic damage is not worse. So we've provided states additional resources to retain teachers and retain police officers -- (applause) -- and to make sure that if you do lose your job, you can keep your health care through COBRA, which prior to this bill was really hard for most folks to afford because you had to pay the full cost of your health care without employer subsidy, but now the government has picked up the subsidy and that allows a lot more people to keep health care.

So we've been doing a lot of things through the Recovery Act. The other thing we're trying to do is to stabilize the housing market. And so we have programs now in place that have helped boost refinancings, making millions of people who weren't eligible to get their homes refinanced, refinanced at lower rates. That's like a tax cut. That's like money in people's pockets because your monthly rate will be lower. And if you have not recently refinanced, you should take a look at what banks are now offering because interest rates have gone down significantly and the programs that we've put in place have helped to spur on some of those refinancings.

We're also trying to stop the rate of foreclosure. Now, this is hard to do because housing prices have gone down so far that some people, they're just, unfortunately, not going to be able to stay in their home -- they bought too much home given their incomes. But people who are at the margins, what we've done is we've said to the banks, negotiate -- the banks will be better off and the consumer will be better off if you avoid foreclosure, and everybody takes a haircut.

The bank has to lose a little bit of money on what they were expecting on principal and interest. On the other hand, the homeowner, if they make this agreement with the bank, they've got to agree that when prices start going up again they give up a little bit of equity to repay the bank. But either way, everybody is better off, including the community, if people stay in their homes. (Applause.)

So there are a whole bunch of steps that we've been taking, and we're starting to see improvements in the housing market, we're starting to see slight improvements in some of these other areas. But I have to tell you, this was a big, big, big economic problem that we had. This is like nothing that we've seen since the Great Depression. And as I said, New Mexico has been fortunate, partly because of some good administration from the New Mexican government -- (applause) -- but also because New Mexico wasn't overbuilt at the same pace, it did not have some of the same problems as some other states.

But for the country as a whole, we took a big hit. Wall Street just was gambling with a lot of people's money and they were taking risks they should have never taken. So we've seen trillions of dollars of wealth removed and it's going to take some time to catch up. And a lot of people are still paying off their credit cards and a lot of people are trying to get out from under the debts that they had accumulated when times were better.

And so we're going to have to set what I'm calling a new foundation for growth, where people are less reliant on debt, they're living more within their means; businesses are engaging in more sensible business practices, they're investing in the future and the long term and not short-term profits; we are focusing on clean energy; we're reforming our health care system; we are boosting our education system to produce more engineers and more scientists; and retraining our workers so that we've got the most productive workers in the world. (Applause.) That's the strategy that we're going to be pursuing in the months and years to come.

All right. It must be -- it's a guy's turn. It's a guy's turn. Let me go up here, because I don't want to feel -- I don't want folks up here feeling neglected. That gentleman way up there right in the corner, way up there. Look at that guy. He's all standing right in front of him. (Laughter.)

Q Thank you, Mr. President. And I'm just asking that -- you're saying all these wonderful things and it's really good to hear this, but whenever you say that we've got to get laws passed or the help to the people that we need, we chuckle about it having to go through Congress.

Well, can you break those lines of bipartisanship, and get these laws and this help that we need to us, the people? (Applause.)

THE PRESIDENT: Well, first of all -- first of all, I think it's very important to understand that since I came into office, I have said to my Republican friends in Congress, I want to work with you. I've had them over to the White House more than they were over in the White House during the Bush administration. (Laughter.) That's true. (Applause.) We have consulted with them extensively.

Now, there have been on two big issues some very fundamental disagreements with the Republican Party. And I don't doubt their sincerity -- they just have a different view. One is on the stimulus package, on the Recovery Act. There were people who said we should not have government spend that much, especially when we're inheriting a \$1.3 trillion deficit from the previous administration and we've already spent money on the TARP program and shoring up the banks, et cetera -- we shouldn't do this. There are some people who made that argument.

Now, I will tell you that every serious Democratic and Republican, conservative and liberal economist that I spoke to believe very strongly that we needed a recovery package because what was happening was consumers, they had pulled back. People weren't shopping as much, because they were worried about the state of the economy, and their debts had gotten too high. Businesses were pulling back.

And so what you had was a crisis in demand where if everybody pulls back at the same time, nobody is going shopping. If nobody is going shopping, then this young lady with her store, she doesn't have money. She may have to lay off a worker, which means that worker is now spending less -- which means they're not buying groceries. And now somebody else's store shuts down. You start getting into a vicious cycle where everybody is pulling back all at the same time.

In that circumstance, the only person -- or the only entity that can fill the gap is the government. And so that's why we passed the Recovery Act. It's not because we're not worried about deficits; it's because if we didn't do anything, this economy could have really gone into a tailspin.

But I make that point only to say there's some Republicans who just philosophically were opposed to the idea of this recovery package. I have to say they weren't as worried when the previous administration was running up and doubling our national debt, but -- (applause) -- but having said that, having said that, it's entirely legitimate for -- that's part of what our democracy is about, to disagree with us on this.

They also disagreed on our budget because they don't believe that we should, for example, reform our health care system in a way that includes more people. They think that the free market can solve the problem. Now, I'm a strong believer in the free market, but I think that when it comes to health care, the free market only takes you so far. If your child is sick and you don't have health insurance, in a country this wealthy, we should be able to make sure that your child is cared for. (Applause.)

And I actually think -- I actually think that long term we'll spend less money when we do that. Because other countries like France and Japan and a whole host of other countries, they spend less a percentage of their GDP on health care than we do. We spend more per capita than any nation on Earth, but we still have 45 million uninsured, and in some cases we've got worse outcomes. We've got higher infant mortality rates; we've got higher rates of some deadly diseases. That doesn't make sense.

But, again, there's a philosophical difference. Having said all that, this credit card bill, when it passed in the House, we actually got 100 Republican votes. (Applause.) On our children's health insurance bill, we got some Republican votes. So the media likes to focus on where we disagree; they don't tend to focus on the areas where we are actually working together. And I think that we'll see more and more agreement over time as the Republican Party starts to realize that the American people want results right now; they don't want bickering. (Applause.) And when they realize that, they'll have an open, outstretched hand from me. (Applause.)

All right? Okay. Guys, I hate to do this, but I've only got time for one question. One more question. It's got to be a young lady. All the guys, sit down. Why is everybody pointing at this young lady? All right, go ahead. Everybody was advocating for you.

Q Thank you so much. Thank you, President Obama. I work for Congressman Ben Luján. The limits on earnings for people on Social Security disability are so low that it discourages people from working. For those who are hoping to be self-supporting and get off Social Security disability, like myself, would you consider raising the earning limit

THE PRESIDENT: You know, I think it's something that we should look at carefully. We've got a wonderful advisory group relating to people with disabilities and how we expand opportunity, and let's examine what we can do.

Now, I will tell you that Social Security disability has gone up significantly during this recession. Some of you may have read in the last couple of days that Social Security -- the Social Security trust fund is worse off now because of the recession than it was. We were already having some issues with Social Security, and so we're going to have to do some significant reforms of Social Security.

So, in principle, the answer is, I would like to raise the income limits to encourage people to become more self-sufficient. In practice, it costs money on the front end, even though long term it may save money. And what I'd like to do is examine this in the broader context of Social Security reform and Medicare/Medicaid reform.

What I'd like to do is just shift off -- pivot off your question to talk about this issue of debt and deficits one more time. During a recession of this severity it is important, as I explained, for the government to step in and fill the hole in demand that was created by consumers and by businesses, to get the economy kick-started.

But the long-term deficit and debt that we have accumulated is unsustainable. We can't keep on just borrowing from China, or borrowing from other countries -- (applause) -- because

part of it is, we have to pay for -- we have to pay interest on that debt. And that means that we're mortgaging our children's future with more and more debt, but what's also true is that at some point they're just going to get tired of buying our debt. And when that happens, we will really have to raise interest rates to be able to borrow, and that will raise interest rates for everybody -- on your auto loan, on your mortgage, on -- so it will have a dampening effect on the economy.

So we are going to have to deal with our long-term debt. As I said before, the biggest thing that we can do on that front is to deal with entitlements. We are going through the budget, line by line, page by page, rooting out waste and abuse. We've already found \$40 billion in procurement practices and no-bid contracts on the defense side that we are going to eliminate. (Applause.) We found \$17 billion in programs that don't work and we're going to stop those programs so that -- 120 programs so that we can put the money into programs that do work.

We are going to go through -- and by the way, I just want to make a little commentary about the media here, if you don't mind. When Congress included in last year's budget a whole bunch of earmarks, you remember there was a week worth of stories about how terrible these earmarks were. You remember this, Chip -- a week worth of stories -- "oh, these earmarks, this is what's blowing up the deficit, this is terrible," blah, blah, blah.

And yet, as I said before, that was less than 1 percent of that entire budget that had been signed. When we find \$17 billion worth of cuts in programs, what do the same folks say? They say, "Oh, that's nothing." (Laughter.) "Now, that's not even -- that's not even -- that's not significant. That's not important." Well, you can't have it both ways. If those earmarks were important, then this money is important, too.

But what is true about the budget -- is absolutely true -- is that we can cut programs, we can eliminate waste, we can eliminate abuse, we can eliminate earmarks; we could do all that stuff, and we're still going to have a major problem, because Social Security, Medicare, Medicaid, interest on the national debt.

And so I have said before and I will repeat again that my administration is going to seek to work with Congress to execute serious entitlement reform that preserves a safety net for our seniors, for people with disabilities, but also puts it on a firmer, stable footing so that people's retirements are going to be secure not just for this generation, but also for the next generation.

And that's going to be hard work. (Applause.) It's going to require some tough choices, but I'm going to need support of the American people to get that done. That's part of what this administration is about: Let's make the tough choices now, so that we've got a better future for America.

Thank you everybody. God bless you. Thank you. (Applause.)

END

11:19 A.M. MDT

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