Administration of Barack Obama, 2012

Remarks on the National Economy

December 31, 2012

The President. Hello, everybody! Thank you. Please, everybody, have a seat. Well, good afternoon, everybody.

Audience members. Good afternoon!

The President. Welcome to the White House.

Audience members. Thank you!

Audience member. Thank you for having us. [*Laughter*]

The President. Now, I realize that the last thing you want to hear on New Year's Eve is another speech from me. But I do need to talk about the progress that's being made in Congress today.

For the last few days, leaders in both parties have been working toward an agreement that will prevent a middle class tax hike from hitting 98 percent of all Americans, starting tomorrow. Preventing that tax hike has been my top priority, because the last thing folks like the folks up here on this stage can afford right now is to pay an extra $2,000 in taxes next year. Middle class families can't afford it. Businesses can't afford it. Our economy can't afford it.

Now, today it appears that an agreement to prevent this New Year's tax hike is within sight, but it's not done. There are still issues left to resolve, but we're hopeful that Congress can get it done. But it's not done.

And so part of the reason that I wanted to speak to all of you here today is to make sure that we emphasize to Congress and that members of both parties understand that all across America, this is a pressing concern on people's minds.

Now, the potential agreement that's being talked about would not only make sure that taxes don't go up on middle class families, it also would extend tax credits for families with children. It would extend our tuition tax credit that's helped millions of families pay for college. It would extend tax credits for clean energy companies that are creating jobs and reducing our dependence on foreign oil. It would extend unemployment insurance to 2 million Americans who are out there still actively looking for a job.

Now, I have to say that ever since I took office, throughout the campaign, and over the last couple of months, my preference would have been to solve all these problems in the context of a larger agreement, a bigger deal, a grand bargain—whatever you want to call it—that solves our deficit problems in a balanced and responsible way, that doesn't just deal with the taxes, but deals with the spending in a balanced way so that we can put all this behind us and just focusing on growing our economy.

But with this Congress, that was obviously a little too much to hope for at this time. [*Laughter*] It may be we can do it in stages. We're going to solve this problem instead in several steps.

Last year, in 2011, we started reducing the deficit through $1 trillion in spending cuts. Those have already taken place. The agreement being worked on right now would further reduce the deficit by asking the wealthiest 2 percent of Americans to pay higher taxes for the first time in two decades, so that would add additional hundreds of billions of dollars to deficit reduction. So that's progress, but we're going to need to do more.

Keep in mind that just last month Republicans in Congress said they would never agree to raise tax rates on the wealthiest Americans. Obviously, the agreement that's currently being discussed would raise those rates and raise them permanently.

Now—[*applause*]—but keep in mind, we're going to still have more work to do. We still have deficits that have to be dealt with. We're still going to have to think about how we put our economy on a long-term trajectory of growth, how we continue to make investments in things like education, things like infrastructure that help our economy grow.

And keep in mind that the threat of tax hikes going up is only one part of this so-called fiscal cliff that everybody's been talking about. What we also have facing us starting tomorrow are automatic spending cuts that are scheduled to go into effect. And keep in mind that some of these spending cuts that Congress has said will automatically go into effect have an impact on our Defense Department, but they also have an impact on things like Head Start. And so there are some programs that are scheduled to be cut that—we're using an ax instead of a scalpel—may not always be the smartest cuts. And so that is a piece of business that still has to be taken care of.

And I want to make clear that any agreement we have to deal with these automatic spending cuts that are being threatened for next month, those also have to be balanced. Because remember, my principle has always been let's do things in a balanced, responsible way. And that means that revenues have to be part of the equation in turning off the sequester, in eliminating these automatic spending cuts, as well as spending cuts.

Now, the same is true for any future deficit agreement. Obviously, we're going to have to do more to reduce our debt and our deficit. I'm willing to do more, but it's going to have to be balanced. We're going to have to do it in a balanced, responsible way.

For example, I'm willing to reduce our Government's Medicare bills by finding new ways to reduce the cost of health care in this country. That's something that we all should agree on. We want to make sure that Medicare is there for future generations. But the current trajectory of health care costs is going up so high we've got to find ways to make sure that it's sustainable.

But that kind of reform has to go hand in hand with doing some more work to reform our Tax Code so that wealthy individuals, the biggest corporations can't take advantage of loopholes and deductions that aren't available to most of the folks standing up here, aren't available to most Americans. So there's still more work to be done in the Tax Code to make it fairer, even as we're also looking at how we can strengthen something like Medicare.

Now, if Republicans think that I will finish the job of deficit reduction through spending cuts alone—and you hear that sometimes coming from them, that, sort of, after today we're just going to try to shove only spending cuts down, well—[*laughter*]—shove spending cuts at us that will hurt seniors or hurt students or hurt middle class families, without asking also equivalent sacrifice from millionaires or companies with a lot of lobbyists, et cetera, if they think that's going to be the formula for how we solve this thing, then they've got another think coming. That's not how it's going to work. We've got to do this in a balanced and responsible way. And if we're going to be serious about deficit reduction and debt reduction, then it's going to have to be a matter of shared sacrifice, at least as long as I'm President. And I'm going to be President for the next 4 years, I hope, so—[*applause*].

So anyway, for now, our most immediate priority is to stop taxes going up for middle class families, starting tomorrow. I think that is a modest goal that we can accomplish. Democrats and Republicans in Congress have to get this done, but they're not there yet. They are close, but they're not there yet. And one thing we can count on with respect to this Congress is that if there's even one second left before you have to do what you're supposed to do—[*laughter*]—they will use that last second.

So, as of this point, it looks like I'm going to be spending New Year's here in DC.

Audience members. Aww!

The President. It's—you all are going to be hanging out in DC too. [*Laughter*] I can come to your house? Is that what you said? [*Laughter*] I don't want to spoil the party.

Audience member. You are the party. [*Laughter*]

The President. But the people who are with me here today, the people who are watching at home, they need our leaders in Congress to succeed. They need us to all stay focused on them, not on politics, not on special interests. They need to be focused on families, students, grandmas, folks who are out there working really, really hard and are just looking for a fair shot and some reward for that hard work.

They expect our leaders to succeed on their behalf. So do I. And so keep the pressure on over the next 12 hours or so. Let's see if we can get this thing done.

And I thank you all. And if I don't see you, if I don't show up at your house—[*laughter*]—I want to wish everybody a happy New Year. Thank you very much. All right.

NOTE: The President spoke at 1:45 p.m. in the South Court Auditorium at the Dwight D. Eisenhower Executive Office Building.

Categories: Addresses and Remarks : Economy, national :: Washington, DC.

Locations: Washington, DC.

Subjects: Budget, Federal : Deficit and national debt; Budget, Federal : Government programs, spending reductions; Congress : Bipartisanship; Economy, national : Strengthening efforts; Education : Global competitiveness; Education : Postsecondary education :: Affordability; Employment and unemployment : Unemployment insurance; Energy : Alternative and renewable sources and technologies :: Promotion efforts; Health and medical care : Cost control reforms; Health and medical care : Medicare and Medicaid; Taxation : Tax Code, reform; Taxation : Tax relief; Transportation : Infrastructure, national, improvement efforts.

DCPD Number: DCPD201200980.