

ended that decade with a \$236 billion surplus. But then we did away with PAYGO, and we ended the next decade with a \$1.3 trillion deficit. Reinstating this law will help us get back on track, ensuring that every time we spend, we find somewhere else to cut.

I've also proposed a spending freeze so that as we increase investments in things we need, like job creation and middle class tax cuts, we cut spending on those we don't, like tax cuts for oil companies and investment fund managers and programs that are redundant, obsolete, or simply ineffective. Spending related to Medicare, Medicaid, and Social Security will not be affected, and neither will national security, but all other discretionary Government programs will.

Finally, I've called for a bipartisan fiscal commission, a panel of Democrats and Republicans who would sit down and hammer out concrete deficit reduction proposals by a certain deadline. Because we've heard plenty of talk and a lot of yelling on TV about deficits, and it's now time to come together and make the painful choices we need to eliminate those deficits.

This past week, 53 Democrats and Republicans voted for this commission in the Senate. But it failed when seven Republicans who had cosponsored this idea in the first place suddenly decided to vote against it.

Remarks on the Federal Budget *February 1, 2010*

Good morning, everybody. This morning I sent a budget to Congress for the coming year. It's a budget that reflects the serious challenges facing the country: We're at war, our economy's lost 7 million jobs over the last 2 years, and our Government is deeply in debt after what can only be described as a decade of profligacy.

Now, the fact is, 10 years ago, we had a budget surplus of more than \$200 billion, with projected surpluses stretching out toward the horizon. Yet over the course of the past 10 years, the previous administration and previous Congresses created an expensive new drug

Now, it's one thing to have an honest difference of opinion about something. I will always respect those who take a principled stand for what they believe, even if I disagree with them. But what I won't accept is changing positions because it's good politics. What I won't accept is opposition for opposition's sake.

We can't have a serious discussion and take meaningful action to create jobs and control our deficit if politicians just do what's necessary to win the next election instead of what's best for the next generation. I'm eager and ready to work with anyone who's serious about solving the real problems facing our people and our country. I welcome anyone who comes to the table in good faith to help get our economy moving again and fulfill this country's promise. That's why we were elected in the first place. That's what the American people expect and deserve. And that's what we must deliver.

Thanks so much.

NOTE: The address was recorded at approximately 6:10 p.m. on January 29 in the Library at the White House for broadcast on January 30. The transcript was made available by the Office of the Press Secretary on January 29, but was embargoed for release until 6 a.m. on January 30. The Office of the Press Secretary also released a Spanish language transcript of this address.

program, passed massive tax cuts for the wealthy, and funded two wars without paying for any of it, all of which was compounded by recession and by rising health care costs. As a result, when I first walked through the door, the deficit stood at \$1.3 trillion, with projected deficits of 8 trillion over the next decade.

Now, if we had taken office during ordinary times, we would have started bringing down these deficits immediately. But 1 year ago, our country was in crisis: We were losing nearly 700,000 jobs each month, the economy was in a free fall, and the financial system was near collapse. Many feared another great depres-

sion. So we initiated a rescue, and that rescue was not without significant costs; it added to the deficit as well.

One year later, because of the steps we've taken, we're in a very different place. But we can't simply move beyond this crisis; we have to address the irresponsibility that led to it. And that includes the failure to rein in spending, as well as a reliance on borrowing—from Wall Street to Washington to Main Street—to fuel our growth. That's what we have to change. We have to do what families across America are doing: save where we can so that we can afford what we need.

Now, I think it's very important to understand we won't be able to bring down this deficit overnight, given that the recovery is still taking hold and families across the country still need help. We will continue, for example, to do what it takes to create jobs. That's reflected in my budget; it's essential. The budget includes new tax cuts for people who invest in small businesses, tax credits for small businesses that hire new workers, investments that will create jobs repairing roads and bridges, and tax breaks for retrofitting homes to save energy.

We also continue to lay a new foundation for lasting growth, which is essential as well. Just as it would be a terrible mistake to borrow against our children's future to pay our way today, it would be equally wrong to neglect their future by failing to invest in areas that will determine our economic success in this new century.

That's why we build on the largest investment in clean energy in history, as well as increase investment in scientific research, so that we are fostering the industries and jobs of the future right here in America.

That's why I've proposed a more than 6-percent increase in funding for the Education Department. And this funding is tied to reforms that raise student achievement, inspire students to excel in math and science, and turn around failing schools which consign too many young people to a lesser future, because in the 21st century, there is no better antipoverty program than a world-class education.

And that's why we eliminate a wasteful subsidy to banks that lend to college students, and use that money to revitalize community colleges

and make college more affordable. This will help us reach the goal I've set for America: By 2020, we will once again have the highest proportion of college graduates in the world.

These are the investments we must make to create jobs and opportunity now and in the future. And in a departure from the way business has been done in Washington, we actually show how we pay for these investments while putting our country on a more fiscally sustainable path.

I've proposed a freeze in Government spending for 3 years. This won't apply to the benefits folks get through Social Security, Medicaid, or Medicare. And it won't apply to our national security, including benefits for veterans. But it will apply to all other discretionary Government programs. And we're not simply photocopying last year's budget; freezing spending does not mean we won't cut what doesn't work to pay for what does.

We have gone through every department's spending, line by line, item by item, looking for inefficiency, duplication, and programs that have outlived their usefulness. That's how we freeze discretionary spending. Last year, we found \$17 billion in cuts. This year, we've already found 20 billion.

Now, some of these cuts are just common sense. For example, we cut \$115 million from a program that pays States to clean up mines that have already been cleaned up. We're also cutting a Forest Service economic development program that strayed so far from any mission that it funded a music festival. And we're saving \$20 million by stopping the refurbishment of a Department of Energy science center that the Department of Energy does not want to refurbish.

Other cuts, though, are more painful because the goals of the underlying programs are worthy. We eliminate one program that provides grants to do environmental cleanup of abandoned buildings. That's a mission I support, but there are other sources of private and public funds to achieve it. We also eliminated a \$120 million program that allows folks to get their earned-income tax credit in advance. I am a big supporter of the earned-income tax credit. The problem is, 80 percent of people who got this

advance didn't comply with one or more of the program's requirements.

So I'm willing to reduce waste in programs I care about, and I'm asking Members of Congress to do the same. I'm asking Republicans and Democrats alike to take a fresh look at programs they've supported in the past to see what's working and what's not and trim back accordingly.

Like any business, we're also looking for ways to get more bang for our buck by promoting innovation and cutting redtape. For example, we consolidate 38 separate education programs into 11. And last fall, we launched the SAVE Awards to solicit ideas from Federal employees about how to make Government more efficient and more effective. And I'm proud to say that a number of these ideas, like allowing Social Security appointments to be made online, made it into our budget.

I also want to note even though the Department of Defense is exempt from the budget freeze, it's not exempt from budget common sense. It's not exempt from looking for savings. We save money by eliminating unnecessary defense programs that do nothing to keep us safe. One example is the \$2.5 billion that we're spending to build C-17 transport aircraft. Four years ago, the Defense Department decided to cease production because it had acquired the number requested, 180. Yet every year since, Congress has provided unrequested money for more C-17s that the Pentagon doesn't want or need. It's waste, pure and simple.

And there are other steps we're taking to rein in deficits. I've proposed a fee on big banks to pay back taxpayers for the bailout. We're reforming the way contracts are awarded to save taxpayers billions of dollars. And while we extend middle class tax cuts in this budget, we will not continue costly tax cuts for oil companies, investment fund managers, and those making over \$250,000 a year. We just can't afford it.

Finally, changing spending as usual depends on changing politics as usual. And that's

why I've proposed a bipartisan fiscal commission, a panel of Democrats and Republicans who would hammer out concrete deficit reduction proposals over the medium and long term, but would come up with those answers by a certain deadline. I should point out, by the way, that is an idea that had strong bipartisan support, was originally introduced by Senators Gregg on the Republican side and Conrad on the Democratic side, had a lot of Republican cosponsors to the idea. I hope that, despite the fact that it got voted down in the Senate, that both the Republican leader, Mitch McConnell, and the Republican leader in the House, John Boehner, go ahead and fully embrace what has been a bipartisan idea to get our arms around this budget.

That's also why we're restoring pay as you go, a simple rule that says Congress can't spend a dime without cutting a dime elsewhere. This rule helped lead to the budget surpluses of the 1990s, and it's one of the most important steps we can take to restore fiscal discipline in Washington.

Now, you can read more about the budget at budget.gov—very easy to remember—budget.gov. But the bottom line is this: We simply cannot continue to spend as if deficits don't have consequences, as if waste doesn't matter, as if the hard-earned tax dollars of the American people can be treated like Monopoly money, as if we can ignore this challenge for another generation. We can't.

In order to meet this challenge, I welcome any idea, from Democrats and Republicans. What I will not welcome—what I reject—is the same old grandstanding when the cameras are on and the same irresponsible budget policies when the cameras are off. It's time to hold Washington to the same standards families and businesses hold themselves. It's time to save what we can, spend what we must, and live within our means once again.

Thanks very much.

NOTE: The President spoke at 10:40 a.m. in the Grand Foyer at the White House.

Question-and-Answer Session With YouTube Participants February 1, 2010

Steve Grove. Hello, everyone. We're here at the White House today for a very unique event: an exclusive interview with President Obama in which the questions come from American people who've submitted them and chosen them online. My name is Steve Grove, and I'm the head of news and politics at YouTube.

Mr. President, thank you for taking time to answer these questions today.

The President. It's my pleasure. Thank you, Steve. Thanks for having me, and thanks to YouTube for doing this. We had a chance to do this before I was elected and had a great time, so I'm glad we can do it again.

Mr. Grove. Great. Well, let's tell people a little bit about how this works. Five days ago, as you were delivering your State of the Union Address, we opened up our moderator platform on YouTube, where thousands of people have been submitting and voting on both video and text questions. Some of them, as you'll see, were hard-hitting; others were emotional; some were even funny. But all of the questions you'll see here today were voted into the top tier of the thousands of questions we received. And none of them have been chosen by the White House or seen by the President. So this should be a lot of fun.

Health Care Reform

Mr. President, let's let Layman Marcus from Silver Spring, Maryland, kick us off. He submitted this video to remind us of where things were a year ago.

[At this point, a video was shown.]

Mr. Marcus writes: "Mr. President, I know there have been political setbacks to getting health care reform done. The 40 million people who have no insurance can't wait. Will they be able to get insurance this year?"

The President. It is my greatest hope that we can get this done not just a year from now, but soon. We came extremely close. We now have a bill that's come out from the House, come out from the Senate. That's unprecedented. And if

you look at the core components of that legislation, what you have is 30 million people who get coverage, insurance reform so that people who have health insurance are going to be able to be protected from not being able to get it because of preexisting conditions or suddenly losing their health care because the insurance company has some fine print that they didn't read. It makes sure that we actually start bending the cost curve, controlling the rise in premiums by instituting better practices in terms of how we reimburse doctors and how we ask hospitals to work together. We've already invested in electronic IT, electronic medical records, things that can help make the system more efficient.

So we had this enormous opportunity, but the way the rules work in the United States Senate, you've got to have 60 votes for everything. After the special election in Massachusetts, we now only have 59. We are calling on our Republican colleagues to get behind a serious health reform bill, one that actually provides not only the insurance reforms for people who do have health insurance, but also the coverage for folks who don't.

My hope is, is that they accept that invitation and that they work with us together over the next several weeks to get it done.

Transparency in Government

Mr. Grove. A lot of people that submitted questions were sort of frustrated by the process of all of health care, and the number-one question we got in health care came from Mr. Anderson in Texas, who asked, "Why are the health care meetings and procedures not on C-SPAN as promised?"

And then one of the top questions in the Government reform category was Warren Hunter in Brooklyn, who said, "How do you expect people in this country to trust you when you've repeatedly broken promises that were made on the campaign trail, most recently the promise to have a transparent health care debate?"