

Remarks on the National Economy

August 8, 2011

Good afternoon, everybody. On Friday, we learned that the United States received a downgrade by one of the credit rating agencies, not so much because they doubt our ability to pay our debt if we make good decisions, but because after witnessing a month of wrangling over raising the debt ceiling, they doubted our political system's ability to act. The markets, on the other hand, continue to believe our credit status is AAA. In fact, Warren Buffett, who knows a thing or two about good investments, said, "If there were a AAAA rating, I'd give the United States that." I and most of the world's investors agree.

That doesn't mean we don't have a problem. The fact is, we didn't need a rating agency to tell us that we need a balanced, long-term approach to deficit reduction. That was true last week. That was true last year. That was true the day I took office. And we didn't need a rating agency to tell us that the gridlock in Washington over the last several months has not been constructive, to say the least. We knew from the outset that a prolonged debate over the debt ceiling—a debate where the threat of default was used as a bargaining chip—could do enormous damage to our economy and the world's. That threat, coming after a string of economic disruptions in Europe, Japan, and the Middle East, has now roiled the markets and dampened consumer confidence and slowed the pace of recovery.

So all of this is a legitimate source of concern. But here's the good news: Our problems are imminently [eminently]^o solvable, and we know what we have to do to solve them. With respect to debt, our problems is not confidence in our credit; the markets continue to reaffirm our credit as among the world's safest. Our challenge is the need to tackle our deficits over the long term.

Last week, we reached an agreement that will make historic cuts to defense and domestic spending. But there's not much further we can

cut in either of those categories. What we need to do now is combine those spending cuts with two additional steps: tax reform that will ask those who can afford it to pay their fair share and modest adjustments to health care programs like Medicare.

Making these reforms doesn't require any radical steps. What it does require is common sense and compromise. There are plenty of good ideas about how to achieve long-term deficit reduction that doesn't hamper economic growth right now. Republicans and Democrats on the bipartisan fiscal commission that I set up put forth good proposals. Republicans and Democrats in the Senate's Gang of Six came up with some good proposals. John Boehner and I came up with some good proposals when we came close to agreeing on a grand bargain.

So it's not a lack of plans or policies that's the problem here, it's a lack of political will in Washington. It's the insistence on drawing lines in the sand, a refusal to put what's best for the country ahead of self-interest or party or ideology. And that's what we need to change.

I realize that after what we just went through, there's some skepticism that Republicans and Democrats on the so-called supercommittee, this joint committee that's been set up, will be able to reach a compromise, but my hope is that Friday's news will give us a renewed sense of urgency. I intend to present my own recommendations over the coming weeks on how we should proceed. And that committee will have this administration's full cooperation. And I assure you, we will stay on it until we get the job done.

Of course, as worrisome as the issues of debt and deficits may be, the most immediate concern of most Americans, and of concern to the marketplace as well, is the issue of jobs and the slow pace of recovery coming out of the worst recession in our lifetime.

^o White House correction.

And the good news here is that by coming together to deal with the long-term debt challenge, we would have more room to implement key proposals that can get the economy to grow faster. Specifically, we should extend the payroll tax cut as soon as possible, so that workers have more money in their paychecks next year and businesses have more customers next year.

We should continue to make sure that if you're one of the millions of Americans who's out there looking for a job, you can get the unemployment insurance that your tax dollars contributed to. That will also put money in people's pockets and more customers in stores.

In fact, if Congress fails to extend the payroll tax cut and the unemployment insurance benefits that I've called for, it could mean 1 million fewer jobs and half a percent less growth. This is something we can do immediately, something we can do as soon as Congress gets back.

We should also help companies that want to repair our roads and bridges and airports so that thousands of construction workers who've been without a job for the last few years can get a paycheck again. That will also help to spur economic growth.

These aren't Democratic proposals. These aren't big government proposals. These are all ideas that traditionally Republicans have agreed to, have agreed to countless times in the past. There's no reason we shouldn't act on them now, none.

I know we're going through a tough time right now. We've been going through a tough time for the last 2½ years. And I know a lot of people are worried about the future. But here's what I also know. There will always be economic factors that we can't control: earthquakes, spikes in oil prices, slowdowns in other parts of the world. But how we respond to those tests, that's entirely up to us.

Markets will rise and fall, but this is the United States of America. No matter what some agency may say, we've always been and always will be a AAA country. For all of the challenges we face, we continue to have the best universities, some of the most productive workers, the most innovative companies, the

most adventurous entrepreneurs on Earth. And what sets us apart is that we've always not just had the capacity, but also the will to act, the determination to shape our future, the willingness in our democracy to work out our differences in a sensible way and to move forward, not just for this generation, but for the next generation.

And we're going to need to summon that spirit today. The American people have been through so much over the last few years, dealing with the worst recession, the biggest financial crisis since the 1930s, and they've done it with grace. And they're working so hard to raise their families, and all they ask is that we work just as hard here in this town to make their lives a little bit easier. That's not too much to ask. And ultimately, the reason I am so hopeful about our future—the reason I have faith in these United States of America—is because of the American people. It's because of their perseverance and their courage and their willingness to shoulder the burdens we face together as one Nation.

U.S. Military Casualties in Afghanistan

One last thing. There is no one who embodies the qualities I mentioned more than the men and women of the United States Armed Forces. And this weekend, we lost 30 of them, when their helicopter crashed during a mission in Afghanistan. And their loss is a stark reminder of the risks that our men and women in uniform take every single day on behalf of their country. Day after day, night after night, they carry out missions like this in the face of enemy fire and grave danger. And in this mission, as in so many others, they were also joined by Afghan troops, seven of whom lost their lives as well.

So I've spoken to our generals in the field, as well as President Karzai. And I know that our troops will continue the hard work of transitioning to a stronger Afghan Government and ensuring that Afghanistan is not a safe haven for terrorists. We will press on. And we will succeed.

But now is also a time to reflect on those we lost, and the sacrifices of all who serve, as well

as their families. These men and women put their lives on the line for the values that bind us together as a nation. They come from different places, and their backgrounds and beliefs reflect the rich diversity of America.

But no matter what differences they might have as individuals, they serve this Nation as a team. They meet their responsibilities together. And some of them—like the 30 Americans who were lost this weekend—give their lives for their country. Our respon-

sibility is to ensure that their legacy is an America that reflects their courage, their commitment, and their sense of common purpose.

Thank you very much.

NOTE: The President spoke at 1:52 p.m. in the State Room at the White House. In his remarks, he referred to Warren E. Buffett, chief executive officer and chairman, Berkshire Hathaway Inc.

Remarks at a Democratic National Committee Fundraiser August 8, 2011

The President. Thank you, everybody. Well, first of all, let me just thank Don and Katrina, the entire clan, for welcoming us all here today.

For those of you who helped to organize this, I couldn't be more grateful. I know it's a little warm, by the way, so any gentlemen who want to take off their jackets, I'm going to lead the way. [Laughter]

Audience member. It's hot in here.

The President. That's right. You can at least take the tie off too. There you go. [Laughter]

I have to tell you that the last time I saw Don and Katrina—or the first time I saw them, rather, was down in Florida, and we had an extraordinary time there, and it was a scary time. It was a moment when we were going—we were just getting a glimmer of the worst recession in our lifetimes, how bad it might be. And we had gotten a sense of how dysfunctional politics in Washington could be.

And there was a sense that for ordinary families, the American Dream, the idea that each successive generation can do a little better than the previous one, and that if people work hard and play by the rules, that they can succeed, that that had been diminished and people had begun to doubt it.

And thanks to the support of folks like you, we were able to win in 2008 and begin a process of transformation. Now, what I think has been clear certainly this week is that this process is not complete. With respect to the economy, we've had a couple of very difficult days in the stock market, but the truth of the matter

is, is that the challenges go beyond the stock market. As Don said, we have been able to reverse what it turns out was an 8-percent contraction in the economy that quarter before I took office.

We've had 17 months now of consecutive private sector job growth. Corporate profits have been up. The credit markets have stabilized. But what's absolutely true even before these last couple days in the stock market is that recovery wasn't happening fast enough, and some of the headwinds that we've been dealing with are ones that are going to take some time to fix.

The truth of the matter is, is that we now live in a global economy where everything is interconnected, and that means that when you have problems in Europe and in Spain and in Italy and in Greece, those problems wash over into our shores.

We have competition from China and India and Brazil, places that most folks didn't think of in economic terms 30 or 40 years ago as competitors of the United States, and now they're competing and they're producing more engineers and they're producing more scientists. And they are ready to steal market share, or at least win market share, from our companies if we're not careful.

We have a health care system that still spends way too much money, considering what it gives in return. We still have a education system that's not educating enough of our kids. And Lord knows we still have a dysfunctional