

Administration of Barack H. Obama, 2010

Remarks to the Business Council

May 4, 2010

Attempted Terrorist Attack in New York City

Thank you very much. Thank you. Please be—please have a seat. Thank you so much. Ron, thank you for the introduction and your leadership.

Before I begin, I hope you don't mind, I indicated to Jim Owen that I want to give the American people a brief update on the investigation into the attempted terrorist attack in Times Square. A suspect is now in custody and is being questioned. The American people can be assured that the FBI and their partners in this process have all the tools and experience they need to learn everything we can, and that includes what, if any, connection this individual has to terrorist groups, and it includes collecting critical intelligence as we work to disrupt any future attacks. Justice will be done, and we will continue to do everything in our power to protect the American people.

Attorney General Eric Holder and other members of my national security team are going to be providing more details, but let me say this: This incident is another sobering reminder of the times in which we live. Around the world and here at home, there are those who would attack our citizens and who would slaughter innocent men, women, and children in pursuit of their murderous agenda. They will stop at nothing to kill and disrupt our way of life. But once again, an attempted attack has been—failed.

It has failed because ordinary citizens were vigilant and reported suspicious activity to the authorities. It failed because these authorities—local, State, and Federal—acted quickly and did what they're trained to do. I've had the opportunity to personally thank some of the citizens and law enforcement officers whose quick thinking may have saved hundreds of lives. And this suspect has been apprehended because of close and effective coordination at every level, including our Joint Terrorism Task Force and U.S. Customs and Border Protection.

Finally, New Yorkers have reminded us once again of how to live with their heads held high. Now, we know that the aim of those who try to carry out these attacks is to force us to live in fear and thereby amplifying the effects of their attacks, even those that fail. But as Americans and as a nation, we will not be terrorized. We will not cower in fear. We will not be intimidated. We will be vigilant, and we will work together. And we will protect and defend the country we love to ensure a safe and prosperous future for our people. That's what I intend to do as President, and that's what we will do as a nation.

Of course, expanding prosperity is what you work for at the Business Council, so I'm pleased to have this opportunity to meet with you. It has been a little more than a year since I last spoke to the members of this organization. And over the past year, I've appreciated the advice offered by many of the leaders in this room as we've grappled with a set of very difficult economic challenges.

I am here today to reiterate the importance of this partnership and the importance of seeking common ground. I recognize we're not going to agree on every single item, but as I indicated to a group of your members last night, my door is always open. For ultimately, I believe the success of the American economy depends not on the efforts of Government, but

on the innovation and enterprise of America's businesses. And it will be America's businesses that help us emerge from this period of economic crisis and economic turmoil.

Now, the fact is, these have been a tough 2 years for our country. I don't need to tell you that. At the height of the recession, countless businesses had to shut their doors. Trillions of dollars in savings were lost, forcing seniors to postpone retirement and young people to forgo college, entrepreneurs to give up on starting up a company. Many businesses that remained standing had to let people go. And some of you had to make some painful decisions. And more than 8 million men and women lost their jobs during the course of the downturn.

Just about every day, I hear from some of these people, people who are out of work. I hear from them through letters that I receive each night or in town halls that I've held across America. Every once in a while, I hear from children seeking to make sense of what's happening in their families, of the sadness and uncertainty that they don't fully understand. And it's a reminder that what has happened is not just an economic problem; it is a human tragedy. It's for this reason that my administration has maintained a relentless focus on reviving the economy and job growth. And in order to deal with this crisis, we've had to make a number of difficult decisions, some of which are very unpopular.

But as many of you have reported, today, we're beginning to see some hopeful signs. When I last spoke to members of the Business Council, soon after taking office, the economy was losing an average of 750,000 jobs each month. Today, America is adding jobs again. Many of the businesses in this room have resumed hiring, which is welcome news. Last year, the economy was in freefall. Today, the economy is growing again. In fact, we've seen the fastest turnaround in growth in nearly three decades. And while we had been seeing a steady decline in manufacturing, we learned yesterday that manufacturing expanded in April for the ninth consecutive month and at the fastest pace in nearly 6 years.

Now, by no stretch of the imagination can we declare victory. Not until the millions of our neighbors who are looking for work can find work. Not until incomes and economic security are actually increasing for middle class families, many who saw their income and wages flatline even during boom times in the nineties and—over the last decade, after the nineties, rather. And not until we face the weaknesses in our economy that preceded this recession, problems that have been allowed to fester for decades.

We've been reminded of late that we can also face at any time a sudden and costly crisis that can harm our economy. One of the discussions that we had last night was around the BP oil spill, which is going to affect the lives and livelihoods of people all along the Gulf Coast, from the fishing industry to the tourism industry. We are committed to preventing as much of the economic damage as possible by working to contain the impact of this potentially devastating spill. In addition, wherever possible, I would like to see the people most affected by the disaster employed in helping in the cleanup. And we will continue to explore every possible option to create jobs and support local economies in the Gulf, while continuing to monitor any potential effects on the national economy. But obviously, this is going to be a significant challenge, and we are going to be working overtime to make sure that we mitigate its impacts.

More broadly, spurring job creation and economic expansion continues to be our number-one domestic priority. That's why, as I've said since the very beginning of my administration, we can't just rebuild the economy to where it was; we're going to have to rebuild it stronger than before. We've got to rebuild it on a new foundation of lasting growth. We have to tackle structural problems—from education to energy, from our financial system to our health care

system, from our trade imbalance to our fiscal imbalance—that didn't just lead to 2 years of recession, but a decade of economic insecurity for middle class families.

Now, there's a legitimate question about what the Government's role can and should be in bringing about this new foundation for growth. And if you turn on cable news, you might run into folks with some strong feelings, and also some misleading claims, about the view of my administration on the subject. What has guided me throughout the last year and a half, what has informed the decisions I've made is a fundamental belief in markets that are free and open to all who are willing to work hard and pursue their talents.

I believe businesses like yours are what drive growth and create the conditions in which families and small businesses can thrive. And I believe America's greatest strength has always been society—that it's a society that values and rewards the ingenuity of people. That doesn't relieve Government of its responsibility to help foster sustained economic growth and to ensure that our markets are functioning freely. Government can't light a spark in the mind of an engineer, but it can help an engineering student get loans to pay her tuition. Government will seldom be the source of new and innovative products, but it can invest in basic research that isn't necessarily profitable in the near term, but that holds vast potential in the long term. Government can build the infrastructure that allows products and services to reach customers. Government can create incentives—in clean energy, for example—that promote innovation and exports. These things are public goods that no business, no individual is going to provide on their own, but that create a favorable environment in which everybody—companies across the country—can open and expand.

And that's why as part of this new foundation that we seek to build, we're investing in education, because our economic success depends on making sure people have the skills to match their talents. So we launched a national competition last year to improve our schools based on a simple idea: Instead of funding the status quo, we'll only invest in reform. We've recently announced the first winners in what we're calling this Race to the Top. And across America, it's making a difference, as States are implementing reforms to raise student achievement, to improve education in math and science, and to turn around failing schools that steal the future of too many young Americans.

As part of this effort, I've promised to speak at a high school commencement every year to highlight schools that are encouraging excellence and preparing their students for college and careers. And today, in fact, after a vote to narrow down the finalists on our web site, whitehouse.gov, we announced that I'm going to be speaking to graduates of Kalamazoo Central High School in Kalamazoo, Michigan. So those of you based in Michigan, you should be pleased. Go Giants! That's—[laughter]—we're looking forward to talking to those young people.

We've also set this goal: America will once again have the highest proportion of college graduates in the world by 2020. And we're making progress towards meeting that. Congress passed legislation that will make college more affordable by ending unnecessary taxpayer subsidies that go to financial intermediaries for student loans. The bill also includes one of the most significant investments in community colleges in history, because community colleges are a career pathway for the children of so many working families. And last night, during our discussion, one of the things—a theme that continually came up was the fact that there are a lot of skilled jobs out there that don't necessarily require a 4-year college degree, but they're not being filled because we haven't done a good enough job on just basic math—high school

math skills, for example. We see our investment in the community colleges as a potential way to bridge that, even as we're working on improving K through 12 outcomes.

We are seeing rising enrollment in both 2- and 4-year schools across America. We want to make sure that those folks who are enrolling are getting the best education possible so they can serve effectively as part of your workforce.

Next, we've tackled what's been an undeniable drag on our economy, and that's the cost of health care. And I appreciate the willingness of many of the leaders in this room, including Ron and Angela and some folks that I spoke to yesterday, to work with us and advise us on this issue. I believe that the passage of this legislation is good for America's businesses. In fact, just 2 weeks ago, 4 million small-business owners found a postcard from the IRS in their mailboxes. And it was actually one of those rare moments in which something from the IRS was a welcome discovery. Because of the reforms that were passed, millions of small-business owners are eligible for a health care tax cut this year, worth perhaps tens of thousands of dollars, to help afford the coverage they provide to their employees.

Businesses will also be eligible for additional relief for providing insurance to retirees who are not yet eligible for Medicare. A lot of the companies in this room can apply for this assistance starting this June. It used to be, if you worked for a big company, when you retired, you could count on having health insurance until you were eligible for Medicare. But one of the consequences of skyrocketing health care costs is that the proportion of large firms providing insurance to its retirees has been cut in half over the past two decades. So these folks are often unable to find affordable coverage on the individual market. So this is going to be a welcome reform for many businesses that are trying to do the right thing by their retirees and for the retirees themselves. And it will provide a bridge to when health exchanges come on line in a few years.

Now, we're only at the beginning. Many of the provisions in the health care bill have yet to be implemented. I'm pleased to say that—though, that already many insurance companies are voluntarily accelerating implementation of this law. Many insurance companies have decided to allow parents, for example, to add their young-adult children to their policies now, instead of waiting until next fall. Some firms have rolled back exorbitant planned rate increases. And others have stopped the practice of rescission, where people are dropped from their coverage after they get sick. These steps are all greatly appreciated. They're the right thing to do. We will hold these companies accountable to their word and to the law, not to be vindictive, but to fulfill our responsibilities to the American people. But I think that we've seen a spirit of cooperation over the last several weeks that I'm very happy about.

Now, even as we seek to improve the skills of our workforce and reduce the crushing burden of health care costs on businesses and families, this alone is not going to be enough to drive the 21st century global economy. We need to ensure that our economy is fostering and rewarding innovation. And that's why we're building the infrastructure of tomorrow: investing in expanded broadband access and health information technology, clean energy facilities, first—the first high-speed rail network in America.

That's why we've set a goal of devoting more than 3 percent of our GDP to research and development, an amount that exceeds the level achieved even at the height of the space race. And we've also proposed making the research and experimentation tax credit permanent, a tax credit that helps companies like yours afford the high costs of developing new technologies and new products, because ultimately, the key to our long-term prosperity is going to be sparking even greater innovation than we've already seen.

And that's why in my State of the Union Address, I set a goal of doubling our exports over the next 5 years to increase—an increase that would support 2 million jobs. And to help meet this goal, we launched the National Export Initiative, where the Federal Government will significantly ramp up its advocacy on behalf of U.S. exporters. We are substantially expanding the trade financing available to exporters, including small- and medium-sized companies. And while always keeping our security needs in mind, we're going to reform our export controls to eliminate unnecessary barriers. So in sectors where we have a huge competitive and technological advantage, we're going to be able to send more of those products to markets overseas. And we're going to pursue a more strategic and aggressive effort to open up new markets for our goods.

Now, we also have to recognize that the long-term economic health of our country depends on addressing the fiscal health of our Government. And I know that's going to be a significant topic of discussion today. We continue to face not only the consequences of an economic and fiscal crisis; we also face a fiscal emergency that has built up over years. We have a structural deficit that is unsustainable. The day I walked in the door, the deficit stood at \$1.3 trillion, with projected deficits of \$8 trillion over the next 10 years. So even as we've made massive investments to rebuild the economy in the short term, we're going to continue to do what's necessary to spur job creation and economic growth, but we also have to rein in these deficits in the long run.

And that's why I insisted health reform not add to our national debt. In fact, it's expected to bring down the deficit by as much as \$1 trillion over the next two decades. We've also restored what's called the pay-as-you-go rule so that Congress can't spend a dollar on either new tax cuts or new spending unless it saves a dollar elsewhere. We've gone through the budget line by line, cutting waste. And I've proposed a freeze in Government spending for 3 years. My budget also ends loopholes and tax giveaways for oil and gas companies, as well as tax breaks for the wealthiest 2 percent of Americans, just because we can't afford them. And finally, I've appointed a bipartisan fiscal commission to take a hard look at the growing gap between what the Government spends and what the Government raises in revenue.

Now, I understand that some of you got a briefing on this issue in preparation for today's meeting. I think you understand the choices are going to be tough. But we are making—we are determined to make these tough choices. We're determined to put our Nation on a stronger fiscal footing. Because in the end, we need an economy that's powered less by what we borrow and consume and more by what we produce and what we build. I believe that's essential. My administration believes it's essential. And we're going to need to work with you to help get to where we need to be.

Now, none of these steps will matter if our financial system remains vulnerable to another crisis like the one that we've just been through. As we've learned so painfully in recent years, Government has an obligation to set basic, commonsense rules in the marketplace. This is not a hindrance; it's essential to the functionings of the market. In the absence of these rules, it becomes more attractive for some to game the system than to compete and innovate honestly within it. And this erodes trust in our markets. It makes our economy less attractive to investors from around the world. And at worst, it can put the entire financial system in jeopardy, which serves no one.

So that's why I'm working to pass a set of reforms to hold Wall Street accountable and protect consumers. And I want to be clear: The reforms we've proposed are in no way designed to hamstring businesses. These are changes to make sure that our markets are working in a way

that is open and transparent and inoculated against the kind of massive, dangerous risks that nearly brought the whole financial sector down. And that's in the interests of every business here and in the interest of the economy as a whole.

Now, I—you're going to be hearing from my Treasury Secretary, Tim Geithner, who will speak to these issues in greater detail. But in brief, these reforms would achieve three things.

First, they'd create what we did not have before, and that is a way to protect the financial system, the broader economy, and American taxpayers in the event that a large financial firm collapses. Now, what we call this resolution authority will ensure that taxpayers are never again on the hook because a firm is deemed too big to fail.

Second, these reforms would bring new transparency to our financial markets. Part of what led to this crisis was that firms like AIG made huge and risky bets, using derivatives and other complicated financial instruments in ways that defied accountability or even common sense.

Now, we believe that there is a legitimate role for these financial products in our economy. They can help allay risk. They can help spur investment. And there are a lot of companies that use these instruments to legitimate ends, managing exposure to fluctuating prices or currencies. But the position of my administration on derivatives from the beginning has been simple: We can't have a \$600 trillion market operating in the dark. We want to ensure that the bulk of these trades take place on an open exchange and the rest take place in the full light of day and in full view of those charged with oversight.

The third thing that this reform will accomplish is to enact the strongest consumer financial protections ever. This financial crisis wasn't just the result of decisions made on Wall Street; it was the result of decisions made around kitchen tables all across America by folks who took on mortgages and credit cards and auto loans. And while too many Americans took on financial obligations that they knew they couldn't afford, millions of others were, frankly, duped. They didn't know what they were getting into. They were misled by deceptive terms and conditions buried in the fine print. And this didn't just affect these families; it hurt the entire economy.

That's why we need to give consumers more protection in our financial system. With a dedicated agency setting ground rules and looking out for ordinary people in our financial system, we're going to be able to empower consumers with clear information when they're making financial decisions. And that way, instead of competing to offer confusing products, consumers will benefit from companies that are competing the old-fashioned way, by offering better products. And I believe that unless your business model depends on bilking people, there is little to fear from these new rules. It is just going to be able to empower consumers to know what they're getting into.

Finally, we give investors more say and more sway in the financial system. These Wall Street reforms will give shareholders a voice with respect to salaries and bonuses awarded to top executives, addressing a concern that has grown as a result of this crisis.

So that's what reform will look like. I'm pleased that the filibuster was dropped in the Senate and that Members on the other side of the aisle agreed to allow a debate. We expect a vigorous debate with amendments on both sides. But make no mistake: We cannot allow these reforms to be watered down. And for those of you in the financial industry whose companies may be employing lobbyists seeking to weaken this bill, I want to urge you, as I said on Wall Street a couple weeks ago, to join us rather than to fight us.

That doesn't mean that there aren't going to be legitimate differences on the details of what is a complicated piece of legislation. But in its broad parameters, this proposal is a commonsense, reasonable, nonideological approach to target the root problems that we've seen in our financial sector. And I believe these reforms are not only in the interests of the broader economy; they are in the interests of the financial industry as well. Because reform will not only safeguard our system against crises; it will also make our system stronger and more competitive, instilling confidence here at home and across the globe. And I want America's financial sector to continue to be the most trusted and the most respected in the world. That requires reform.

And this brings me to a final point. We face some very big challenges right now. The only way we're going to get through them, the only way we ever have, is if we align the interests of workers and businesses and Government around a common purpose. At a time of such economic anxiety, it's tempting and, frankly, sometimes easier to turn against one another. So politicians can rail against Wall Street or against each other. Businesses can fault Capitol Hill. And all of this back and forth makes for easy talking points, it makes for good political theater, but it doesn't solve our problems. It doesn't move us forward. It just traps us in the same debates that have held us back for a very long time. It prevents us from tackling the challenges that we've been putting off for decades.

I don't believe we can afford that kind of politics anymore. Not now. I believe that we are in this together. I believe that we will succeed or we'll falter as one people. But I am confident that if we can rise above these failures of the past, then we're not only going to recover, but we're going to emerge stronger than before. And because of the caliber of the leaders and businesses represented in this room, because of the ingenuity of our entrepreneurs, because of the drive and skill and talents of our people, I believe, and I know you believe, that our best days are still ahead of us.

So, yes, these have been a very difficult 2 years. But the storm is receding, and the skies are brightening, and America is poised to lead the world once again toward new horizons. You're going to be a part of that process, and I thank you for your leadership.

Thank you. May God bless America.

NOTE: The President spoke at 11:07 a.m. at the Park Hyatt Washington hotel. In his remarks, he referred to Ronald A. Williams, vice chairman, James W. Owens, chairman, and Angela F. Braly, member, the Business Council; and Faisal Shahzad, suspect in the May 1 attempted terrorist attack in Times Square.

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