

*Administration of Barack H. Obama, 2010*

**Remarks at a Town Hall Meeting and a Question-and-Answer Session in Racine, Wisconsin**

*June 30, 2010*

*The President.* Thank you so much. Thank you. Everybody, have a seat, if you've got a chair. *[Laughter]* Well, thank you so much. Thank you, everybody. It's great to see you. It's good to be back in Racine. It is great to be back in this hall, because I don't know if there was anybody here who, when I was running for President, came—we did a rally in this hall. Must have—that's like—is that 3 years ago? Two? *[Laughter]* I did not have as much gray hair back then. *[Laughter]* That I'm certain of. Jim Doyle still had hair on his head. *[Laughter]* That's true.

I want to make some acknowledgements. First of all, you got one of the best Governors in the country and one of the most wonderful first ladies; Jim Doyle and Jessica Doyle are here. I want to acknowledge your outstanding and dynamic young mayor; John Dickert is here. You know, I try not to meddle in local politics, but you got a Milwaukee mayor who might make a really good Governor; Tom Barrett is here. State Treasurer Dawn Marie Sass is here. And State Superintendent of Public Instruction Tony Evers is here.

I also want to thank Bishop Darrell Hines for doing the invocation, Justine Boerger for doing the pledge, and Staff Sergeant Emily Russell, who's with the Wisconsin National Guard and sang our national anthem. Give them a big round of applause. Thank you. Thank you.

So it is great to be back in the Midwest—even if it's just for a day—especially on a day like today. I was trying to tell somebody that weather in the Midwest is always like this. *[Laughter]* You know, lakes all calm and blue. They didn't believe me. But it's wonderful to be here, and it's just nice to get out of Washington. I love Washington, but I have to tell you, it's good to escape the heat and hot air. *[Laughter]*

So I stopped off on the way here to get a kringle. It was nice. Maybe on the way back, I'll look for a brat and some cheese curds. *[Laughter]* But don't tell Michelle. *[Laughter]*

Now, what I really wanted to do was have a chance to talk to all of you and listen to you about what's on your minds. So this is going to be a town hall meeting. But I want to make some remarks at the top, if you don't mind.

I know that towns like Racine are still hurting from this recession. This city has the second highest unemployment rate in the State, and I can only imagine how much pain that's caused, how many lives have been upended. And you've got, as I said, a dynamic young mayor who's thinking day in, day out about how to put people back to work, and has—the city has been cooperating with the State and Federal programs to figure out how we can start incubating a bunch of growth here, but it's still tough.

And some of you may be out of work, and you're tired of sending out resumes and not getting a response. Maybe you've got a job, but the bills seem to be stacking up faster than your pay is. Maybe you've looked through the family budget and you've got no idea how you're going to save for your retirement or send your kid to college. Or maybe you're a young person who's just about to get out of school and you're wondering what your job prospects are going to be.

I hear worries like this all the time from folks that I talk to in town halls like this, but also in the letters that I read each night from all across the country. And it's frustrating, and often it's heartbreaking. And that's why even though there's—there are plenty of challenges on our plate, everything from Afghanistan to Iran to the oil spill, all critical issues that go to our long-term prosperity and security, nothing's more important than reversing the damage of the great recession and getting folks back to work.

We had to take the country through some pretty tough steps to pull us out of the freefall that we faced when I took office. And I know that sometimes people don't remember how bad it was and how bad it could have been. But when I was sworn in, we were losing 750,000 jobs a month. Every—each month, we were losing 750,000 jobs. The economy was shrinking at 6 percent. It was contracting by 6 percentage points. That's faster than it had in decades.

Today, it's growing again. Today, we've added private sector jobs for 5 months in a row. So the economy's headed in the right direction. But for a lot of Americans—for Racine and a lot of other communities—it's not heading there fast enough. Not if you're out of work. Not if you can't pay your mortgage. Not if you can't take care of your family. And the truth is, from the day we walked into the White House, we knew that the crisis we faced was so severe that it was going to take months and maybe even years to fully heal, to dig ourselves out of one of the worst recessions in our history.

And that's why I've been fighting—in addition to everything we've done—for additional steps to speed up this recovery and keep the economy growing. We want an extension of unemployment benefits for workers who lost their jobs through no fault of their own. We want to help small-business owners get the loans they need to keep their doors open and hire more workers. We want relief for struggling States so they don't have to lay off thousands of teachers and firefighters and police officers.

Now, you'd think this would be pretty straightforward stuff, but I've got to say that lately, we've been having to wrangle around what used to be pretty noncontroversial things: providing loans for small businesses; extending unemployment insurance when 8 million people lost their jobs during the recession. But lately, there's a minority of Senators from the other party who've had a different idea. As we speak, they are using their power to stop this relief from going to the American people. And they won't even let these measures come up for a vote. They block it through all kinds of procedural maneuvering in the Senate.

Now, some of this is just politics. You know, I'm—that's the nature of Washington. Before I was even inaugurated, there were leaders on the other side of the aisle who got together and they made the calculation that if Obama fails, then we win. Right? That was the basic theory. They figured, if we just keep on saying no to everything and nothing gets done, then somehow, people will forget who got us into this mess in the first place, and we'll get more votes in November. And, you know, that will make people pretty cynical about politics.

Now, let's be fair, though. The other party's opposition is also rooted in some sincere beliefs about how they think the economy works. They think that our economy will do better if we just let the banks or the oil companies or the insurance industry make their own rules. They still believe that, even after the Wall Street crash, even after the BP oil well blew, that we should just keep a hands-off attitude. They think we should keep doing what we did for most of the last decade leading up to the recession.

So their prescription for every challenge is pretty much the same—and I don't think I'm exaggerating here—basically, cut taxes for the wealthy, cut rules for corporations, and cut working folks loose to fend for themselves. Basically, their attitude is, you're on your own.

Now, here's the problem. And again, I don't question that a lot of them sincerely subscribe to this view. Here's the problem: We've already tried these ideas. Remember? We tried them for 8 years. We tried them for a good part of the last decade. We know where they led us.

On Wall Street, the financial industry and its lobbyists spent years chipping away at rules and safeguards that could have prevented the meltdown of—that caused—that was caused by Lehman Brothers and AIG. But we didn't have those rules in place, that framework of regulation in place. So instead, we saw a disaster that nearly led to the collapse of the entire economy.

In the Gulf, we don't yet know what caused the explosion on the Deepwater Horizon oil rig. But what we do know is that for decades, the oil industry's been able to essentially write its own rules and safety regulations. Industry insiders were put in charge of industry oversight, and oil and gas companies were allowed to basically fill out their own safety inspection forms.

In Washington, nearly a decade of tax breaks for millionaires and billionaires led to little more than sluggish growth, a shrinking middle class. Your paychecks flatlined; wages and incomes did not go up. Even when the economy was growing, it wasn't growing for you.

And for all the party's moralizing about fiscal discipline—because it is true that part of what we inherited is a real significant problem in terms of spending at the Federal level—the economic policies they put in place turned a \$237 billion surplus into a \$1.3 trillion deficit.

So when I—you know, there were a couple of signs when I came in, said, you know, do something about spending. I'm game to do something about spending, but let's just remember how we got into this fix.

Now, I've never believed that government has all the answers. That's not how America thinks. Government can't and should not replace businesses as the engines of growth and job creation in our economy. Government should live within its means. We should root out waste and abuse of taxpayer dollars wherever and whenever we can. Too much regulation can stifle competition and hurt businesses.

But if you think about the history of this country, we've always recognized that there are times when only government has been able to do what individuals couldn't do and what corporations would not do. That's how we have railroads and highways and public schools and police forces. That's how we've made possible scientific research that led to the medical breakthroughs and technological wonders that all of us take for granted now. That's why we have Social Security and a minimum wage and laws to protect the food we eat and the water we drink and the air we breathe. That's why we have rules to ensure that mines are safe and that oil companies pay for the spills that they cause.

And there have always been those who said no to these policies and these ideas. I mean, you look back on the history books; there were people who said that Social Security was socialism, said that Medicare was a Government takeover. There were automakers who said that installing seatbelts was unnecessary, unaffordable, and would ruin the auto industry. There were skeptics who thought that cleaning our water and our air would bankrupt our economy.

Right here in Wisconsin, if you look at the lake now and look at the lake—what it was like 30 years ago, 40 years ago—and there were people who said, well, there's nothing we can do about all the sludge and drudge and whatever's going on in there. But they were wrong. They were wrong then, and they're wrong today.

So I want everybody to understand, this debate that we're having in Washington is not about big government or small government. It's about responsible government. It's about accountable government. It's about whose side government is on. It should be on the side of the American people. A government that breaks down barriers to opportunity and prosperity, that's the kind of government we need. That's the kind of government I'm trying to give you.

So I just want everybody to remember, we've tried the other side's theories. We know what their ideas are. We know where they led us. So now we've got a choice. We can return to what we know did not work, or we can build a stronger future. We can go backwards, or we can go forwards. And I don't know about you, but I want to move forward in this country.

As we speak—right now—we're on the verge of passing the most comprehensive financial reform since the Great Depression, a reform that will prevent a crisis like this from happening again. It will protect our economy from the recklessness and irresponsibility of a few on Wall Street. It will protect consumers against unfair practices of credit card companies and mortgage lenders. It's a reform that makes sure taxpayers never have to engage in a bailout for Wall Street's mistakes.

But I have to tell you, you would think this would be a bipartisan issue, don't you? I mean, you'd think everybody would say, "All right, what we were doing, that didn't work; we really got to tighten things up a little bit." But right now most of our friends on the other—in the other party are planning to vote against this reform. So the leader of the Republicans in the House said that financial reform was like—and I'm quoting here—using "a nuclear weapon" to target "an ant." [*Laughter*] That's what he said. He compared the financial crisis to an ant. [*Laughter*] Now, this is the same financial crisis that led to the loss of nearly 8 million jobs, the same crisis that cost people their homes, their life savings.

I mean, I—he can't be that out of touch with the struggles of American families. And if he is, then he's got to come here to Racine and ask people what they think. Do you think we should fix—I mean, maybe I'm confused. Do you think that the financial crisis was an ant and we just needed a little ant swatter to fix this thing? Or do you think that we need to restructure how we regulate the financial system so you aren't on the hook again and we don't have this kind of crisis again?

When you ask men and women who've been out of work for months at a time, who talk about how they've been barely hanging on, they don't think this financial crisis was something where you just need a few tweaks. They know it's what led to the worst recession since the Great Depression, and they expect their leaders in Washington to do whatever it takes to make sure a crisis like this doesn't happen again. And so there may be those in Washington who want to maintain the status quo, but we want to move America forward.

There are some folks who are against raising the limit on what companies like BP have to pay if they cause an environmental disaster. A few of them said they were against the \$20 billion fund that we set up to make sure that workers and businesses in the Gulf whose livelihoods have been harmed by the oil spill would get compensation. The top Republican on the Energy Committee apologized to BP. Did you all read about that? He apologized to BP that we had made them set up this fund. Called it "a tragedy" that we had made them pay for

the destruction that they had caused. Now, I got to say, they pulled it back after—he meant it, but then they kind of walked it back. *[Laughter]*

I mean, the tragedy is what the people of the Gulf are going through right now. That's the tragedy. And our Government has a responsibility to hold those who caused it accountable. They want to take us backwards. We want to move forward.

Some of these same folks want to maintain the status quo, where we just rely on oil and other fossil fuels for all of our energy needs, even though we know that our dependence on these energy sources are—is a problem because they're finite. They're going to run out. That jeopardizes our national security and our prosperity and our planet.

So I want to move forward. I believe it is time for this country to embrace a clean energy future. I don't want clean energy jobs to go to China. I don't want them to go to Germany. I want those industries to take root right here in the United States of America.

So already we've provided entrepreneurs and small-business owners with tax credits and loan guarantees that's led to 720,000 clean energy jobs in—will lead to over 700,000 jobs in 2012. These are good-paying, middle class, American jobs. I've seen them. I've gone to wind turbine plants where they're creating wind turbines and gone to solar plants where they're making the latest generation of solar panels. And we've created an entire new advanced battery industry here in the United States. So where we were only getting 2 percent of that market, we're now going to be getting 40 percent of that market. That was all done through the Recovery Act.

We've got to build on that progress, not undo it. That's why we need to pass legislation that makes clean energy the profitable kind of energy for America's businesses. We've got to have a national mission to change the way we use energy and produce energy. And you know what? That—it will be good for our economy. It is going to drive our economy in the 21st century. It is not time for us to look backwards; it's time for us to look forward right now when it comes to energy policy in this country.

So look, these are incredibly challenging times for America, especially for families who've been hurt by this recession. And, you know, one of the things that I've tried to do is always be straight with you, when I was running and as President. The problems we face aren't going to go away overnight. No President, no politician has the power to make that happen. There will be some who tell you that the closer you get to election day. *[Laughter]* But the fact is, some of these challenges have been building up for decades. Making sure that our schools are prepared to—are preparing our kids to compete in this new global economy, making sure that our health care system is efficient and provides good, quality care to everybody, making sure that we are at the forefront of a clean energy future, getting our budgets under control—all those issues are issues that have been building up for decades.

So we're not going to fix them overnight, but what we can do is make a choice about which direction we want to take this country. What we can do is what we've always done, which is shape our own destiny as a nation.

The interests of the status quo, they're always going to have the most vocal defenders, the most powerful defenders. There'll always be lobbyists for the banks and the insurance industry that doesn't want more regulation, for companies that would prefer to see tax breaks instead of more investment on infrastructure or education. And let's face it: For some of us, just voters, the prospects of change are kind of scary, even when we know the status quo isn't working for us.

I mean, you remember all the fearmongering that was going on during the health care debate, right? Remember? All of you were told, you're going to lose your health care; it's going to be socialized; Government's going to come in and death panels are going to be set up and—remember that? And now we're about 3, 4 months into it, and everybody's looking around and—[*laughter*]. But at the time, it was scary.

And the other thing is, there are no powerful interests to lobby for a clean energy future that may be starting years from now or the research that may lead to the lifesaving medical breakthrough a decade from now. There aren't powerful lobbyists for the student who may not be able to afford a college education right now but if they got that college education would end up starting a business that would create thousands of jobs here in Wisconsin.

It's our job as a nation to advocate for the America that we hope for, to fight for the future that we want for the next generation, even if it's not always popular, even if it's not easy, even if we're not benefiting in the short term. And if we do that now, if we set up that foundation, I am positive that we are going to create the kind of America that we want for the next generation. Our better days are ahead of us, not behind us, but we got to fight for that future. I want to fight with you. I want to fight alongside you for that future, Racine. And I'm absolutely positive that if we can unify the country, if we have the courage to change, then nothing can stop us.

Thank you. Thank you, everybody. God bless you. I'm going to—thank you.

All right. Everybody, take a seat again. We've got—we got time for some questions, all right? So the—we've got people in the audience who've got microphones, so if you will wait until I call on you, and then somebody with a microphone will come, and I'm going to go girl, boy, girl, boy, so—[*laughter*—so we know it's fair.

All right, so I am going to start with this young lady right here, right in front. [*Applause*] She—well, you don't have to cheer for your—[*laughter*]—cheering for yourself here. All right, can you see her right here? Can somebody get her a microphone? There you go. You can just hand it to her, it will be all right. I know they told you—go ahead.

### *Housing Market/National Economy*

*Q.* Hey, I just want to know what you plan on doing with the mortgage companies that were bailed out and that are not really helping the people, that won't modify these loans. I want to know what's going to be going on with that.

*The President.* Okay. You know, one of the—obviously, part of what triggered this entire crisis was what was going on in the mortgage industry. American homeownership—that's always been such an important symbol of the American Dream, right? Having your own home. And so I think that part of what's happened over the years was it was easier and easier to get a mortgage. And some of that was good, but unfortunately, what you started seeing were what were called these subprime loans.

So people were told, you know, you don't have to put any money down, don't worry about it, zero interest. But it—when you read the fine print, your mortgage was adjustable, and if home values didn't keep on going up and up and up, then suddenly, you might find yourself in a situation where you just couldn't pay your mortgage.

What was worse was that all the big investors and bankers on Wall Street were investing in these subprime loans. So they were pouring huge amounts of money into the mortgage industry, but nobody was really seeing to whether these mortgages were ones that people were

going to have the salary to sustain. So when you started seeing people defaulting on these mortgages, it not only hurt the person who was in danger of losing their home, suddenly, the whole banking system, which was resting on top of all these loans, started getting shaky. And that triggered a panic. And then suddenly, banks weren't willing to lend to each other, and it all just started unraveling.

And that's why we had to step in so aggressively, because at a certain point, nobody was getting any loans. Even if you had a good credit rating, even if you had an ample salary, you just couldn't get a loan for your business, you couldn't get a loan for—to buy a car, you couldn't get anything.

Now, we have been able to settle the markets down and stabilize them so that now it's possible for people to get mortgages and get auto loans, it's possible for businesses to get credit, although small businesses are still having a problem. But that underlying problem of the housing market is still there.

Now, part of it is there are some folks who really just couldn't afford the home that they bought. And they just—it might not be their fault; they were fooled into thinking they could afford it—but no matter how much we help, they just got too much house for their salary. And so the best we can do there is to try to help them find other options and not lose too much money. And we are—we have programs to do that.

We've also been pushing the banks—who we helped—to say that if you've got somebody who actually could afford their home, but what happened was their home values dropped so quick that right now they're what's called underwater, where the loan is worth more than the house, try to make an adjustment, because you're better off—everybody will be better off if you make an adjustment so that people are still paying their mortgage, but you reduce some of the interest or the principal so that they can stay in their home over the long term. That will be better off for the bank than if that person who has the mortgage goes into foreclosure.

So we've got programs now that we've set up to help people who can afford to stay in their homes, but just need a little bit of help, a little bit of adjustment at the margins.

But I've got to caution everybody here, because sometimes we'll get letters, and people say, you know, I'm not getting help staying in my home. And I feel bad for them, but some of them just, no matter how much money we put into it, their salary just doesn't support the mortgage that they have, and we can't make a big enough adjustment.

So you are going to see foreclosures. You're going to see some folks lose their homes. What we have to do is to make sure, number one, that they land in a decent rental situation or maybe a different house, provide them some help and counseling. And we're doing that, cooperating with State and local officials.

The second thing we've got to do is make sure that we've got regulations in place so that people don't get tricked into buying homes that they can't afford again. And that's part of this financial regulatory bill that we set up. So a lot of the predatory practices, a lot of the fine print that made people think they were getting a fixed-rate mortgage and then they find out suddenly it's a adjustable-rate, balloon mortgage that—so they thought they were getting 5-percent interest rates, and the next thing they know they're paying 10—a lot of those practices now are going to be subject to regulation and oversight.

Because we don't want to go through anything like this again. It's not fair for the person who buys the home, and it's not fair for everybody else who ends up having to help Wall Street because of their irresponsible behavior.

All right? Okay, a gentleman's turn. Gentleman right there—yeah, right there, with the striped shirt. You, yeah. [*Laughter*] There you go.

*U.S. Armed Forces/Veterans Benefits/Civilian Expeditionary Force*

Q. Thank you, sir. I had heard something and read about it on the Internet—you wanted the civilians to be just as strong and well funded as our military. What are your plans to go about constructing that?

*The President.* I'm sorry, could you repeat the question?

Q. Sorry, nervous.

*The President.* Yeah, you were talking real fast.

Q. I saw an interview with you; you said live that you wanted the civilians to be just as strong and well funded as our military. What are your plans to go about constructing such a thing?

*The President.* Well, I don't know exactly the interview you're referring to, but if I was talking about civilians versus military, I was probably talking about in the context of—our Federal workforce, if you take a look at it—first of all, our military has just been extraordinary. Over the last—so much burden has been placed on them. I mean, they've been fighting two wars now for a long time. And frankly, a lot of folks have been going about their business, not really changing how they behave. People in uniform have made all kinds of adjustments, and their families have made all kinds of adjustments and sacrifices.

That's part of the reason why, even though I've frozen discretionary domestic spending, I haven't frozen the budgets that are needed to give pay raises to our troops, to make sure that our veterans are properly cared for, to make sure that their families are getting support on things like childcare. Because my attitude is, we've got a solemn obligation to those who put on the uniform to protect the United States of America.

And in the past, there have been times, frankly, where we didn't live up to that obligation. I mean, Veterans Affairs is a great example. When we came in, for all the talk about how we were going to take care of veterans, the truth was, the backlogs were so bad, and a lot of the facilities for veterans were just not up to snuff. So we actually raised the Veterans Administration's budget by 11 percent—the biggest hike in 30 years—just so we could catch up and start making sure that our veterans got the kind of care that they deserve.

Now, but what I may have been referring to is this. When you look at a place like Afghanistan or you look at a place like Iraq, so many of our military personnel are having to engage in work that really should be civilian work: helping to build schools; helping to build bridges; helping to set up rule of law and courts; helping—agricultural specialists to help people learn how to irrigate their fields so that they can grow more food. And the problem is, is that we don't have a civilian effort that has always matched up to the military effort.

So the military goes in there, they clear out everything, they're making everything secure, and now the question is, all right, can we get the civilians to come in to work with the local governments to improve the situation? And a lot of times, that civilian side of it has been underresourced.

So what I'm trying to say is, don't put all the burden on the military. Make sure that we've got a civilian expeditionary force that when we go out into some village somewhere and the military makes it secure, let's have that agricultural specialist right there, let's have that person who knows how to train a police force right there. Let's have all those personnel, and let's make sure that we are giving them the support that they need in order for us to be successful on our mission.

And that means that—by the way, the State Department, our diplomatic arms, we've got to give them more support. A lot of times—we really support our military, but I'll be honest with you, when you go up to Congress and you start talking to them about the budget for training our diplomats and training our development specialists and all that, then people want to cut their budget because they think, aw, that's just foreign aid; that's not—we don't want to spend our money on that.

But the problem is, is that if you shortchange that, you may end up having to send our troops in to a very dangerous situation because a country's collapsed. We didn't do the good diplomatic work, and it's too late, and now the only solution is a military solution that might cost us five times as much. So we've just got to be smart about using all the elements of American power, not just one element of American power. All right?

Okay. Right there, in the green. Right there, in the green blouse.

### *Military Personnel's Quality of Life*

Q. First of all, thank you very much for all that you do.

*The President.* Thank you.

Q. I would like to continue on the subject of the military just a little bit. Would you consider improving the quality of life of our military men and women in a couple areas? One would be more counseling, more available—eliminating that stigma——

*The President.* Yeah.

Q.—that terrible stigma that's there. And the other one would be if they are actively in a war zone and they are deployed back to the United States, could we be sure that they have time to regroup themselves before they are sent back into a similar——

*The President.* Yeah.

Q.—situation again?

*The President.* Absolutely. Well, you've just identified two things that we're working on as we speak that are really critical. The first is making sure that counseling support for our troops is there in theater as well as when they get back home. And there has been in the past this sort of stigma around mental health issues. But you know what? If you send somebody into a war zone, that's going to be a shock on the system. They may engage in enormous heroism, enormous courage—our troops do just spectacular things—but it's going to have an impact. And when they've been on two tours or three tours or four tours sometimes, that impact adds up.

And in the past, things like Posttraumatic Stress Disorder weren't really talked about. Now we're starting to talk about it. And we've actually—I was mentioning what we're doing for veterans as well as active duty—this whole issue of Posttraumatic Stress Disorder, PTSD, we are really emphasizing this. And now up and down the chain of command, we're saying, people

should not be embarrassed about seeking out counseling in these situations. So that's point number one.

Second point you're making is there needs to be that rest in between deployments, and that's part of the reason why we actually increased the number of marines. The Army and Marines have really borne the biggest burden in terms of these very quick and rapid and stressful deployments. And what we've been saying is, let's start getting back to a point where there is ample time between deployments.

And we are actually—for the Marines, I think we're just about there. For the Army, I think we've got another year before we get it to where we want to be, although we've spaced it out a lot more than it was, for example, 2 years or 3 years ago.

But you're right: People need to be able to decompress in ways that they have not always had a chance to do. So thank you very much for your question.

All right, let me make sure the folks up here are getting—I'll call on that gentleman way up there. Way—yeah, you. Right. *[Laughter]* That guy.

Q. Thanks for coming to see us.

*The President.* You bet.

#### *National Economy/Recovery Act/Deficit Reduction*

Q. I'd recommend the O&H kringle and the Johnsonville brats. *[Laughter]* My question is if you could remind us why the stimulus spending was a good idea and how we should judge its effectiveness at this point in time.

*The President.* I think it's a great question. Here's what happened. As I said, when I came in, we were losing 750,000 jobs a month, and the economy was contracting at about 6 percent, which is just a huge contraction. And that was happening at every level. That was happening in terms of individual consumers because either they were losing their jobs or they were worried about maybe losing a job, they had seen their home values plummet, et cetera. So everybody pulled back on spending. All right? People would say, you know what, I better cut out the—that dinner out or maybe I'm not going—I'm going to cancel my gym membership or—everybody was doing some belt-tightening, either because they had seen their 401(k) drop or they had lost their job or some reason. All right?

Businesses—then they're starting to say, you know what, I'm losing consumer—customers, because the gym membership just got cancelled, so suddenly, I've seen a 5-percent drop in the number of customers I have; or if you make widgets, suddenly you're supplying an auto company and the auto company says, you know what, people aren't buying new cars right now. So that demand was going down.

All this meant that the State and the local governments—suddenly, their revenues are dropping because most of their revenues are based on things like sales taxes or property taxes that were all going down.

So what you have is, suddenly, what's called a negative cycle, where everybody's worried about the recession, so they pull back, which means that businesses pull back, which means they lay off people, which makes them more worried, and they pull back. And pretty soon you've got a vicious cycle, where the economy just keeps on shrinking and shrinking with no end in sight.

So the job of the Recovery Act was to essentially step in and say, you know what, this is an emergency, so we're going to plug that hole in demand in the economy temporarily so that everybody kind of settles down.

So we sent—about \$250 billion, about a third of that Recovery Act was in the form of tax cuts to all of you. You may not have noticed it because it just went into your weekly paycheck. But everybody here—I won't say everybody, because if you're really rich, you might not have gotten one—[laughter]—but 95 percent of workers got a tax cut last year.

So what that meant was even though you had seen your 401(k) go down or maybe you were a small-business owner and you were tightening your belt, you had a little bit of extra money to cushion the blow. And that meant you were spending those dollars and circulating those into the economy. All right? So that was about a third of it.

About a third of it was help to States and local governments so that they could plug their budget holes. So, for example, Jim Doyle here, I think, will testify, had we not provided this Federal aid, the States would have had to cut much more severely police officers, teachers, firefighters, and so forth. Now, not only is that bad in terms of people then not getting services and being less safe or kids not—having a larger class sizes or all those things, but obviously when those people lose their jobs, they can't spend money buying a new car or buying clothes or buying the computer for their kids. So it was—it put the States and local governments in a better position to kind of sustain themselves.

And then the last third of it was infrastructure and long-term investments. So, for example, we've got more road projects going on here in Wisconsin and around the country than at any time since—[applause]—road projects, sewer projects, a whole bunch of deferred stuff that needed to be done. But we also looked to the future, and we said, let's invest in clean energy, let's invest in research and development, let's invest in broadband lines to link rural communities with—who don't have broadband lines, so they can be part of the global economy. All those infrastructure investments and R&D investments not only put to—people back to work short term to help plug that hole that had been created, but it also lays the foundation for long-term economic growth. So that here in Wisconsin, there may be some roads that not only were repaired but also were suddenly linked up to create a new industrial park that would facilitate long-term economic development beyond this immediate crisis.

So those were the things that we did through the Recovery Act. Now, every economist who's looked at it has said that the recovery did its job. It put a brake on the collapse of the economy. We avoided a great depression. We are now growing again. The problem is, number one, it's hard to argue sometimes, things would have been a lot worse. Right? So people kind of say, yeah, but unemployment's still at 9.6. Yes, but it's not 12 or 13 or 15. People say, well, the stock market didn't fully recover. Yeah, but it's recovered more than people expected last year.

So part of the challenge in delivering this message about all that the Recovery Act accomplished is that things are still tough, they just aren't as bad as they could have been. They could have been a catastrophe. In that sense, it worked.

Now, the other reason that it has been—it has generated some controversy is, for example, I just pointed out the fact that 95 percent of you got a tax cut, and most of you didn't know it. Most of you didn't know it. Now, the reason you didn't know it was because it turns out that economists will tell you, if you get—if you give that tax break to people each time they get a paycheck, as opposed to in one lump sum, then they're more likely to spend it, and that is a better way to stimulate the economy. It wasn't a good way to advertise the tax cut. So if I had

been just thinking politics, I would have sent you one big check with my picture on it—*[laughter]*—and said, "Here's your tax cut."

In terms of infrastructure, it turns out the way we structured this—because we knew this was such a bad recession that 2010 would still be pretty bad, even though it was better than 2009—we structured it so that not all the money was spent in 2009; some of it was spent this year. So a lot of the road projects you're now seeing are part of the Recovery Act we passed last year, but last year, everybody was looking around saying, how come we haven't created more jobs yet? But we structured it because we knew that we didn't want it all to be front-loaded and not have anything—and have it run out too quick.

Now, here's the last point I want to make: Having said all that, I'm still not satisfied with where we're at. We're growing at about 2.5-, 3-percent growth. We need to be growing at 4 percent or 5 percent. So we've—there are still more things we can do. I mentioned a couple of them.

We should pass a bill that helps small businesses get more loans. If we can help the big banks, then we should certainly be able to help small-business lending. And a lot of small businesses are still having trouble getting credit. We've done some work on that, but we can do more.

I think that we could spur more economic development. Here's one idea, just an example, something that we've been promoting, but hasn't passed through Congress yet: Everybody would benefit from more energy efficiency in their home. The problem—and everybody knows that. I mean, the truth is—I was back home in Chicago the other day—it's nice when you're in your own house and—I mean, the White House is nice, don't get me wrong, but—*[laughter]*—you know, you just like kind of tooling around your own place and seeing how the garden's doing and looking in the basement, seeing what kind of stuff needs to get done. But everybody—every homeowner here, if you haven't already done it, you could probably retrofit your home and save 10, 15, 20 percent on your electricity and your heating bills.

But the problem is, a lot of people don't have cash right now to make the investments. So what we've said is, why don't we give everybody a tax credit to retrofit their homes. That will help Home Depots and Lowe's, where you're buying the insulation or the new windows. That will help a lot of these small construction companies that have been out of work—they were doing remodeling on homes, and now that business isn't there—give them a little bit of business. All that would help stimulate the economy.

You could, with a relatively small investment, help put people back to work, and by the way, we could save on our energy bills and reduce the amount of greenhouse gases we're sending into the atmosphere and—so it's a win-win-win situation.

But the—we haven't been able to get, particularly, my Republican friends on the other side of the aisle to move on this. So I'm going to make—I know this is a long question, but it was—long answer, but it was an important question. I see you, Reggie. Reggie's saying I'm going to have to go soon, but—*[laughter]*.

Let me make one last point, and that is about the spending issue. People, I think, have a very real and legitimate concern that after having spent \$700 billion on the Recovery Act, after having intervened with the autos and had to deal with the banks—even though, by the way, the banks will have paid back all this money and the auto companies are now up and running—GM and Chrysler—and if we hadn't intervened, they would have collapsed and all those folks would have lost their jobs—but the fact is, is that everybody looks at this, and they start saying, you

know what, that looks like just a lot of money going out there. The debt's getting bigger, the deficit's getting bigger. How do we get Government spending under control?

And that's a legitimate question. And whether you're a Democrat, an Independent, or a Republican, all of us should be worried about the fact that we have been running the credit card on—in the name of future generations. And somebody's going to have to pay that back. And by the way, when we borrow all that money, we have to pay interest on that to other countries and other investors. So we've got to get our debt and our deficits under control.

Here's the thing: The steps we took—the emergency steps that we took added, let's say, a trillion dollars to our debt. That's with a "t"—that's serious money. But our structural deficit—and what that means is the amount of money that we're paying out versus the amount of money we're taking in, the gap between what we're spending and how much money we have—has been out of whack for years now. That's why I inherited a \$1.3 trillion deficit.

Our big problem is not the emergency steps we took last year. Our big problem is the fact that when you add in what's happening with Medicare, what's happening with Social Security, the population is aging, when you add all those things in, if we don't change how we do business medium and long term, then that's going to be our big problem.

So we've got a tough job, but I think it's a job that we can accomplish. And that is, we stimulated the economy, we got it moving again, it's growing again; we now have to, in a gradual way, reduce spending, particularly on those big-ticket items, but do so in a way that doesn't hurt people. And that is a challenge.

That's why I've set up a fiscal commission to take a look and figure out how are we going to reorder our priorities so that we're spending the same—we're not spending any more than we're taking in, but we're doing it in a way that doesn't hurt the economy and doesn't hurt ordinary people. And that's going to be our project for the next couple of years. All right? But everybody's going to have to be patient because we're not going to be able to change that overnight.

All right, I'm going to take—thank you for the question, though. That was very helpful.

All right, I guess it's a lady's turn. Okay. I'm going to call on that young lady right there, in the white T-shirt. Right. Right there.

#### *Job Creation/Education/Infrastructure/Health Care/Research and Development/Trade*

Q. One man cannot create this country again the way it needs to be built, so we as a nation need to work together.

*The President.* Right.

Q. What are we doing as a nation to bring jobs back into this country that have left so that we the people can give you the resources that you need to do the job you need to do?

*The President.* Well, it's a great question. Well, this actually connects to the previous question, because I was talking about what we were doing for the emergency and what we were doing for the local economy. But obviously, now we live in a global economy, so we've got to compete with other countries like we've never had to compete before.

It used to be that because you didn't have an Internet and you didn't have jet planes and—if somebody made something in China, they couldn't get it here fast enough to sell it, or

it was too expensive to ship. And so basically, we had a protected market, and we—whatever was made here, we could sell here. Now it's a global market.

Some of that we can't stop. I mean, that's just technology; the world has shrunk. We've got to be more competitive. And what that means is our workers have to be better trained than we've ever been, which means we've got to make sure our education system is the best in the world and that our kids are going to get secondary school and community college and university educations.

So to—back to that gentleman's question up there—people may not have known, but this Recovery Act was also the biggest investment that we've ever made in education in our history. We—at the Federal level—we helped universities and community colleges to create new labs and set up a better infrastructure.

And as part of the health care bill—a lot of people don't know this—that as part of the health care bill, we also had an education bill in there. It's just the health care bill was getting so much attention, people miss the fact that we changed the rules so that the way previously the student loan program was working, it would go through a bank or a financial institution, and they took out billions of dollars of profits, even though the loan was guaranteed so they weren't taking any risk. So we said, well, if the Government's guaranteeing this loan, why are we going through a bank? Let's just give it directly to the student. We'll take that money to reduce the cost of the loan.

So all those steps are critical to bring jobs back here, because companies will come to where they've got the most highly skilled workforce. That's point number one.

Second thing we've got to do is infrastructure, what I just mentioned. If we've got a third-class infrastructure, it's hard for us to have a first-class economy. So we've got to upgrade our infrastructure. And I don't just mean the old infrastructure, like roads. I mean new infrastructure, like broadband and wireless and what are we doing in terms of making our electricity grid reliable and efficient. Those are all investments that we make that help bring more jobs back to places like Racine. That's the second thing.

Third thing we've got to do is we've got to get control of our health care costs. Part of the reason we did health care reform—[*applause*]*—*a lot of the reason to do health care reform was because it was the right thing to do. I was tired of hearing stories about parents who were worried about whether they could get health care for their kids or somebody with a preexisting condition who wasn't able to get insurance because they were discriminated against.

But part of it was it's a huge burden on businesses. The costs for businesses of health care have been going up and up and up. And what we're doing in health care reform is trying to control the costs of health care so that we're improving quality but people are getting a better bang for their health care dollar. That helps make our businesses more competitive.

And then we've got to put more money into research and development, because ultimately, the jobs that are being created here are going to be created by small businesses, by startups, by entrepreneurs who've got a new idea. And we've got to make sure that we're investing in research on things like clean energy. So that's another aspect of it.

Couple other elements: In terms of our tax structure, one of the things that we've done—*—*one of the things we've proposed was eliminating the capital gains tax for small businesses, because small businesses create businesses—or create jobs. Startups create jobs. So there are things we can do with the tax structure that encourages more job creation.

The last thing I want to talk about is trade, because I think a lot of people focus on trade, and they say, you know what, that's been the thing that has driven so many jobs away. It is absolutely true that a lot of our manufacturing left to go to China and other low-wage countries because—and a lot of these were U.S. companies, by the way, but they took their operations over there, and then they shipped the goods back.

And so we've got to make sure that the countries we're trading with are being fair. I believe in free trade. I think we can compete with anybody in the world. We've got the best workers in the world. We've got the best universities in the world. We've got the best ideas in the world. We can sell to anybody. And I want to expand our exports. I want to be able to sell products from Wisconsin all around the world. All right?

But that means things have to be fair. So, for example, if China has a currency that's undervalued, that makes our exports more expensive, it makes their imports cheaper. So we've been putting pressure on them to say, you know what, let's make sure that we're not favoring one side or the other in this trade deal. If it turns out that there's a country where they're selling cars here in the United States but we can't sell cars there, that's a problem.

So we're—we want to enter into trade arrangements with other countries, but we want to make sure that there's a quid pro quo, that if we open up our markets, they're also opening up theirs. And that's got to be a top priority. All right?

Okay. Let me—I've only got time for one more question. I—only got time for one. I'm going to call on this young man right here, since he's right in front—although it looks like there are two of them. [Laughter] The other guy just sprung up. Did you see that? [Laughter] All right, go ahead.

### *Postsecondary Education*

Q. My name is Gerald.

Q. And I am Spencer.

*The President.* I think they've practiced this. [Laughter]

Q. All the way here.

Q. We go to the Prairie School here in Racine.

Q. We hope to go to college one day soon and——

Q. ——we were wondering about student loans.

*The President.* Well, you guys—you were so busy practicing your question, you didn't hear that I answered it over here. [Laughter] I'm teasing you. What grade are you guys in?

Q. Seventh.

*The President.* You're in seventh grade? The—well, first of all, you guys are very well-spoken young men, so very impressive.

Q. Thank you.

Q. Thank you.

*The President.* And I want everybody to note the attitude here, which is, we want all our young people to just take for granted they're going to college. We want high expectations for our young people.

So here was the answer. What we're doing is we're putting more money into student loans. We're also talking to universities and colleges about how they can control their costs so that tuition's not so expensive. And we need to make sure that colleges and universities are doing their part. They can't just keep on jacking up rates 15 percent a year and then expect Uncle Sam to come in and help students pay more and more money. So they've got to control their costs as well.

But if you guys do well in school, my goal is to make sure that, through loans and grants, you are going to be able to afford to go to college. And—because we need to have the highest—I want us to have the highest college graduation rate of any country in the world.

And by the way, I want to make clear, this doesn't just mean a 4-year college. Community colleges are doing great work. And one of the things that we're trying to do is to work with community colleges so that they can be matched up with businesses and employers to help set up—sometimes it might just be a 1-year training program, sometimes it might just be a 6-month training program—that would help workers train for jobs that are actually there, that actually exist so that when you go through that program, you know that there's a job there for you.

And part of the thing that you guys will discover—your generation, but it's already true for the generation that's now entering into the workforce—it used to be you went to work at one job and you might keep that job for 30 years. Now, because the economy moves so fast, you might go into a whole—one industry, and the industry might disappear 10 years later, and you've got to retrain for a new industry.

And so not only do we want to make sure that you have the money you need for college in those first 4 years, or first 2 if you're going to community college, but you have the opportunity for lifelong learning so that a worker who is 35 or 40 wants to suddenly make a career change, or suddenly, they've got new computers and equipment in their plant and they've got to retrain, that they've got an opportunity to get that training so that they can keep on upgrading their skills, get more money, get a higher paycheck, get more job security.

That's what we're fighting for. We're fighting for you.

Thank you so much, everybody. Great question. Appreciate you guys. Thank you.

NOTE: The President spoke at 1:24 p.m. at Memorial Hall. In his remarks, he referred to Bishop Darrell L. Hines, pastor and founder, Christian Faith Fellowship Church in Milwaukee, WI; Justine Boerger, student, William Horlick High School, Racine, WI; House Minority Leader John A. Boehner; Rep. Joe L. Barton; and Personal Aide to the President Reginald L. Love.

*Categories:* Addresses and Remarks : Racine, WI, town hall meeting and question-and-answer session.

*Locations:* Racine, WI.

*Names:* Barrett, Thomas M.; Barton, Joe L.; Boehner, John A.; Boerger, Justine; Davis, Gerald; Dickert, John; Doyle, James E.; Doyle, Jessica; Evers, Tony; Hines, Darrell L.; Kane, Spencer; Love, Reginald L.; Obama, Michelle; Russell, Emily J.; Sass, Dawn Marie.

*Subjects:* Afghanistan : Provincial Reconstruction Teams; Afghanistan : U.S. military forces :: Deployment; Armed Forces, U.S. : Expansion; Armed Forces, U.S. : Military family benefits,

expansion; Armed Forces, U.S. : Servicemembers :: Deployment; Armed Forces, U.S. : Servicemembers :: Pay increase; Armed Forces, U.S. : Servicemembers :: Posttraumatic Stress Disorder (PTSD), treatment efforts; Armed Forces, U.S. : Servicemembers :: Service and dedication; Budget, Federal : Congressional spending restraint; Budget, Federal : Deficit; Budget, Federal : Deficit Reduction Commission; Budget, Federal : Government programs, spending reductions; Budget, Federal : National debt; Business and industry : Automobile industry :: Strengthening efforts; Business and industry : Credit freeze situation; Business and industry : Global competitiveness; Business and industry : Home loan industry; Business and industry : Small and minority businesses; Business and industry : Small-business hiring incentives, proposed; Business and industry : Small-business lending fund, proposed; China : Trade and economic practices; Commerce, international : Free and fair trade; Congress : House of Representatives :: Minority leader; Economy, national : American Recovery and Reinvestment Act of 2009; Economy, national : Credit markets, stabilization efforts; Economy, national : Financial regulations, modernization efforts; Economy, national : Improvement; Economy, national : Market volatility; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Education : Global competitiveness; Education : Postsecondary education :: Affordability; Education : Postsecondary education :: Career training and continuing education; Education : Postsecondary education :: Community colleges; Education : Postsecondary education :: Student loans, elimination of subsidies to private providers; Education : School improvement and renovation; Employment and unemployment : Job creation and growth; Employment and unemployment : Job losses; Employment and unemployment : Unemployment insurance; Employment and unemployment : Unemployment rate; Energy : Alternative and renewable sources and technologies; Energy : Alternative energy products and technologies, U.S. production; Energy : Carbon dioxide emissions, reduction; Energy : Energy efficiency, tax incentives; Energy : Energy-efficient homes and buildings; Energy : Infrastructure and grid improvements; Energy : Oil and gas industry, Federal regulations and oversight; Environment : Clean Air Act; Environment : Clean Water Act; Environment : Oil spills :: Corporate responsibility; Gulf of Mexico : Deepwater Horizon oil spill :: Economic effects and recovery efforts; Gulf of Mexico : Deepwater Horizon oil spill :: Environmental effects and cleanup efforts; Gulf of Mexico : Deepwater Horizon oil spill :: Explosion and rescue efforts; Health and medical care : Cost control reforms; Health and medical care : Insurance coverage and access to providers; Health and medical care : Medicare and Medicaid; Health Care and Education Reconciliation Act of 2010; Housing : Foreclosure rates; Housing : Housing market :: Decline; Housing : Mortgage refinancing regulations; Iran : Nuclear weapons development; Iraq : Provincial Reconstruction Teams; Iraq : U.S. military forces :: Deployment; Science and technology : Broadband technology; Science and technology : Research and development; Social Security and retirement : Social Security program; State, Department of : Funding; Taxation : Capital gains tax, proposed reduction; Taxation : Tax Code :: Reform; Taxation : Tax relief; Transportation : Highway system, modernization efforts; Veterans : Benefits; Veterans Affairs, Department of : Funding; Veterans Affairs, Department of : Medical care system, funding; Wisconsin : Governor; Wisconsin : President's visit; Wisconsin : Unemployment rate.

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