

Administration of Barack H. Obama, 2010

The President's News Conference

December 7, 2010

The President. Good afternoon, everybody. Before I answer a few questions, I just wanted to say a few words about the agreement we've reached on tax cuts.

My number one priority is to do what's right for the American people, for jobs, and for economic growth. I'm focused on making sure that tens of millions of hard-working Americans are not seeing their paychecks shrink on January 1 just because the folks here in Washington are busy trying to score political points.

And because of this agreement, middle class Americans won't see their taxes go up on January 1, which is what I promised, a promise I made during the campaign, a promise I made as President.

Because of this agreement, 2 million Americans who lost their jobs and are looking for work will be able to pay their rent and put food on their table. And in exchange for a temporary extension of the high-income tax breaks—not a permanent but a temporary extension—a policy that I opposed but that Republicans are unwilling to budge on, this agreement preserves additional tax cuts for the middle class that I fought for and that Republicans opposed 2 years ago.

I'll cite three of them. Number one, if you are a parent trying to raise your child or pay college tuition, you will continue to see tax breaks next year. Second, if you're a small business looking to invest and grow, you'll have a tax cut next year. Third, as a result of this agreement, we will cut payroll taxes in 2011, which will add about \$1,000 to the take-home pay of a typical family.

So this isn't an abstract debate. This is real money for real people that will make a real difference in the lives of the folks who sent us here. It will make a real difference in the pace of job creation and economic growth. In other words, it's a good deal for the American people.

Now, I know there are some who would have preferred a protracted political fight, even if it had meant higher taxes for all Americans, even if it had meant an end to unemployment insurance for those who are desperately looking for work.

And I understand the desire for a fight. I'm sympathetic to that. I'm as opposed to the high end tax cuts today as I've been for years. In the long run, we simply can't afford them. And when they expire in 2 years, I will fight to end them, just as I suspect the Republican Party may fight to end the middle class tax cuts that I've championed and that they've opposed.

So we're going to keep on having this debate. We're going to keep on having this battle. But in the meantime, I'm not here to play games with the American people or the health of our economy. My job is to do whatever I can to get this economy moving. My job is to do whatever I can to spur job creation. My job is to look out for middle class families who are struggling right now to get by and Americans who are out of work through no fault of their own.

A long political fight that carried over into next year might have been good politics, but it would be a bad deal for the economy and it would be a bad deal for the American people. And my responsibility as President is to do what's right for the American people. That's a responsibility I intend to uphold as long as I am in this office.

So with that, let me take a couple of questions.

Ben Feller [Associated Press].

Cooperation With Congress/Taxes/Unemployment Insurance

Q. Thank you, Mr. President. You've been telling the American people all along that you oppose extending the tax cuts for the wealthier Americans. You said that again today. But what you never said was that you oppose the tax cuts, but you'd be willing to go ahead and extend them for a couple years if the politics of the moment demand it.

So what I'm wondering is when you take a stand like you had, why should the American people believe that you're going to stick with it? Why should the American people believe that you're not going to flip flop?

The President. Hold on a second, Ben. This isn't the politics of the moment. This has to do with what can we get done right now. So the issue—here's the choice. It's very stark. We can't get my preferred option through the Senate right now. As a consequence, if we don't get my option through the Senate right now, and we do nothing, then on January 1 of this—2011, the average family is going to see their taxes go up about \$3,000. Number two, at the end of this month, 2 million people will lose their unemployment insurance.

Now, I have an option, which is to say, you know what, I'm going to keep fighting a political fight, which I can't win in the Senate—and by the way, there are going to be more Republican Senators in the Senate next year sworn in than there are currently. So the likelihood that the dynamic is going to improve for us getting my preferred option through the Senate will be diminished. I've got an option of just holding fast to my position and, as a consequence, 2 million people may not be able to pay their bills and tens of millions of people who are struggling right now are suddenly going to see their paychecks smaller. Or alternatively, what I can do is I can say that I am going to stick to my position that those folks get relief, that people get help for unemployment insurance. And I will continue to fight before the American people to make the point that the Republican position is wrong.

Now, if there was not collateral damage, if this was just a matter of my politics or being able to persuade the American people to my side, then I would just stick to my guns, because the fact of the matter is, the American people already agree with me. There are polls showing right now that the American people for the most part think it's a bad idea to provide tax cuts to the wealthy.

But the issue is not me persuading the American people; they're already there. The issue is, how do I persuade the Republicans in the Senate who are currently blocking that position. I have not been able to budge them. And I don't think there's any suggestion anybody in this room thinks realistically that we can budge them right now.

And in the meantime, there are a whole bunch of people being hurt and the economy would be damaged. And my first job is to make sure that the economy is growing, that we're creating jobs out there, and that people who are struggling are getting some relief. And if I have to choose between having a protracted political battle on the one hand, but those folks being hurt, or helping those folks and continuing to fight this political battle over the next 2 years, I will choose the latter.

Cooperation With Congress/President's Decisionmaking

Q. If I may follow up quickly, sir. You're describing the situation you're in right now. What about the last 2 years when it comes to your preferred option? Was there a failure either on the part of the Democratic leadership on the Hill or here that you couldn't preclude these wealthier cuts from going forward?

The President. Well, let me say that on the Republican side, this is their holy grail, these tax cuts for the wealthy. This is—seems to be their central economic doctrine. And so, unless we had 60 votes in the Senate at any given time, it would be very hard for us to move this forward. I have said that I would have liked to have seen a vote before the election. I thought this was a strong position for us to take into the election, to crystallize the positions of the two parties, because I think the Democrats have better ideas. I think our proposal to make sure that the middle class is held harmless, but that we don't make these Bush tax cuts permanent for wealthy individuals, because it was going to cost the country at a time when we've got these looming deficits, that that was the better position to take. And the American people were persuaded by that.

But the fact of the matter is, I haven't persuaded the Republican Party. I haven't persuaded Mitch McConnell and I haven't persuaded John Boehner. And if I can't persuade them, then I've got to look at what is the best thing to do, given that reality, for the American people and for jobs.

Julianna [Julianna Goldman, Bloomberg News].

National Economy/Taxes/Unemployment Insurance

Q. Thank you, Mr. President. Back in July, your budget office's midsession review forecast that unemployment would be 7.7 percent in the second—in the fourth quarter of 2012. Will this package deal lower that projected rate? And also, is it going to do more to boost growth and create jobs than your Recovery Act?

The President. This is not as significant a boost to the economy as the Recovery Act was, but we're in a different situation now. I mean, when the Recovery Act passed, we were looking at a potential great depression, and we might have seen unemployment go up to 15 percent, 20 percent. We don't know. In combination with the work we did in stabilizing the financial system, the work that the Federal Reserve did, that's behind us now. We don't have the danger of a double-dip recession.

What we have is a situation in which the economy, although growing, although company profits are up, although we are seeing some job growth in the private sector, the economy is not growing fast enough to drive down the unemployment rate given the 8 million jobs that were lost before I came into office and just as I was coming into office.

So what this package does is provide an additional boost that is substantially more significant than I think most economic forecasters had expected. And in fact, you've already seen some, just over the last 24 hours, suggest that we may see faster growth and more job growth as a consequence of this package. I think the payroll tax holiday will have an impact. Unemployment insurance probably has the biggest impact in terms of making sure that the recovery that we have continues and perhaps at a faster pace.

So overall, every economist I've talked to suggests that this will help economic growth and this will help job growth over the next several months. And that is the main criteria by which I made this decision.

Look, this is something that I think everybody has to remember—and I would speak especially to my fellow Democrats who I think rightly are passionate about middle class families, working families, low-income families who are having the toughest time in this economy—the single most important jobs program we can put in place is a growing economy. The single most important antipoverty program we can put in place is making sure folks have jobs and the economy is growing.

We can do a whole bunch of other stuff, but if the economy is not growing, if the private sector is not hiring faster than it's currently hiring, then we are going to continue to have problems no matter how many programs we put into place.

And that's why, when I look at what our options were, for us to have another 3, 4, 5 months of uncertainty, not only would that have a direct impact on the people who see their paychecks get smaller, not only would that have a direct impact on people who are unemployed and literally depend on unemployment insurance to pay the bills or keep their home or keep their car, but in terms of macroeconomics, the overall health of the economy, that would have been a damaging thing.

Unemployment Rate/National Economy

Q. Just to follow up. The unemployment rate was just north of 8 percent when the last Recovery Act was put in place. It's now 9.8 percent. Are you prepared to say today that the unemployment rate is going to go down as a result of this package?

The President. My expectation is that the unemployment rate is going to be going down because the economy is growing. And even though it's growing more slowly that I'd like, it's still growing.

Now, how fast it's going to go down, how quickly the economy is going to grow, when are private sector businesses going to start making the investments in plant and equipment and actually start hiring people again? There are a lot of economists out there who have been struggling with that question.

So I'm not going to make a prediction. What I can say with confidence is that this package will help strengthen the economy—will help strengthen the recovery. That I'm confident about.

Chuck Todd [NBC News].

Cooperation With Congress/Taxes/Unemployment Insurance

Q. Mr. President, what do you say to Democrats who say you're rewarding Republican obstruction here? You yourself used in your opening statement they were unwilling to budge on this. A lot of progressive Democrats are saying they're unwilling to budge, and you're asking them to get off the fence and budge. Why should they be rewarding Republican obstruction?

The President. Well, let me use a couple of analogies. I've said before that I felt that the middle class tax cuts were being held hostage to the high end tax cuts. I think it's tempting not to negotiate with hostage takers, unless the hostage gets harmed. Then people will question the wisdom of that strategy. In this case, the hostage was the American people, and I was not willing to see them get harmed.

Again, this not an abstract political fight. This is not isolated here in Washington. There are people right now who, when their unemployment insurance runs out, will not be able to pay the bills. There are folks right now who are just barely making it on the paycheck that

they've got, and when that paycheck gets smaller on January 1, they're going to have to scramble to figure out, how am I going to pay all my bills? How am I going to keep on making the payments for my child's college tuition? What am I going to do exactly?

Now, I could have enjoyed the battle with Republicans over the next month or two, because as I said, the American people are on our side. This is not a situation in which I have failed to persuade the American people of the rightness of our position. I know the polls. The polls are on our side on this. We weren't operating from a position of political weakness with respect to public opinion. The problem is that Republicans feel that this is the single most important thing that they have to fight for as a party. And in light of that, it was going to be a protracted battle, and they would have a stronger position next year than they do currently.

So I guess another way of thinking about it is that if—certainly if we had made a determination that the deal was a permanent tax break for high-income individuals in exchange for these short-term things that people need right now, that would have been unacceptable. And the reason is, is because you would be looking at \$700 billion that would be added to the deficit with very little on the short term that would help to offset that.

The deal that we've struck here makes the high end tax cuts temporary, and that gives us the time to have this political battle without having the same casualties for the American people that are my number one concern.

President's Decisionmaking/Cooperation With Congress

Q. If I may follow, aren't you telegraphing, though, a negotiating strategy of how the Republicans can beat you in negotiations all the way through the next year, because they can just stick to their guns, stay united, be unwilling to budge—to use your words—and force you to capitulate?

The President. I don't think so. And the reason is because this is a very unique circumstance. This is a situation in which tens of millions of people would be directly damaged and immediately damaged, and at a time when the economy is just about to recover.

Now, keep in mind, I've just gone through 2 years, Chuck, where the rap on me was I was too stubborn and wasn't willing to budge on a whole bunch of issues, including, by the way, health care, where everybody here was writing about how, despite public opinion and despite this and despite that, somehow the guy is going to bulldoze his way through this thing.

Q. Tell that to the left. They weren't happy——

The President. Well, but that's my point. My point is I don't make judgments based on what the conventional wisdom is at any given time. I make my judgments based on what I think is right for the country and for the American people right now.

And I will be happy to see the Republicans test whether or not I'm itching for a fight on a whole range of issues. I suspect they will find I am. And I think the American people will be on my side on a whole bunch of these fights. But right now, I want to make sure that the American people aren't hurt because we're having a political fight, and I think that this agreement accomplishes that.

And, as I said, there are a whole bunch of things that they are giving up. I mean, the truth of the matter is, from the Republican perspective, the earned-income tax credit, the college tuition tax credit, the child tax credit—all those things that are so important for so many families across the country—those are things they really opposed. And so temporarily, they are

willing to go along with that, presumably because they think they can beat me on that over the course of the next 2 years.

And I'm happy to have that battle. I'm happy to have that conversation. I just want to make sure that the American people aren't harmed while we're having that broader argument.

Scott Horsley [National Public Radio].

South Korea-United States Free Trade Agreement/Cooperation With Congress

Q. Thank you, Mr. President. Last week, the—members of your administration were boasting that your willingness to walk away from the Korean negotiations led to a better deal. Can you explain how this is—[*inaudible*].

The President. The difference is that if I didn't get the Korea deal done on January 1, the taxes of middle class America wouldn't go up. It's pretty straightforward. If we didn't get the Korea deal done by January 1, 2 million people weren't suddenly looking at having no way to support their families.

And that's why—this goes to Chuck's question as well about what's going to be different in the future. You've got a situation here that was urgent for millions of people. But as I recall, with the Korea free trade agreement, that was deemed by conventional wisdom as an example of us not getting something done. I remember a story above the fold on that. Then when we got it done with a better deal that has the endorsement of not only the U.S. auto companies, but also of labor, the story was sort of below the fold. So I would just point that out. I think—I am happy to be tested over the next several months about our ability to negotiate with Republicans.

National Economy/Jobs Growth/Education/Infrastructure/Taxes

Q. Having bought that time now, do you hope to use this 2-year window to push for a broader overhaul of the Tax Code?

The President. Yes. And the answer is yes. Part of what I want to do is to essentially get the American people in a safe place so that we can then get the economy in a stable place. And then we're going to have to have a broad-based discussion across the country about our priorities. And I started doing that yesterday down in North Carolina.

Here's going to be the long-term issue. We've had 2 years of emergency: emergency economic action on the banking industry, the auto industry, on unemployment insurance, on a whole range of issues—on State budgets. The situation has now stabilized, although for those folks who are out of work, it's still an emergency. So we've still got to focus short term on job growth.

But we've got to have a larger debate about how is this country going to win the economic competition of the 21st century? How are we going to make sure that we've got the best trained workers in the world? There was just a study that came out today showing how we've slipped even further when it comes to math education and science education.

So what are we doing to revamp our schools to make sure our kids can compete? What are we doing in terms of research and development to make sure that innovation is still taking place here in the United States of America? What are we doing about our infrastructure so that we have the best airports and the best roads and the best bridges? And how are we going to pay for all that at a time when we've got both short-term deficit problems, medium-term deficit problems, and long-term deficit problems?

Now, that's going to be a big debate. And it's going to involve us sorting out what Government functions are adding to our competitiveness and increasing opportunity and making sure that we're growing the economy, and which aspects of the Government aren't helping.

And then we've got to figure out how do we pay for that. And that's going to mean looking at the Tax Code and saying, what's fair, what's efficient. And I don't think anybody thinks the Tax Code right now is fair or efficient. But we've got to make sure that we don't just paper over those problems by borrowing from China or Saudi Arabia. And so that's going to be a major conversation.

And in that context, I don't see how the Republicans win that argument. I don't know how they're going to be able to argue that extending permanently these high end tax cuts is going to be good for our economy when, to offset them, we'd end up having to cut vital services for our kids, for our veterans, for our seniors.

But I'm happy to listen to their arguments. And I think the American people will benefit from that debate. And that's going to be starting next year.

Marc Ambinder [National Journal].

National Debt/National Budget/Cooperation With Congress

Q. Mr. President, thank you. How do these negotiations affect negotiations or talks with Republicans about raising the debt limit? Because it would seem that they have a significant amount of leverage over the White House now, going in. Was there ever any attempt by the White House to include raising the debt limit as a part of this package?

The President. When you say it would seem they'll have a significant amount of leverage over the White House, what do you mean?

Q. Just in the sense that they'll say essentially we're not going to raise the—we're not going to agree to it unless the White House is able to or willing to agree to significant spending cuts across the board that probably go deeper and further than what you're willing to do. I mean, what leverage would you have—

The President. Look, here's my expectation—and I'll take John Boehner at his word—that nobody, Democrat or Republican, is willing to see the full faith and credit of the United States Government collapse, that that would not be a good thing to happen. And so I think that there will be significant discussions about the debt limit vote. That's something that nobody ever likes to vote on. But once John Boehner is sworn in as Speaker, then he's going to have responsibilities to govern. You can't just stand on the sidelines and be a bomb thrower.

And so my expectation is, is that we will have tough negotiations around the budget, but that ultimately we can arrive at a position that is keeping the Government open, keeping Social Security checks going out, keeping veterans services being provided, but at the same time is prudent when it comes to taxpayer dollars.

Jonathan Weisman [Wall Street Journal], last question.

Cooperation With Congress/President's Agenda/President's Decisionmaking

Q. Some on the left have questioned—have looked at this deal and questioned what your core values are, what specifically you will go to the mat on. I'm wondering if you can reassure them with some specific things in saying, all right, this is where I don't budge. And along those

lines, what's going to be different in 2012, when all of these tax cuts again are up for expiration?

The President. Well, what's going to be different in 2012 we've just discussed, which is we will have had 2 years to discuss the budget, not in the abstract, but in concrete terms. Over the last 2 years, the Republicans have had the benefit of watching us take all these emergency actions, having us preside over a \$1.3 trillion deficit that we inherited and just pointing fingers and saying, that's their problem.

Well, over the next 2 years, they're going to have to show me what it is that they think they can do. And I think it becomes pretty clear, after you go through the budget line by line, that if in fact they want to pay for \$700 billion worth of tax breaks to wealthy individuals, that that's a lot of money and that the cuts—corresponding cuts that would have to be made are very painful. So either they rethink their position, or I don't think they're going to do very well in 2012. So that's on the first point.

With respect to the bottom line in terms of what my core principles are——

Q. Where is your line in the sand?

The President. Well, look, I've got a whole bunch of lines in the sand. Not making the tax cuts for the wealthy permanent—that was a line in the sand. Making sure that the things that most impact middle class families and low-income families, that those were preserved—that was a line in the sand. I would not have agreed to a deal, which, by the way, some in Congress were talking about, of just a 2-year extension on the Bush tax cuts and 1 year of unemployment insurance, but meanwhile all the other provisions, the earned-income tax credit or other important breaks for middle class families like the college tax credit, that those had gone away just because they had Obama's name attached to them instead of Bush's name attached to them.

So this notion that somehow we are willing to compromise too much reminds me of the debate that we had during health care. This is the public option debate all over again. So I pass a signature piece of legislation where we finally get health care for all Americans, something that Democrats had been fighting for, for a hundred years, but because there was a provision in there that they didn't get that would have affected maybe a couple of million people, even though we got health insurance for 30 million people and the potential for lower premiums for a hundred million people, that somehow that was a sign of weakness and compromise.

Now, if that's the standard by which we are measuring success or core principles, then let's face it, we will never get anything done. People will have the satisfaction of having a purist position and no victories for the American people. And we will be able to feel good about ourselves and sanctimonious about how pure our intentions are and how tough we are, and in the meantime, the American people are still seeing themselves not able to get health insurance because of preexisting conditions or not being able to pay their bills cause their unemployment insurance ran out.

That can't be the measure of how we think about our public service. That can't be the measure of what it means to be a Democrat. This is a big, diverse country. Not everybody agrees with us. I know that shocks people. The New York Times editorial page does not permeate across all of America; neither does the Wall Street Journal editorial page. Most Americans, they're just trying to figure out how to go about their lives and how can we make sure that our elected officials are looking out for us. And that means because it's a big, diverse country and people have a lot of complicated positions, it means that in order to get stuff done,

we're going to compromise. This is why FDR, when he started Social Security, it only affected widows and orphans. You did not qualify. And yet now it is something that really helps a lot of people. When Medicare was started, it was a small program. It grew.

Under the criteria that you just set out, each of those were betrayals of some abstract ideal. This country was founded on compromise. I couldn't go through the front door at this country's founding. And if we were really thinking about ideal positions, we wouldn't have a union.

So my job is to make sure that we have a north star out there. What is helping the American people live out their lives? What is giving them more opportunity? What is growing the economy? What is making us more competitive? And at any given juncture, there are going to be times where my preferred option, what I am absolutely positive is right, I can't get done.

And so then my question is, does it make sense for me to tack a little bit this way or tack a little bit that way, because I'm keeping my eye on the long term and the long fight—not my day-to-day news cycle, but where am I going over the long term?

And I don't think there's a single Democrat out there who, if they looked at where we started when I came into office and look at where we are now, would say that somehow we have not moved in the direction that I promised.

Take a tally. Look at what I promised during the campaign. There's not a single thing that I've said that I would do that I have not either done or tried to do. And if I haven't gotten it done yet, I'm still trying to do it.

And so the—to my Democratic friends, what I'd suggest is, let's make sure that we understand this is a long game. This is not a short game. And to my Republican friends, I would suggest—I think this is a good agreement, cause I know that they're swallowing some things that they don't like as well, and I'm looking forward to seeing them on the field of competition over the next 2 years.

Thanks very much everybody.

NOTE: The President's news conference began at 2:25 p.m. in the James S. Brady Press Briefing Room at the White House.

Categories: Interviews With the News Media : News conferences :: December 7.

Locations: Washington, DC.

Names: Boehner, John A.; McConnell, Addison M. "Mitch".

Subjects: Budget, Federal : Congressional spending restraint; Budget, Federal : Deficit and national debt; Budget, Federal : Fiscal year 2012 budget; Business and industry : Automobile industry :: Strengthening efforts; Business and industry : Global competitiveness; Business and industry : Manufacturing industry :: Strengthening efforts; Business and industry : Small businesses :: Promotion efforts; Commerce, international : Global financial markets :: Stabilization efforts; Commerce, international : U.S. exports :: Expansion; Congress : Bipartisanship; Congress : House of Representatives :: Minority leader; Congress: Senate :: Minority leader; Economy, national : American Recovery and Reinvestment Act of 2009; Economy, national : Credit markets, stabilization efforts; Economy, national : Improvement; Economy, national : Poverty, efforts to combat; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Education : Global competitiveness; Education :

Postsecondary education :: Tax credits, expansion; Employment and unemployment : Job creation and growth; Employment and unemployment : Job losses; Employment and unemployment : Unemployment insurance; Government organization and employees : Federal programs, performance of, improvement efforts; Health and medical care : Health insurance reforms; Health and medical care : Medicare and Medicaid; Health and medical care : Patient Protection and Affordable Care Act; Science and technology : Research and development; Social security and retirement : Social security program; South Korea : Free trade agreement with U.S.; Taxation : Childcare expenses, tax credit; Taxation : Earned-income tax credit; Taxation : Tax Code :: Reform; Taxation : Tax relief; Transportation : Mass transit and rail infrastructure, improvement efforts; Veterans : Benefits.

DCPD Number: DCPD201001046.