

Remarks on Payroll Tax Cuts and Unemployment Insurance

December 5, 2011

Good afternoon, everybody. My number-one priority right now is doing everything that I can, every single day, to create jobs faster and to provide more security for middle class families and those trying to get into the middle class. And at this moment, that means making sure that nearly 160 million hard-working Americans don't see an increase in their taxes on January 1st.

A year ago at this time, both parties came together to cut payroll taxes for the typical American family by about \$1,000. But as soon as this year ends, so does that tax cut. If Congress fails to renew this tax cut before then, that same family will see a tax hike of about \$1,000 a year. There aren't many folks either in the middle class or those trying to get into the middle class who can afford to give up \$1,000, not right now. And that's why Congress must act.

Although the unemployment rate went down last month, our recovery is still fragile, and the situation in Europe has added to that uncertainty. And that's why the majority of economists believe it's important to extend the payroll tax cut. And those same economists would lower their growth estimates for our economy if it doesn't happen.

Not only is extending the payroll tax cut important for the economy as a whole, it's obviously important for individual families. It's important insurance for them against the unexpected. It will help families pay their bills, it will spur spending, it will spur hiring, and it's the right thing to do.

And that's why in my jobs bill I proposed not only extending the tax cut, but expanding it to give a typical working family a tax cut of \$1,500 next year. And it was paid for by asking a little more from millionaires and billionaires, a few hundred thousand people paying a little bit more could have not only extended the existing payroll tax cut but expanded it.

Last week, virtually every Senate Republican voted against that tax cut. Now, I know many Republicans have sworn an oath never to raise taxes as long as they live. How could it be that the only time there's a catch is when it comes to raising taxes on middle class families? How can you fight tooth and nail to protect high-end tax breaks for the wealthiest Americans and yet barely lift a finger to prevent taxes going up for 160 million Americans who really need the help? It doesn't make sense.

Now, the good news is, I think, the American people's voices are starting to get through in this town. I know that last week Speaker Boehner said this tax cut helps the economy because it allows every working American to keep more of their money. I know that over the weekend Senate Republican leaders said we shouldn't raise taxes on working people going into next year.

I couldn't agree more. And I hope that the rest of their Republican colleagues come around and join Democrats to pass these tax cuts and put money back into the pockets of working Americans.

Now, some Republicans who have pushed back against the idea of extending this payroll tax cut have said that we've got to pay for these tax cuts. And I'd just point out that they haven't always felt that way. Over the last decade, they didn't feel the need to pay for massive tax cuts

for the wealthiest Americans, which is one of the reasons that we face such large deficits. Indeed, when the Republicans took over the House at the beginning of this year, they explicitly changed the rules to say that tax cuts don't have to be paid for. So forgive me a little bit of a confusion when I hear folks insisting on tax cuts being paid for.

Having said that, we all recognize that we've got to make progress on the deficit, and I'm willing to work with Republicans to extend the payroll tax cut in a responsible way. What I'm not willing to do is to pay for the extension in a way that actually hurts the economy.

As Americans are well aware, this summer I signed into law nearly \$1 trillion in spending cuts with another trillion dollars in cuts in the pipeline. And it would be irresponsible to now make additional deep cuts in areas like education or innovation or our basic safety net that are critical to the economy in order to pay for an extension of the payroll tax cut. We're not going to do that. Nor are we going to undo the budget agreement that I signed just a few short months ago.

Finally, with millions of Americans still looking for work, it would be a terrible mistake for Congress to go home for the holidays without extending unemployment insurance. If that happens, then in January they'll be leaving 1.3 million Americans out in the cold. For a lot of families, this emergency insurance is the last line of defense between hardship and catastrophe. Taking that money out of the economy now would do extraordinary harm to the economy.

And if you believe that Government shouldn't take money out of people's pockets, I hope Members of Congress realize that it's even worse when you take it out of the pockets of people who are unemployed and out there pounding the pavement looking for work.

We are going through what is still an extraordinary time in this country and in this economy. And I get letters every single day, and I talk to people who say to me: This unemployment insurance is what allowed me to keep my house before I was able to find another job; this is what allowed me to still put gas in the tank to take my kids to school.

We cannot play games with unemployment insurance when we still have an unemployment rate that is way too high. I've put forward a whole range of ideas for reform of the unemployment insurance system, and I'm happy to work with Republicans on those issues. But right now the most important thing is making sure that that gets extended as well.

This isn't just something that I want. This isn't just a political fight. Independent economists, some of whom have in the past worked for Republicans, agree that if we don't extend the payroll tax cut and we don't extend unemployment insurance, it will hurt our economy. The economy won't grow as fast, and we won't see hiring improve as quickly. It will take money out of the pockets of Americans just at a time when they need it. It will harm businesses that depend on the spending just at the time when the economy is trying to get some traction in this recovery. It will hurt all of us. And it will be a self-inflicted wound.

So my message to Congress is this: Keep your word to the American people, and don't raise taxes on them right now. Now is not the time to slam on the brakes, now is the time to step on the gas. Now is the time to keep growing the economy, to keep creating jobs, to keep giving working Americans the boost that they need. Now is the time to make a real difference in the lives of the people who sent us here. So let's get to work.

Thank you very much.

NOTE: The President spoke at 2:10 p.m. in the James S. Brady Press Briefing Room at the White House.

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