

Administration of Barack Obama, 2012

Remarks on Tax Code Reform

April 11, 2012

Everybody, please have a seat. Thank you. Well, it's wonderful to see you——

[At this point, a baby started crying.]

——especially you. Oh man, I know, having to listen to a speech. Yes. Aww.

Anyway, good morning everybody. It is wonderful to see you. Lately, we've been talking about the fundamental choice that we face as a country. We can settle for an economy where a shrinking number of people do very, very well, and everybody else is struggling to get by. Or we can build an economy where we're rewarding hard work and responsibility, an economy where everybody has a fair shot and everybody is doing their fair share and everybody is playing by the same set of rules.

The people who have joined me here today are extremely successful. They've created jobs and opportunity for thousands of Americans. They're rightly proud of their success. They love the country that made their success possible, and most importantly, they want to make sure that the next generation—people coming up behind them—have the same opportunities that they had.

They understand, though, that for some time now, when compared to the middle class, they haven't been asked to do their fair share. And they are here because they believe there is something deeply wrong and irresponsible about that.

At a time when the share of national income flowing to the top 1 percent of people in this country has climbed to levels we haven't seen since the 1920s, these same folks are paying taxes at one of the lowest rates in 50 years. In fact, one in four millionaires pays a lower tax rate than millions of hard-working middle class households. And while many millionaires do pay their fair share, some take advantage of loopholes and shelters that let them get away with paying no income taxes whatsoever. And that's all perfectly legal under the system that we currently have.

You've heard that my friend Warren Buffett pays a lower tax rate than his secretary, because he's the one who's been pointing that out and saying we should fix it. The executives who are with me here today—not just behind me, but in the audience—agree with me. They agree with Warren. This should be fixed. They, in fact, have brought some of their own assistants to prove that same point: that it is just plain wrong that middle class Americans pay a higher share of their income in taxes than some millionaires and billionaires.

Now, it's not that these folks are excited about the idea of paying more taxes. This thing I've always made clear: I have yet to meet people who just love taxes. Nobody loves paying taxes. In a perfect world, none of us would have to pay any taxes; we'd have no deficits to pay down; and schools and bridges and roads and national defense and caring for our veterans would all happen magically.

We'd all have the money we need to make investments in the things that help us grow—investments, by the way, that have always been essential to the private sector's success as well. Not just—they're not just important in terms of the people that directly benefit from these programs, but historically, those investments that we've made in infrastructure, in education, in

science, in technology, in transportation, that's part of what has made us an economic superpower.

And it would be nice if we didn't have to pay for them, but this is the real world that we live in. We have real choices and real consequences. Right now we've got significant deficits that are going to have to be closed. Right now we have significant needs if we want to continue to grow this economy and compete in this 21st-century, hypercompetitive, technologically integrated economy. That means we can't afford to keep spending more money on tax cuts for wealthy Americans who don't need them and weren't even asking for them. And it's time we did something about it.

Now, I want to emphasize, this is not simply an issue of redistributing wealth. That's what you'll hear from those who object to a tax plan that is fair. This is not just about fairness. This is also about growth. This is also about being able to make the investments we need to succeed. And it's about we as a country being willing to pay for those investments and closing our deficits. That's what this is about.

Now next week, Members of Congress are going to have a chance to vote on what we call the Buffett rule. And it's simple: If you make more money, more than \$1 million a year—not if you have \$1 million, but if you make more than \$1 million a year—you should pay at least the same percentage of your income in taxes as middle class families do. If on the other hand, you make less than \$250,000 a year, like 98 percent of American families do, your taxes shouldn't go up.

That's all there is to it. That's pretty sensible. Most Americans agree with me. So do most millionaires. One survey found that two-thirds of millionaires support this idea. So do nearly half of all Republicans across America.

So we just need some of the Republican politicians here in Washington to get on board with where the country is. I know that some prefer to run around using the same reflexive, false claims about wanting to raise people's taxes. What they won't tell you is the truth: that I've cut taxes for middle class families each year that I've been in office. I've cut taxes for small-business owners not once or twice, but 17 times.

As I said, for most of the folks in this room, taxes are lower than they've been, or as low as they've been, in 50 years. There are others who are saying, well, this is just a gimmick. It's—just taxing millionaires and billionaires, just imposing the Buffett rule, won't do enough to close the deficit. Well, I agree. That's not all we have to do to close the deficit. But the notion that it doesn't solve the entire problem doesn't mean that we shouldn't do it at all.

There are enough excuses for inaction in Washington. We certainly don't need more excuses. I'd just point out that the Buffett rule is something that will get us moving in the right direction towards fairness, towards economic growth. It will help us close our deficit, and it's a lot more specific than anything that the other side has proposed so far. And if Republicans in Congress were truly concerned with deficits and debt, then I'm assuming they wouldn't have just proposed to spend an additional \$4.6 trillion on lower tax rates, including an average tax cut of at least \$150,000 for every millionaire in America.

They want to go in the opposite direction. They want to double down on some of the inequities that already exist in the Tax Code. If we're going to keep giving somebody like me or some of the people in this room tax breaks that we don't need and we can't afford, then one of two things happens: Either you've got to borrow more money to pay down a deeper deficit, or

you've got to demand deeper sacrifices from the middle class, and you've got to cut investments that help us grow as an economy.

You've got to tell seniors to pay a little bit more for their Medicare. You've got to tell the college student, we're going to have to charge you higher interest rates on your student loan or you're just going to get smaller student loans. You're going to have to tell that working family that's scraping by that they're going to have to do more because the wealthiest of Americans are doing less.

That's not right. The middle class has seen enough of its security erode over the past few decades that we shouldn't let that happen. And we're not going to stop investing in the things that create real and lasting growth in this country just so folks like me can get an additional tax cut. We're not going to stop building first-class schools and making sure that they've got science labs in them. We're not going to fail to make investments in basic science and research that could cure diseases that harm people or create the new technology that ends up creating entire jobs and industries that we haven't seen before. In America, prosperity has never just trickled down from a wealthy few. Prosperity has always been built from the bottom up and from the heart of the middle class outward. And so it's time for Congress to stand up for the middle class and make our tax system fairer by passing this Buffett rule.

Let me just close by saying this: I'm not the first President to call for this idea that everybody has got to do their fair share. Some years ago, one of my predecessors traveled across the country pushing for the same concept. He gave a speech where he talked about a letter he had received from a wealthy executive who paid lower tax rates than his secretary and wanted to come to Washington and tell Congress why that was wrong. So this President gave another speech where he said it was "crazy"—that's a quote—that certain tax loopholes make it possible for multimillionaires to pay nothing, while a bus driver was paying 10 percent of his salary. That wild-eyed, socialist, tax-hiking class warrior was Ronald Reagan.

He thought that in America the wealthiest should pay their fair share, and he said so. I know that position might disqualify him from the Republican primaries these days—*[laughter]*—but what Ronald Reagan was calling for then is the same thing that we're calling for now: a return to basic fairness and responsibility, everybody doing their part. And if it will help convince folks in Congress to make the right choice, we could call it the Reagan rule instead of the Buffett rule.

But the choice is clear. This vote is coming up. I'm asking every American who agrees with me to call your Member of Congress or write them an e-mail, tweet them. Tell them to stop giving tax breaks to the wealthiest Americans who don't need them and aren't asking for them. Tell them to start asking everybody to do their fair share and play by the same rules so that every American who's willing to work hard has a chance at similar success, so that we're making the investments that help this economy grow, so that we're able to bring down our deficits in a fair and balanced and sensible way. Tell them to pass the Buffett rule. I'm going to keep on making this case across the country because I believe that this rule is consistent with those principles and those values that have helped make us this remarkable place where everybody has opportunity.

Each of us is only here because somebody somewhere felt responsibility not only for themselves, but also for their community and for their country. They felt a responsibility to us, to future generations. And now it's our turn to be similarly responsible. Now it's our turn to preserve that American Dream for future generations.

So I want to thank those of you who are here with me today. I want to thank everybody who's in the audience. And I want to appeal to the American people: Let's make sure that we keep the pressure on Congress to do the right thing.

Thank you very much, everybody.

NOTE: The President spoke at 10:25 a.m. in the Dwight D. Eisenhower Executive Office Building.

Categories: Addresses and Remarks : Addresses and Remarks : Tax Code reform.

Locations: Washington, DC.

Names: Bosanek, Debbie; Buffett, Warren E.

Subjects: Budget, Federal : Deficit and national debt; Business and industry : Global competitiveness; Business and industry : Small businesses :: Promotion efforts; Economy, national : Economic concerns; Economy, national : Household incomes; Economy, national : Income inequality, increase; Economy, national : Strengthening efforts; Education : Postsecondary education :: Student loans, interest rates and refinancing; Education : School improvement and renovation; Education : Science and math programs; Elections : 2012 Presidential and congressional elections; Employment and unemployment : Job creation and growth; Health and medical care : Medicare and Medicaid; Science and technology : Research and development; Taxation : Tax Code, reform; Taxation : Tax cuts, budgetary effects; Taxation : Tax relief.

DCPD Number: DCPD201200267.