

THE WHITE HOUSE  
Office of the Press Secretary

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REMARKS BY THE PRESIDENT

James S. Brady Press Briefing Room

1:16 P.M. EST

THE PRESIDENT: Good afternoon, everybody.

I wanted to say a few words about the looming deadlines and decisions that we face on our budget and on our deficit -- and these are decisions that will have real and lasting impacts on the strength and pace of our recovery.

Economists and business leaders from across the spectrum have said that our economy is poised for progress in 2013. And we've seen signs of this progress over the last several weeks. Home prices continue to climb. Car sales are at a five-year high. Manufacturing has been strong. And we've created more than six million jobs in the last 35 months.

But we've also seen the effects that political dysfunction can have on our economic progress. The drawn-out process for resolving the fiscal cliff hurt consumer confidence. The threat of massive automatic cuts have already started to affect business decisions. So we've been reminded that while it's critical for us to cut wasteful spending, we can't just cut our way to prosperity. Deep, indiscriminate cuts to things like education and training, energy and national security will cost us jobs, and it will slow down our recovery. It's not the right thing to do for the economy; it's not the right thing for folks who are out there still looking for work.

And the good news is this doesn't have to happen. For all the drama and disagreements that we've had over the past few years, Democrats and Republicans have still been able to come together and cut the deficit by more than \$2.5 trillion through a mix of spending cuts and higher rates on taxes for the wealthy. A balanced approach has achieved more than \$2.5 trillion in deficit

reduction. That's more than halfway towards the \$4 trillion in deficit reduction that economists and elected officials from both parties believe is required to stabilize our debt. So we've made progress. And I still believe that we can finish the job with a balanced mix of spending cuts and more tax reform.

The proposals that I put forward during the fiscal cliff negotiations in discussions with Speaker Boehner and others are still very much on the table. I just want to repeat: The deals that I put forward, the balanced approach of spending cuts and entitlement reform and tax reform that I put forward are still on the table.

I've offered sensible reforms to Medicare and other entitlements, and my health care proposals achieve the same amount of savings by the beginning of the next decade as the reforms that have been proposed by the bipartisan Bowles-Simpson fiscal commission. These reforms would reduce our government's bill -- (laughter.) What's up, cameraman? (Laughter.) Come on, guys. (Laughter.) They're breaking my flow all the time. (Laughter.)

These reforms would reduce our government's bills by reducing the cost of health care, not shifting all those costs on to middle-class seniors, or the working poor, or children with disabilities, but nevertheless, achieving the kinds of savings that we're looking for.

But in order to achieve the full \$4 trillion in deficit reductions that is the stated goal of economists and our elected leaders, these modest reforms in our social insurance programs have to go hand-in-hand with a process of tax reform, so that the wealthiest individuals and corporations can't take advantage of loopholes and deductions that aren't available to most Americans.

Leaders in both parties have already identified the need to get rid of these loopholes and deductions. There's no reason why we should keep them at a time when we're trying to cut down on our deficit. And if we are going to close these loopholes, then there's no reason we should use the savings that we obtain and turn around and spend that on new tax breaks for the wealthiest or for corporations. If we're serious about paying down the deficit, the savings we achieve from tax reform should be used to pay down the deficit, and potentially to make our businesses more competitive.

Now, I think this balanced mix of spending cuts and tax reform is the best way to finish the job of deficit reduction. The overwhelming majority of the American people -- Democrats and

Republicans, as well as independents -- have the same view. And both the House and the Senate are working towards budget proposals that I hope reflect this balanced approach. Having said that, I know that a full budget may not be finished before March 1st, and, unfortunately, that's the date when a series of harmful automatic cuts to job-creating investments and defense spending -- also known as the sequester -- are scheduled to take effect.

So if Congress can't act immediately on a bigger package, if they can't get a bigger package done by the time the sequester is scheduled to go into effect, then I believe that they should at least pass a smaller package of spending cuts and tax reforms that would delay the economically damaging effects of the sequester for a few more months until Congress finds a way to replace these cuts with a smarter solution.

There is no reason that the jobs of thousands of Americans who work in national security or education or clean energy, not to mention the growth of the entire economy should be put in jeopardy just because folks in Washington couldn't come together to eliminate a few special interest tax loopholes or government programs that we agree need some reform.

Congress is already working towards a budget that would permanently replace the sequester. At the very least, we should give them the chance to come up with this budget instead of making indiscriminate cuts now that will cost us jobs and significantly slow down our recovery.

So let me just repeat: Our economy right now is headed in the right direction and it will stay that way as long as there aren't any more self-inflicted wounds coming out of Washington. So let's keep on chipping away at this problem together, as Democrats and Republicans, to give our workers and our businesses the support that they need to thrive in the weeks and months ahead.

Thanks very much. And I know that you're going to have a whole bunch of other questions. And that's why I hired this guy, Jay Carney -- (laughter) -- to take those questions.

Thank you, everybody.

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1:23 P.M. EST