

20100215 White House: President Obama Praises Restoration of Pay-As-You-Go

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Hours after signing pay-as-you-go legislation into law, President Barack Obama praised this step towards restoring fiscal responsibility and called for both parties to set aside politics and do the hard work of addressing the deficit. To this end, since the proposed Fiscal Commission was recently blocked in the Senate – by a handful of Republicans who had previously backed the idea -- the President will create this commission by executive order. The President believes it is time for Washington to once again take responsibility for every dollar it spends.

"All across America, people work hard to meet their responsibilities. You do your jobs, take care of your families, pay your bills. Sometimes, particularly in tough times like these, you have to make hard choices about where to spend and where to save. That's what being responsible means. That's a bedrock value of our country. And that ought to be a value that our government lives up to as well."

"Yet, over the past decade, this hasn't always not been the case. Ten years ago, we had a big budget surplus with projected surpluses far into the future. Ten years later, those surpluses are gone. In fact, when I first walked through the door, the government's budget deficit stood at \$1.3 trillion, with the budget gap over the next decade projected to be \$8 trillion."

"Partly, the recession is to blame. With millions of people out of work, and millions of families facing hardship, folks are paying less in taxes while seeking more services, like unemployment benefits. Rising health care costs are also to blame. Each year, more and more tax dollars are devoted to Medicare and Medicaid."

"But what also made these large deficits possible was the end of a common sense rule called "pay as you go." It's pretty simple. It says to Congress, you have to pay as you go. You can't spend a dollar unless you cut a dollar elsewhere. This is how a responsible family or business manages a budget. And this is how a responsible government manages a budget, as well."

"It was this rule that helped lead to balanced budgets in the 1990s, by making clear that we could not increase entitlement spending or cut taxes simply by borrowing more money. And it was the abandonment of this rule that allowed the previous administration and previous congresses to pass massive tax cuts for the wealthy and create an expensive new drug program without paying for any of it. Now in a perfect world, Congress would not have needed a law to act responsibly, to remember that every dollar spent would come from taxpayers today – or our children tomorrow."

"But this isn't a perfect world. This is Washington. And while in theory there is bipartisan agreement on moving on balanced budgets, in practice, this responsibility for the future is often overwhelmed by the politics of the moment. It falls prey to the pressure of special interests, to the pull of local concerns, and to a reality familiar to every single American – the fact that it is a lot easier to spend a dollar than save one."

"That is why this rule is necessary. And that is why I am pleased that Congress fulfilled my request to restore it. Last night, I signed the "pay as you go" rule into law. Now, Congress will have to pay for what it spends, just like everybody else."

"But that's not all we must do. Even as we make critical investments to create jobs today and lay a foundation for growth tomorrow – by cutting taxes for small businesses, investing in education, promoting clean energy, and modernizing our roads and railways – we have to continue to go through the budget line by line, looking for ways to save. We have to cut where we can, to afford what we need."

"This year, I've proposed another \$20 billion in budget cuts. And I've also called for a freeze in government spending for three years. It won't affect benefits through Medicare, Medicaid, or Social

Security. And it will not affect national security – including benefits for veterans. But it will affect the rest of the budget."

"Finally, I've proposed a bipartisan Fiscal Commission to provide recommendations for long-term deficit reduction. Because in the end, solving our fiscal challenge – so many years in the making – will take both parties coming together, putting politics aside, and making some hard choices about what we need to spend, and what we don't. It will not happen any other way. Unfortunately this proposal – which received the support of a bipartisan majority in the Senate – was recently blocked. So, I will be creating this commission by executive order."

"After a decade of profligacy, the American people are tired of politicians who talk the talk but don't walk the walk when it comes to fiscal responsibility. It's easy to get up in front of the cameras and rant against exploding deficits. What's hard is actually getting deficits under control. But that's what we must do. Like families across the country, we have to take responsibility for every dollar we spend. And with the return of "pay as you go," as well as other steps we've begun to take, that is exactly what we are doing."

NovaRes Team