

State of the Union, 01/24/2012, a summary – for discussion at [Inquiring Minds, Feb. 3, 2012](#)

For the first time in nine years, there are no Americans fighting in Iraq. For the first time in two decades, Osama bin Laden is not a threat to this country. Most of al Qaeda's top lieutenants have been defeated. The Taliban's momentum has been broken, and some troops in Afghanistan have begun to come home. America's Armed Forces (are) not consumed with personal ambition. They don't obsess over their differences. They focus on the mission at hand. Imagine what we could accomplish if we followed their example.

Economic Challenge and Recovery

(My grandparents) understood they were part of something larger; that they were contributing to a story of success that every American had a chance to share -- the basic American promise

The defining issue of our time is how to keep that promise alive.

In 2008, the house of cards collapsed. We learned that mortgages had been sold to people who couldn't afford or understand them. Banks had made huge bets and bonuses with other people's money. Regulators had looked the other way, or didn't have the authority to stop the bad behavior.

It . . . left innocent, hardworking Americans holding the bag.

In the six months before I took office, we lost nearly 4 million jobs. And we lost another 4 million before our policies were in full effect. Those are the facts.

But so are these: In the last 22 months, businesses have created more than 3 million jobs. Last year, businesses created the most jobs since 2005. American manufacturers are hiring again, creating jobs for the first time since the late 1990s. We've agreed to cut the deficit by more than \$2 trillion. And we've put in place new rules to hold Wall Street accountable, so a crisis like this never happens again. The state of our Union is getting stronger.

No, we will not go back to an economy weakened by outsourcing, bad debt, and phony financial profits. Tonight, I want to . . . lay out a blueprint for . . . an economy built on American manufacturing, American energy, skills for American workers, and a renewal of American values.

American Manufacturing

On the day I took office, our auto industry was on the verge of collapse . . . With a million jobs at stake, I refused to let that happen . . . Today, General Motors is back on top as the world's number-one automaker. Chrysler has grown faster in the U.S. than any major car company. Ford is investing billions in U.S. plants and factories. And together, the entire industry added nearly 160,000 jobs.

We bet on American workers. We bet on American ingenuity. And tonight, the American auto industry is back. What's happening in Detroit can happen in other industries . . . for the first time in 15 years, Master Lock's unionized plant in Milwaukee is running at full capacity.

Corporate Tax Reform

We should start with our tax code. Right now, companies get tax breaks for moving jobs and profits overseas. Meanwhile, companies that choose to stay in America get hit with one of the highest tax rates in the world. That money should be used to cover moving expenses for companies like Master Lock that decide to bring jobs home.

Second, no American company should be able to avoid paying its fair share of taxes by moving jobs and profits overseas. From now on, every multinational company should have to pay a basic minimum tax.

Third, if you're an American manufacturer, you should get a bigger tax cut. If you're a high-tech manufacturer, we should double the tax deduction you get for making your products here. And if you want to relocate in a community that was hit hard when a factory left town, you should get help financing a new plant, equipment, or training for new workers.

So my message is simple. It is time to stop rewarding businesses that ship jobs overseas, and start rewarding companies that create jobs right here in America.

Fairness in Foreign Trade

We're also making it easier for American businesses to sell products all over the world. Two years ago, I set a goal of doubling U.S. exports over five years. With the bipartisan trade agreements we signed into law, we're on track to meet that goal ahead of schedule.

I will not stand by when our competitors don't play by the rules. We've brought trade cases against China at nearly twice the rate as the last administration -- and it's made a difference.

Over a thousand Americans are working today because we stopped a surge in Chinese tires. But we need to do more. It's not right when another country lets our movies, music, and software be pirated. It's not fair when foreign manufacturers have a leg up on ours only because they're heavily subsidized. Tonight, I'm announcing the creation of a Trade Enforcement Unit that will be charged with investigating unfair trading practices in countries like China. There will be more inspections to prevent counterfeit or unsafe goods from crossing our borders.

Training Skilled Workers

Business leaders who want to hire in the United States but can't find workers with the right skills. Growing industries in science and technology have twice as many openings as we have workers who can do the job. It's inexcusable. And we know how to fix it. Siemens opened a gas turbine factory in Charlotte, and formed a partnership with Central Piedmont Community College. The company helped the college design courses in laser and robotics training. It pays tuition, then hires those it help educate. Join me in a national commitment to train 2 million Americans with skills that will lead directly to a job. Model partnerships between businesses like Siemens and community colleges are up and running. Now you need to give more community colleges the resources they need to become community career centers.

Education

To prepare for the jobs of tomorrow, our commitment to skills and education has to start earlier. We've convinced nearly every state in the country to raise their standards for teaching and learning -- the first time that's happened in a generation. At a time when other countries are doubling down on education, tight budgets have forced states to lay off thousands of teachers.

Teachers matter. Give them the resources to keep good teachers on the job, and reward the best ones. Grant schools flexibility: to teach with creativity and passion; to stop teaching to the test; and to replace teachers who just aren't helping kids learn. When students are not allowed to drop out, they do better. So tonight, I am proposing that every state requires that all students stay in high school until they graduate or turn 18.

Affordable Higher Education

At a time when Americans owe more in tuition debt than credit card debt, this Congress needs to stop the interest rates on student loans from doubling in July.

Extend the tuition tax credit we started that saves millions of middle-class families thousands of dollars, and give more young people the chance to earn their way through college by doubling the number of work-study jobs in the next five years. Colleges and universities have to do their part by working to keep costs down. Some schools redesign courses to help students finish more quickly. Some use better technology. The point is, it's possible. So let me put colleges and universities on notice: If you can't stop tuition from going up, the funding you get from taxpayers will go down.

Let's also remember that hundreds of thousands of talented, hardworking students in this country aren't yet American citizens. Many were brought here as small children, are American through and through, yet they live every day with the threat of deportation. Others came more recently, to study business and science and engineering, but as soon as they get their degree, we send them home to invent new products and create new jobs somewhere else.

I believe as strongly as ever that we should take on illegal immigration. That's why my administration has put more boots on the border than ever before. That's why there are fewer illegal crossings than when I took office. We should be working on comprehensive immigration reform right now. Let's at least agree to stop expelling responsible young people who want to staff our labs, start new businesses, defend this country. Send

me a law that gives them the chance to earn their citizenship.

Supporting Innovation

Women should earn equal pay for equal work. Expand tax relief to small businesses that are raising wages and creating good jobs. Innovation also demands basic research. Today, the discoveries taking place in our federally financed labs and universities (is) the same kind of research and innovation that led to the computer chip and the Internet; to new American jobs and new American industries.

Oil and Natural Gas

And nowhere is the promise of innovation greater than in American-made energy. Over the last three years, we've opened millions of new acres for oil and gas exploration, and tonight, I'm directing my administration to open more than 75 percent of our potential offshore oil and gas resources.

Right now American oil production is the highest that it's been in eight years; last year, we relied less on foreign oil than in any of the past 16 years. But with only 2 percent of the world's oil reserves, oil isn't enough. We have a supply of natural gas that can last America nearly 100 years. The development of natural gas will create jobs and power trucks and factories that are cleaner and cheaper. And by the way, it was public research dollars, over the course of 30 years, that helped develop the technologies to extract all this natural gas out of shale rock — reminding us that government support is critical in helping businesses get new energy ideas off the ground.

Clean Energy

Now, what's true for natural gas is just as true for clean energy. In three years, our partnership with the private sector has already positioned America to be the world's leading manufacturer of high-tech batteries. Because of federal investments, renewable energy use has nearly doubled, and thousands of Americans have jobs because of it.

Our experience with shale gas, our experience with natural gas, shows us that the payoffs on these public investments don't always come right away. Some technologies don't pan out; some companies fail. But I will not cede the wind or solar or battery industry to China or Germany because we refuse to make the same commitment here. We've subsidized oil companies for a century. It's time to end the taxpayer giveaways to an industry that rarely has been more profitable, and double-down on a clean energy industry that never has been more promising. We can also spur energy innovation with new incentives. I'm directing my administration to allow the development of clean energy on enough public land to power 3 million homes. The Department of Defense, working with us, the world's largest consumer of energy, will make one of the largest commitments to clean energy in history — with the Navy purchasing enough capacity to power a quarter of a million homes a year.

Of course, the easiest way to save money is to waste less energy. Help manufacturers eliminate energy waste in their factories and give businesses incentives to upgrade their buildings. Their energy bills will be \$100 billion lower over the next decade, and America will have less pollution, more manufacturing, more jobs for construction workers who need them.

Infrastructure Projects

Building this new energy future should be just one part of a broader agenda to repair America's infrastructure. We've got crumbling roads and bridges; a power grid that wastes too much energy; an incomplete high-speed broadband network.

I will clear away the red tape that slows down construction projects. But you need to fund these projects. Take the money we're no longer spending at war, use half of it to pay down our debt, and use the rest to do some nation-building right here at home.

Housing Market and Mortgages

I'm sending this Congress a plan that gives every responsible homeowner the chance to save about \$3,000 a year on their mortgage, by refinancing at historically low rates. No more red tape. No more runaround

from the banks. A small fee on the largest financial institutions will ensure that it won't add to the deficit. We've all paid the price for lenders who sold mortgages to people who couldn't afford them, and buyers who knew they couldn't afford them. That's why we need smart regulations to prevent irresponsible behavior.

Corporate and Financial Regulation

Rules to prevent financial fraud or toxic dumping or faulty medical devices -- these don't destroy the free market. They make the free market work better. There's no question that some regulations are outdated, unnecessary, or too costly. In fact, I've approved fewer regulations in the first three years of my presidency than my Republican predecessor did in his.

I've ordered every federal agency to eliminate rules that don't make sense. We've already announced over 500 reforms, and just a fraction of them will save business and citizens more than \$10 billion over the next five years. But I will not back down from making sure an oil company can contain the kind of oil spill we saw in the Gulf two years ago. I will not back down from protecting our kids from mercury poisoning, or making sure that our food is safe and our water is clean. I will not go back to the days when health insurance companies had unchecked power to cancel your policy, deny your coverage, or charge women differently than men.

The new rules we passed restore what should be any financial system's core purpose: Getting funding to entrepreneurs with the best ideas, and getting loans to responsible families who want to buy a home, or start a business, or send their kids to college. So if you are a big bank or financial institution, you're no longer allowed to make risky bets with your customers' deposits. You're required to write out a "living will" that details exactly how you'll pay the bills if you fail.

And if you're a mortgage lender or a payday lender or a credit card company, the days of signing people up for products they can't afford with confusing forms and deceptive practices -- those days are over. Today, American consumers finally have Richard Cordray to look out for them.

We'll also establish a Financial Crimes Unit of highly trained investigators to crack down on large-scale fraud and protect people's investments. Some financial firms violate major anti-fraud laws because there's no real penalty for being a repeat offender. That's bad for consumers, and it's bad for the vast majority of bankers and financial service professionals who do the right thing. And tonight, I'm asking my Attorney General to create a special unit of federal prosecutors and leading state attorney general to expand our investigations into the abusive lending and packaging of risky mortgages that led to the housing crisis. This new unit will hold accountable those who broke the law, speed assistance to homeowners, and help turn the page on an era of recklessness that hurt so many Americans.

Taxes and "The Buffett Rule"

Right now, our most immediate priority is stopping a tax hike on 160 million working Americans while the recovery is still fragile. Pass the payroll tax cut without delay.

When it comes to the deficit, we've already agreed to more than \$2 trillion in cuts and savings. But we need to do more. Right now, we're poised to spend nearly \$1 trillion more on what was supposed to be a temporary tax break for the wealthiest 2 percent of Americans. Right now, because of loopholes and shelters in the tax code, a quarter of all millionaires pay lower tax rates than millions of middle-class households. Do we want to keep these tax cuts for the wealthiest Americans? Or do we want to keep our investments in everything else -- like education and medical research; a strong military and care for our veterans? Because if we're serious about paying down our debt, we can't do both.

The American people know what the right choice is. So do I. As I told the Speaker this summer, I'm prepared to make more reforms that rein in the long-term costs of Medicare and Medicaid, and strengthen Social Security, so long as those programs remain a guarantee of security for seniors. But in return, we need to change our tax code so that people like me, and an awful lot of members of Congress, pay our fair share of taxes.

Tax reform should follow the Buffett Rule. If you make more than \$1 million a year, you should not pay less than 30 percent in taxes. And my Republican friend Tom Coburn is right: Washington should stop subsidizing millionaires. In fact, if you're earning a million dollars a year, you shouldn't get special tax subsidies or deductions. On the other hand, if you make under \$250,000 a year, like 98 percent of American

families, your taxes shouldn't go up.

Money in Politics

Americans are thinking nothing will get done in Washington this year, or next year, or maybe even the year after that, because Washington is broken. Some of this has to do with the corrosive influence of money in politics. So together, let's take some steps to fix that. Send me a bill that bans insider trading by members of Congress. Let's limit any elected official from owning stocks in industries they impact. Let's make sure people who bundle campaign contributions for Congress can't lobby Congress, and vice versa -- an idea that has bipartisan support, at least outside of Washington.

Bipartisanship

Some of what's broken has to do with the way Congress does its business these days. A simple majority is no longer enough to get anything -- even routine business -- passed through the Senate.

I ask the Senate to pass a simple rule that all judicial and public service nominations receive a simple up or down vote within 90 days. The executive branch also needs to change. That's why I've asked this Congress to grant me the authority to consolidate the federal bureaucracy.

Finally, none of this can happen unless we also lower the temperature in this town. We need to end the notion that the two parties must be locked in a perpetual campaign of mutual destruction. I'm a Democrat. But I believe what Republican Abraham Lincoln believed: That government should do for people only what they cannot do better by themselves, and no more.

The Middle East

As the tide of war recedes, a wave of change has washed across the Middle East and North Africa. How this incredible transformation will end remains uncertain. But we have a huge stake in the outcome. And while it's ultimately up to the people of the region to decide their fate, we will stand for the rights and dignity of all human beings -- men and women; Christians, Muslims and Jews. We will support policies that lead to strong and stable democracies and open markets.

Iran

Through the power of our diplomacy, a world that was once divided about how to deal with Iran's nuclear program now stands as one. The regime is more isolated than ever before; America is determined to prevent Iran from getting a nuclear weapon, and I will take no options off the table to achieve that goal.

Global Influence

The renewal of American leadership can be felt across the globe. Our oldest alliances in Europe and Asia are stronger than ever. Our ties to the Americas are deeper. Our ironclad commitment to Israel's security has meant the closest military cooperation between our two countries in history. We've made it clear that America is a Pacific power, and a new beginning in Burma has lit a new hope. From the coalitions we've built to secure nuclear materials, to the missions we've led against hunger and disease; from the blows we've dealt to our enemies, to the enduring power of our moral example, America is back. Anyone who tells you that America is in decline or that our influence has waned, doesn't know what they're talking about.

That's not the message we get from leaders around the world who are eager to work with us. That's not how people feel from Tokyo to Berlin, from Cape Town to Rio, where opinions of America are higher than they've been in years. Yes, the world is changing. No, we can't control every event. But America remains the one indispensable nation in world affairs -- and as long as I'm President, I intend to keep it that way.

Military Spending

That's why, working with our military leaders, I've proposed a new defense strategy that ensures we maintain the finest military in the world, while saving nearly half a trillion dollars in our budget. Yet we've increased annual VA spending every year I've been President. With the bipartisan support of this Congress, we're providing new tax credits to companies that hire vets. I'm proposing a Veterans Jobs Corps that will help our

communities hire veterans as cops and firefighters, so that America is as strong as those who defend her.

Appeal to Unity

Those of us who've been sent here to serve can learn a thing or two from the service of our troops. When you're in the thick of the fight, you rise or fall as one unit, serving one nation, leaving no one behind. So it is with America. Each time I look at that flag, I'm reminded that our destiny is stitched together like those 50 stars and those 13 stripes. No one built this country on their own. This nation is great because we built it together. This nation is great because we worked as a team. As long as we are joined in common purpose, as long as we maintain our common resolve, our journey moves forward, and our future is hopeful, and the state of our Union will always be strong.

Read the entire speech at <http://www.whitehouse.gov/the-press-office/2012/01/24/remarks-president-state-union-address>