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REMARKS BY THE PRESIDENT
AT BUSINESS ROUNDTABLE

Business Roundtable Headquarters
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10:46 A.M. EDT

THE PRESIDENT: Thank you, everybody. (Applause.) Well, Jim, thank you for the introduction. Thanks to Dave and Andrew and John -- all the men and women of the Business Roundtable. I've had a chance to not only present before this body before, but many of you have been doing wonderful work with the administration on a whole range of issues. And the point that Jim just made about the commitment that some of the companies here made in hiring and promoting our returning veterans is extraordinary. And so we're very, very grateful for that.

Last time I was here in December I told Jim -- once the mics were working -- (laughter) -- that I'm hugely invested in your success, because this room represents not only an enormous amount of economic output, but also represents the hopes and dreams of people who are working very hard trying to make a living -- small businesses who are supplying large companies like yours. When you succeed, when you're doing well, when you're competitive at a global scale, then America can do well also. And so we want to be a consistent partner with you on a whole range of issues, and we have.

If you think about where we were five years ago -- obviously we're marking the fifth anniversary of the collapse of Lehman that triggered the worst financial crisis and then, ultimately, worst economic crisis that we've seen in our lifetimes -- I think it's fair to say that we've come a long way.

At that point, the auto industry was flat-lining. You had the entire financial sector locked up. A number of banks were in deep trouble. And most acutely for ordinary families all across this country, they were losing jobs, losing homes, losing their life savings. And there was a genuine fear across the board that we might not be able to pull out way out of it.

And we have. Thanks to the grit and resilience of the American people, thanks to some outstanding work that's been done by many of your companies, we are in a much stronger position now than when we were then. And we've created now 7.5 million new jobs in the private

sector. Many of your companies have added to your payrolls. And that's made a huge difference.

We've seen quarters of consecutive growth that are still too slow, not as fast as we'd like, but relative to other developed countries around the world, we've actually fared a lot better. The housing market has begun to recover. Exports are at record highs. We are producing more energy than we ever have before. And although in a world energy market, for us to say that we're entirely energy independent is a little bit of a misnomer. What's absolutely true is, is that the geopolitics of energy have shifted, and that's strengthened our manufacturing base here and made it a much more attractive place for us to invest.

The deficits have been coming down at the fastest rate since World War II. The deficit has been cut in half since I came into office. Health care costs, which were and continue to be a major source of concern, are increasing at the slowest rate in 50 years. And for many of you in terms of your bottom lines, employer-based health care plans have gone up at about a third of what they were going up when I first took office.

And so there's a lot of bright spots in the economy, a lot of progress has been made and a lot of good news to report. But I think what we all recognize is we're not where we need to be yet. We've still got a lot of work to do. And we know what it is that we need to do. We know that if we implement immigration reform, that that can add potentially a trillion dollars to our economy and that we will continue to attract the best and brightest talent around the world.

We know that we can do even more when it comes to exports, which is why I'm out there negotiating the Trans-Pacific Partnership and now a Transatlantic Trade Partnership that will allow us to create a high standard, enforceable, meaningful trade agreement with essentially two-thirds of the world markets, which is going to be incredibly powerful for American companies who, up until this point, have often been locked out of those markets.

We know that we've still got to make a lot of progress when it comes to our education system. And I want to thank the BRT because you've worked with us on issues like creating a common cause -- a common core that ensures that every young person in America has the opportunity to get prepared for the kinds of jobs that are going to exist in the 21st century. And I'm going to be talking to all of you a lot to work with us in making college much more affordable, because just as we've had to take a hard look at what we can do to start bringing down health care costs, we've also got to start taking a hard look at what we're going to do to bring down college costs. We

now have over a trillion dollars' worth of student loan debt that is hampering the economy, preventing young people from buying homes, starting families, and spending money buying your products.

The good news is that every one of the challenges that we confront, every one of the barriers -- whether it's education, immigration, infrastructure -- that prevent us from being as competitive as we could be, they're all solvable. We have good ideas. There's actually pretty good consensus in terms of how we might move forward. The problem is right now that this town, Washington, is locked up. And we are not seeing the kind of progress that we should on these issues.

So immigration is the most obvious example. We have bipartisan agreement; we got a bill passed out of the Senate. It's sitting there in the House, and if Speaker Boehner called that bill today, it would pass. We've got a majority of the House of Representatives that's prepared to vote for it, and we could transform our immigration system in a way that would be really good for your companies and really good for our economy.

The reason it's not happening is because there's a small faction that insists that our tradition as a nation of laws but also a nation of immigrants somehow is un-American and they oppose it. And that duplicates itself on a whole range of these issues. And now, in the next several weeks, it's going to manifest itself in what is going to be probably the most critical debate about our economy over the next several months, and that is what we do about our budget. So let me just speak very briefly to that issue.

As I said before, our deficits are coming down very fast. In fact, the IMF and other international organizations that had cautioned us previously about our deficits are actually now concerned that we're bringing our deficits down too fast. That's the assessment of the economists. On the current trajectory that we're on and if we were to pass the budget that I put forward, our deficits would continue to go down. And we would have a deficit-to-GDP ratio below 3 percent, which is typically the standard at which it's sustainable.

Now, in order for us to do that we've got to do a couple of things. Number one, we've got to continue to be tightfisted when it comes to spending on things we don't need. We've got to continue to streamline government. We've got to continue to cut out waste. And there's waste to be had, and there are programs that don't work or used to work and are now obsolete and we should eliminate. And we've identified a whole range of programs that we want to eliminate and programs that we'd like to consolidate.

But what is also true is that if we're going to be honest about our debt and our deficits, our real problem is the long term, not the short term. We're not overspending on education. We're not overspending on research and development. We're not overspending on helping the disabled. Those things have all been flat for a long time or are coming down. Our challenge has to do with our long-term entitlement programs and mostly have to do with our health care costs.

So the fact that the Affordable Care Act has been put into place and that many of you are taking steps within your own companies, we're seeing health care costs come down. We're still going to have to do a little bit more, because the population is aging and demographics means that people are going to be using more health care costs and the government is going to have to grapple with that. That's a long term challenge.

The budget I put forward actually proposes some smart fixes on Medicare, some smart fixes on Medicaid, and creates a sustainable path where we continue to invest in the things we need to grow -- education, infrastructure, research and development -- deals with our long-term structural deficits that arise out of entitlements, and put us in a strong position for decades to come.

The problem we have right now is that, again, that same faction in Congress is no longer talking about debt and deficits when it comes to resolving the budget. Initially, this was an argument about how much we spend on discretionary spending, how much do we spend on defense -- you could sit down across the table, try to negotiate some numbers. That's no longer the argument. What we now have is a ideological fight that's been mounted in the House of Representatives that says, we're not going to pass a budget and we will threaten a government shutdown unless we repeal the Affordable Care Act.

We have not seen this in the past that a budget is contingent on us eliminating a program that was voted on, passed by both chambers of Congress, ruled constitutional by the Supreme Court, is two weeks from being fully implemented, and that helps 30 million people finally get health care coverage. We've never seen that become the issue around a budget battle. And so that's right now the primary roadblock to resolving the budget.

What's worse, that same faction has said, if we can't succeed in shutting the government down and leveraging that to eliminate the Affordable Care Act, we may be prepared to let the government default on our debt.

Now, this debt ceiling -- I just want to remind people in case you haven't been keeping up -- raising the debt ceiling, which has

been done over a hundred times, does not increase our debt; it does not somehow promote profligacy. All it does is it says you got to pay the bills that you've already racked up, Congress. It's a basic function of making sure that the full faith and credit of the United States is preserved.

And I've heard people say, well, in the past, there have been negotiations around raising the debt ceiling. It's always a tough vote because the average person thinks raising the debt ceiling must mean that we're running up our debt, so people don't like to vote on it, and, typically, there's some gamesmanship in terms of making the President's party shoulder the burden of raising the -- taking the vote. And then there's some political campaign later that smacks them around for saying, Joe Smith voted to raise the debt ceiling by \$2 trillion. And it sounds terrible and it's a fun talking point for politics, but it always gets done.

And if there is a budget package that includes the debt ceiling vote, it's not the debt ceiling that is driving the negotiations; it's just it's stuck into the budget negotiations, because if you're going to take a bunch of tough votes anyway, you might as well go ahead and stick that in there.

You have never seen in the history of the United States the debt ceiling or the threat of not raising the debt ceiling being used to extort a President or a governing party, and trying to force issues that have nothing to do with the budget and have nothing to do with the debt.

So here's where we are -- and I think this is the bottom line, and I want to make sure everybody is clear here. I have presented a budget that deals with -- continues to deal with our deficit effectively. I am prepared to work with Democrats and Republicans to deal with our long-term entitlement issues. And I am prepared to look at priorities that the Republicans think we should be promoting and priorities that they think we should be -- we shouldn't be promoting. So I'm happy to negotiate with them around the budget, just as I've done in the past.

What I will not do is to create a habit, a pattern, whereby the full faith and credit of the United States ends up being a bargaining chip to set policy. It's irresponsible. The last time we did this in 2011, we had negative growth at a time when the recovery was just trying to take off. And it would fundamentally change how American government functions.

And if you doubt that, just flip the script for a second and imagine a situation in which a Democratic Speaker said to a Republican President, I'm not going to increase the debt ceiling

unless you increase corporate taxes by 20 percent. And if you don't do it, we'll default on the debt and cause a worldwide financial crisis. Even though that Democratic Speaker didn't have the votes to force through that particular piece of legislation, they would simply say, we will blow the whole thing up unless you do what I want. That can't be a recipe for government.

And I have responsibilities at this point not just to the current generation but to future generations, and we're not going to set up a situation where the full faith and credit of the United States is put on the table every year or every year and a half, and we go through some sort of terrifying financial brinksmanship because of some ideological arguments that people are having about some particular issue of the day. We're not going to do that.

So the good news is that we can raise the debt ceiling tomorrow just by a simple vote in each chamber, and set that aside, and then we can have a serious argument about the budget. And there are significant differences still between Republicans and Democrats when it comes to the budget.

But it is going to be important for all of you I think over the next several weeks to understand what's at stake and to make sure that you are using your influence in whatever way you can to get back to what used to be called regular order around here -- doing things in a way that reflect the genuine, messy negotiations of democracy but do not promise apocalypse every three months. And I think this is the time for us to say once and for all we can't afford these kinds of plays.

I know the American people are tired of it. I'm tired of it, and I suspect you're tired of it, too, because it's pretty hard to plan your businesses when these kinds of things are looming at any given moment.

So, with that, let me stop and let me open it up for questions.

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11:05 A.M. EDT