

Remarks by the President at the Five-Year Anniversary of the Financial Crisis

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THE PRESIDENT: Good afternoon, everybody. Please have a seat. Before I begin, let me say a few words about the tragedy that's unfolding not far away from here at the Washington Navy Yard. That's part of why our event today was delayed.

I've been briefed by my team on the situation. We still don't know all the facts, but we do know that several people have been shot, and some have been killed. So we are confronting yet another mass shooting -- and today, it happened on a military installation in our nation's capital.

It's a shooting that targeted our military and civilian personnel. These are men and women who were going to work, doing their job, protecting all of us. They're patriots, and they know the dangers of serving abroad -- but today, they faced unimaginable violence that they wouldn't have expected here at home.

So we offer our gratitude to the Navy and local law enforcement, federal authorities, and the doctors who've responded with skill and bravery. I've made it clear to my team that I want the investigation to be seamless, so that federal and local authorities are working together. And as this investigation moves forward, we will do everything in our power to make sure whoever carried out this cowardly act is held responsible.

In the meantime, we send our thoughts and prayers to all at the Navy Yard who've been touched by this tragedy. We thank them for their service. We stand with the families of those who've been harmed. They're going to need our love and support. And as we learn more about the courageous Americans who died today -- their lives, their families, their patriotism -- we will honor their service to the nation they helped to make great. And obviously, we're going to be investigating thoroughly what happened, as we do so many of these shootings, sadly, that have happened, and do everything that we can to try to prevent them.

Now, in recent weeks, much of our attention has been focused on the events in Syria -- the horrible use of chemical weapons on innocent people, including children, the need for a firm response from the international community. And over the weekend, we took an important step in that direction towards moving Syria's chemical weapons under international control so that they can be destroyed. And we're not there yet, but if properly implemented, this agreement could end the threat these weapons pose not only to the Syrian people but to the world.

I want to be clear, though, that even as we've dealt with the situation in Syria, we've continued to focus on my number-one priority since the day I took office -- making sure we recover from the worst economic crisis of our lifetimes and rebuilding our economy so it works for everybody who is willing to work hard; so that everybody who is willing to take responsibility for their lives has a chance to get ahead.

It was five years ago this week that the financial crisis rocked Wall Street and sent an economy already into recession into a tailspin. And it's hard sometimes to remember everything that happened during those months, but in a matter of a frightening few days and weeks, some of the largest investment banks in the world failed; stock markets plunged; banks stopped lending to families and small businesses. Our auto industry -- the heartbeat of American manufacturing -- was flat-lining.

By the time I took the oath of office, the economy was shrinking by an annual rate of more than 8 percent. Our businesses were shedding 800,000 jobs each month. It was a perfect storm that would rob millions of Americans of jobs and homes and savings that they had worked a lifetime to build. And it also laid bare the long erosion of a middle class that, for more than a decade, has had to work harder and harder just to keep up.

In fact, most Americans who've known economic hardship these past several years, they don't think about the collapse of Lehman Brothers when they think about the recession. Instead, they recall the day they got the gut punch of a pink slip. Or the day a bank took away their home. The day they got sick but didn't have health insurance. Or the day they had to sit their daughter or son down and tell him or her that they couldn't afford to send their child back to college the next semester.

And so those are the stories that guided everything we've done. It's what in those earliest days of the crisis caused us to act so quickly through the Recovery Act to arrest the downward spiral and put a floor under the fall. We put people to work repairing roads and bridges, to keep teachers in our classrooms, our first responders on the streets. We helped responsible homeowners modify their mortgages so that more of them could keep their homes. We helped jumpstart the flow of credit to help more small businesses keep their doors open. We saved the American auto industry.

And as we worked to stabilize the economy and get it growing and creating jobs again, we also started pushing back against the trends that have been battering the middle class for decades. So we took on a broken health care system. We invested in new American technologies to end our addiction to foreign oil. We put in place tough new rules on big banks -- rules that we need to finalize before the end of the year, by the way, to make sure

that the job is done -- and we put in new protections that cracked down on the worst practices of mortgage lenders and credit card companies. We also changed a tax code that was too skewed in favor of the wealthiest Americans. We locked in tax cuts for 98 percent of Americans. We asked those at the top to pay a little bit more.

So if you add it all up, over the last three and a half years, our businesses have added 7.5 million new jobs. The unemployment rate has come down. Our housing market is healing. Our financial system is safer. We sell more goods made in America to the rest of the world than ever before. We generate more renewable energy than ever before. We produce more natural gas than anybody.

Health care costs are growing at the slowest rate in 50 years -- and just two weeks from now, millions of Americans who've been locked out of buying health insurance just because they had a preexisting condition, just because they had been sick or they couldn't afford it, they're finally going to have a chance to buy quality, affordable health care on the private marketplace.

And what all this means is we've cleared away the rubble from the financial crisis and we've begun to lay a new foundation for economic growth and prosperity.

And in our personal lives, I think a lot of us understand that people have tightened their belts, shed debt, refocused on the things that really matter. All of this happened because ultimately of the resilience and the grit of the American people. And we should be proud of that. And on this five-year anniversary we should take note of how far we've come from where we were five years ago.

But that's not the end of the story. As any middle-class family will tell you, or anybody who's striving to get into the middle class, we are not yet where we need to be. And that's what we've got to focus on -- all the remaining work that needs to be done to strengthen this economy.

We need to grow faster. We need more good-paying jobs. We need more broad-based prosperity. We need more ladders of opportunity for people who are currently poor but want to get into the middle class. Because even though our businesses are creating new jobs and have broken record profits, the top 1 percent of Americans took home 20 percent of the nation's income last year, while the average worker isn't seeing a raise at all. In fact, that understates the problem. Most of the gains have gone to the top one-tenth of 1 percent.

So, in many ways, the trends that have taken hold over the past few decades -- of a winner-take-all economy where a few do better and better and better while everybody else just treads water or loses ground -- those trends have been made worse by the recession.

That's what we should be focused on. That's what I'm focused on. That's what I know the Americans standing beside me as well as all of you out there are focused on. And as Congress begins another budget debate, that's what Congress should be focused on. How do we grow the economy faster; how do we create better jobs; how do we increase wages and incomes; how do we increase opportunity for those who have been locked out of

opportunity; how do we create better retirement security -- that's what we should be focused on, because the stakes for our middle class and everybody who's fighting to get into the middle class could not be higher.

In today's hypercompetitive world, we have to make the investments necessary to attract good jobs that pay good wages and offer high standards of living. And although ultimately our success will depend on all the innovation and hard work of our private sector, all that grit and resilience of the American people, government is going to have a critical role in making sure we have an education system that prepares our children and our workers for a global economy.

The budget Congress passes will determine whether we can hire more workers to upgrade our transportation and communications networks, or fund the kinds of research and development that have always kept America on the cutting edge. So what happens here in Washington makes a difference. What happens up on Capitol Hill is going to help determine not only the pace of our growth, but also the quality of jobs, the quality of opportunity for this generation and future generations.

The problem is at the moment, Republicans in Congress don't seem to be focused on how to grow the economy and build the middle class. I say "at the moment" because I'm still hoping that a light bulb goes off here. (Laughter.)

So far, their budget ideas revolve primarily around even deeper cuts to education, even deeper cuts that would gut America's scientific research and development, even deeper cuts to America's infrastructure investment -- our roads, our bridges, our schools, our energy grid. These aren't the policies that would grow the economy faster. They're not the policies that would help grow the middle class. In fact, they'd do the opposite.

Up until now, Republicans have argued that these cuts are necessary in the name of fiscal responsibility. But our deficits are now falling at the fastest rate since the end of World War II. I want to repeat that. Our deficits are going down faster than any time since before I was born. (Applause.) By the end of this year, we will have cut our deficits by more than half since I took office.

That doesn't mean that we don't still have some long-term fiscal challenges -- primarily because the population is getting older and they're using more health care services. And so we've still got some changes that we've got to make and there's not a government agency or program out there that still can't be streamlined, become more customer-friendly, more efficient. So I do believe we should cut out programs that we don't need. We need to fix ones that aren't working the way they're supposed to or have outlived their initial mission. We've got to make government faster and more efficient.

But that's not what is being proposed by the Republican budgets. Instead of making necessary changes with a scalpel, so far at least, Republicans have chosen to leave in place the so-called sequester cuts that have cost jobs, harmed growth, are hurting our military readiness. And top independent economists say this has been a big drag on our recovery

this year. Our economy is not growing as fast as it should and we're not creating as many jobs as we should, because the sequester is in place. That's not my opinion. That's the opinion of independent economists.

The sequester makes it harder to do what's required to boost wages for American workers, because the economy is still slack. So if Republicans want the economy to grow faster, create more jobs faster, they should want to get rid of it. It's irresponsible to keep it in place.

And if Congress is serious about wanting to grow the economy faster and creating jobs faster, the first order of business must be to pass a sensible budget that replaces the sequester with a balanced plan that is both fiscally sound and funds the investments like education and basic research and infrastructure that we need to grow. This is not asking too much.

Congress's most fundamental job is passing a budget. And Congress needs to get it done without triggering another crisis, without shutting down our government, or worse -- threatening not to pay this country's bills. After all the progress that we've made over these last four and a half years, the idea of reversing that progress because of an unwillingness to compromise or because of some ideological agenda is the height of irresponsibility. It's not what the American people need right now.

These folks standing behind me, these are people who are small business owners, people who almost lost their home, young people trying to get a college education, and all of them went through some real tough times during the recession. And in part because of the steps we took, and primarily because of their courage and determination and hard work, they're in a better place now.

But the last thing they're looking for is for us to go back to the same kind of crisis situations that we've had in the past. And the single most important thing we can do to prevent that is for Congress to pass a budget, without drama, that puts us on a sound path for growth, jobs, better wages, better incomes.

Now, look, it's never been easy to get 535 people here in Washington to agree on anything. And budget battles and debates, those are as old as the Republic. It's even harder when you have divided government. And right now you've got Republicans controlling the House of Representatives, Democrats controlling the Senate, Democrat in the White House. So this is always going to be tough.

Having said that, I cannot remember a time when one faction of one party promises economic chaos if it can't get 100 percent of what it wants. That's never happened before. But that's what's happening right now.

You have some Republicans in the House of Representatives who are promising to shut down the government at the end of this month if they can't shut down the Affordable Care Act. And if that scheme doesn't work, some have suggested they won't pay the very bills that Congress has already run up, which would cause America to default on its debt for

the first time in our history and would create massive economic turmoil. Interest rates on ordinary people would shoot up. Those kinds of actions are the kinds of actions that we don't need.

The last time the same crew threatened this course of action back in 2011 even the mere suggestion of default slowed our economic growth. Everybody here remembers that. It wasn't that long ago.

Now, keep in mind, initially, the whole argument was we're going to do this because we want to reduce our debt. That doesn't seem to be the focus now. Now the focus is on Obamacare. So let's put this in perspective. The Affordable Care Act has been the law for three and a half years now. It passed both houses of Congress. The Supreme Court ruled it constitutional. It was an issue in last year's election and the candidate who called for repeal lost. (Applause.) Republicans in the House have tried to repeal or sabotage it about 40 times. They've failed every time.

Meanwhile, the law has already helped millions of Americans -- young people who were able to stay on their parents' plan up until the age of 26; seniors who are getting additional discounts on their prescription drugs; ordinary families and small businesses that are getting rebates from insurance companies because now insurance companies have to actually spend money on people's care instead of on administrative costs and CEO bonuses.

A lot of the horror stories that were predicted about how this was going to shoot rates way up and there were going to be death panels and all that stuff -- none of that stuff has happened. And in two weeks, the Affordable Care Act is going to help millions more people. And there's no serious evidence that the law -- which has helped to keep down the rise in health care costs to their lowest level in 50 years -- is holding back economic growth.

So repealing the Affordable Care Act, making sure that 30 million people don't get health insurance, and people with preexisting conditions continue to be locked out of the health insurance market -- that's not an agenda for economic growth. You're not going to meet an economist who says that that's the number-one priority in terms of boosting growth and jobs in this country -- at least not a serious economist.

And I understand I will never convince some Republicans about the merits of Obamacare. I understand that. And I'm more than willing to work with them where they've got specific suggestions that they can show will make our health care system work better. Remember, initially this was like repeal-and-replace, and the replace thing has kind of gone off to the wayside. Now it's just repeal.

But the larger point is, after all that we've been through these past five years, after all the work Americans like those standing behind me have done to come back from the depths of a crisis, are some of these folks really so beholden to one extreme wing of their party that they're willing to tank the entire economy just because they can't get their way on this issue? Are they really willing to hurt people just to score political points? I hope not.

But in case there's any confusion, I will not negotiate over whether or not America keeps its word and meets its obligations. I will not negotiate over the full faith and credit of the United States. This country has worked too hard for too long to dig out of a crisis just to see their elected representatives here in Washington purposely cause another crisis.

Let's stop the threats. Let's stop the political posturing. Let's keep our government open. Let's pay our bills on time. Let's pass a budget. Let's work together to do what the American people sent us here to do: create jobs, grow our economy, expand opportunity. That's what we need to do. (Applause.)

And as far as the budget goes, it's time for responsible Republicans who share these goals -- and there are a number of folks out there who I think are decent folks, I've got some disagreements with them on some issues, but I think genuinely want to see the economy grow and want what's best for the American people -- it's time for those Republicans to step up and they've got to decide what they want to prioritize.

Originally, they said they wanted deficit reduction. As I said before, our deficits are falling fast. The only way to make further long-term progress on deficit reduction that doesn't slow growth is with a balanced plan that includes closing tax loopholes that benefit corporations and the wealthiest Americans at the expense of the middle class. (Applause.) That's the only way to do it.

They said that they wanted entitlement reform -- but their leaders haven't put forward serious ideas that wouldn't devastate Medicare or Social Security. And I've put forward ideas for sensible reforms to Medicare and Social Security and haven't gotten a lot of feedback yet.

They said that they wanted tax reform. Remember? This was just a few months ago -- they said, well, this is going to be one of our top priorities, tax reform. Six weeks ago, I put forward a plan that serious people in both parties should be able to support -- a deal that lowers the corporate tax rate for businesses and manufacturers, simplifies it for small business owners, as long as we use some of the money that we save to invest in the infrastructure our businesses need, and to create more good jobs and with good wages for the middle-class folks who work at those businesses. My position is, if folks in this town want a "grand bargain," how about a grand bargain for middle-class jobs? So I put forward ideas for tax reform -- haven't heard back from them yet.

Congress has a couple of weeks to get this done. If they're focused on what the American people care about -- faster growth, more jobs, better future for our kids -- then I'm confident it will happen. And once we're done with the budget, let's focus on the other things that we know can make a difference for middle-class families -- lowering the cost of college; finishing the job of immigration reform; taking up the work of tax reform to make the system fairer and promoting more investment in the United States.

If we follow the strategy I'm laying out for our entire economy -- and if Washington will just act with the same urgency and common purpose that we felt five years ago -- our economy will be stronger a year from now, five years from now, a decade from now.

That's my priority. All these folks standing behind me, and everybody out there who's listening -- that's my priority. I've run my last election. My only interest at this point is making sure that the economy is moving the way it needs to so that we've got the kind of broad-based growth that has always been the hallmark of this country.

And as long as I've got the privilege of serving as your President, I will spend every moment of every day I have left fighting to restore security and opportunity for the middle class, and to give everyone who works hard a chance to get ahead.

Thank you, everybody. God bless you. God bless America. (Applause.)

END

12:59 P.M. EDT