

Remarks at the Fiscal Responsibility Summit
February 23, 2009

Thank you everybody. Please have a seat. Thank you very much. Thank you to Mark and Bob and to Peter. It is wonderful to see the Speaker here. And we've got our representatives; I don't see Harry here, but we've got Dick Durbin in his stead. Mitch, thank you for being here; John Boehner, to all the congressional leadership, thank you.

My administration came into office 1 month ago in the depths of an economic crisis unlike any that we've seen in generations. And we recognized that we needed to act boldly, decisively, and quickly, and that's precisely what we did.

Within our first 30 days in office, we passed the most sweeping economic recovery package in history to create or save 3.5 million new jobs, provide relief to struggling families, and lay the foundation for long-term growth and prosperity. And I had an opportunity to talk to the Nation's Governors today, and both Republicans and Democrats have ideas about how they are going to use that money to make sure that people are put back to work and that we can stem some of the job loss that's taking place.

I also laid out my housing plan to break the cycle of falling home values and rising foreclosures that's devastated so many communities. And we put forth a financial stability plan to start shoring up our banks so we can free up credit and jumpstart lending and restore confidence in our financial system.

These are all extraordinary, but necessary, measures to address this economic emergency, and as has already been noted, they will come at a cost. This administration has inherited a \$1.3 trillion deficit—the largest in our Nation's history—and our investments to rescue our economy will add to that deficit in the short term. We also have long-term challenges—health care, energy, education, and others—that we can no longer afford to ignore.

But I want to be very clear, if the message was not effectively delivered by the three previous speakers: We cannot, and will not, sustain deficits like these without end. Contrary to the prevailing wisdom in Washington these past few years, we cannot simply spend as we please and defer the consequences to the next budget, the next administration, or the next generation.

We are paying the price for these deficits right now. In 2008 alone, we paid \$250 billion in interest on our debt, 1 in every 10 taxpayer dollars. That is more than three times what we spent on education that year, more than seven times what we spent on VA health care.

So if we confront this crisis without also confronting the deficits that helped cause it, we risk sinking into another crisis down the road as our interest payments rise, our obligations come due, confidence in our economy erodes, and our children and our grandchildren are unable to pursue their dreams because they're saddled with our debts.

And that's why today I'm pledging to cut the deficit we inherited by half by the end of my first term in office. Now, this will not be easy. It will require us to make difficult decisions and face challenges we've long neglected. But I refuse to leave our children with a debt that they cannot repay, and that means taking responsibility right now, in this administration, for getting our spending under control.

We'll start by being honest with ourselves about the magnitude of our deficits. For too long, our budget process in Washington has been an exercise in deception, a series of accounting tricks to hide the extent of our spending and the shortfalls in our revenue and hope that the American people won't notice: budgeting certain expenditures for just 1 year, when we know we'll incur them every year for 5 or 10; budgeting zero dollars for the Iraq war—zero—for future years, even when we knew the war would continue; budgeting no money for natural disasters, as if we would ever go 12 months without a single flood, fire, hurricane, or earthquake.

We do ourselves no favors by hiding the truth about what we spend. In order to address our fiscal crisis, we're going to have to be candid about its scope. And that's why the budget I will introduce later this week will look ahead 10 years and will include a full and honest accounting of the money we plan to spend and the deficits we will likely incur.

To start reducing these deficits, I've committed to going through our budget line by line to root out waste and inefficiency, a process that Peter and our administration, our team, has already begun. And I'll soon be instructing each member of my Cabinet to go through every item in their budgets as well. And already we've seen how much money we can save, just in the last 30 days.

Take one example: The Department of Agriculture has moved some of its training programs online, saving an estimated \$1.3 million a year. They're modernizing their financial management system, saving an estimated \$17.5 million. They're saving tens of thousands of dollars by cutting back on conferences and travel and other small expenses that add up over time.

So we will replicate these efforts throughout the Federal Government, eliminating programs that don't work to make room for ones that do and making the ones that we keep work better. We'll end the payments to agribusiness that don't need them and eliminate the no-bid contracts that have wasted billions in Iraq. We'll end the tax breaks for companies shipping jobs overseas, and we'll stop the fraud and abuse in our Medicare program.

And we will reinstate the pay-as-you-go rule that we followed during the 1990s, the rule that helped us start this new century with a \$236 billion surplus. In recent years, we've strayed from this rule, and the results speak for themselves. The pay-go approach is based on a very simple concept: You don't spend what you don't have. So if we want to spend, we'll need to find somewhere else to cut. This is the rule that families across this country follow every single day, and there's no reason why their Government shouldn't do the same.

Now, I want to be very clear: While we are making important progress towards fiscal responsibility this year in this budget, this is just the beginning. In the coming years, we'll be forced to make more tough choices and do much more to address our long-term challenges, from the rising cost of health care that Peter described, which is the single most pressing fiscal challenge we face by far, to the long-term solvency of Social Security.

In the end, however, if we want to rebuild our economy and restore discipline and honesty to our budget, we will need to change the way we do business here in Washington. We're not going to be able to fall back into the same old habits and make the same inexcusable mistakes: the repeated failure to act as our economy spiraled deeper into crisis; the casual dishonesty of hiding irresponsible spending with clever accounting tricks; the costly overruns, the fraud and abuse, the endless excuses. This is exactly what the American people rejected when they went to the polls.

They sent us here to usher in a new era of responsibility in Washington, to start living within our means again and being straight with them about where their tax dollars are going, and empowering them with the information they need to hold all of us, their representatives, accountable.

So that's why I have called this summit today and why I have invited leaders from both sides of the aisle, because we all have a role to play in this work. I believe it is time for a frank conversation about the fiscal challenges we face. They're challenges that concern every single one of us, no matter where we are on this political spectrum.

So today I want to—I hope that all of you will start talking with each other and exchanging ideas. I want you to question each other, challenge each other, question me and my team, challenge us, and work together not just to identify problems but to identify solutions.

And that's the purpose of the breakout sessions that are starting right now. I know that each of you bring a wealth of experience and expertise on a broad range of topics. I appreciate your willingness to participate in these sessions. I expect that this process will be engaging and productive, and I look forward to hearing the results when you report back later this afternoon.

So thank you very much, all of you, for participating.

NOTE: The President spoke at 1:03 p.m. in the East Room at the White House. In his remarks, he referred to Mark Zandi, chief economist and cofounder, Moody's Economy.com; Robert Greenstein, founder and executive director, Center on Budget and Policy Priorities; Peter R. Orszag, Director, Office of Management and Budget; Rep. Nancy Pelosi of California; Sen. Harry Reid of Nevada; Sen. Richard J. Durbin of Illinois; Sen. Mitch McConnell of Kentucky; and Rep. John A. Boehner of Ohio. The transcript released by the Office of the Press Secretary also included remarks by Vice President Joe Biden.

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