Obama: Let's 'Spend Our Way Out Of This Recession'

Philip Elliott, Associated Press Writer

WASHINGTON (AP) — President Barack Obama outlined new multibillion-dollar stimulus and jobs proposals Tuesday, saying the nation must continue to "spend our way out of this recession" until more Americans are back at work.

Without giving a price tag, Obama proposed a package of new spending for highway, bridge and other infrastructure projects, deeper tax breaks for small businesses and tax incentives to encourage people to make their homes more energy efficient.

"We avoided the depression many feared," Obama said in a speech at the Brookings Institution, a Washington think tank. But, he added, "Our work is far from done."

For the third time in a week, Obama sought to focus on job creation, noting that the unemployment rate was still at 10 percent in November, though down slightly from its 10.2 percent peak. He said "a staggering" 7 million Americans have lost jobs since the recession began two years ago.

While his proposal did not include the kind of direct federal public works jobs that were created in the 1930s, he said government could set the stage for more job creation by private businesses.

A major part of his package is new incentives for small businesses, which account for two-thirds of the nation's work force. He proposed a new tax cut for small businesses that hire in 2010 and an elimination for one year of the capital gains tax on profits from small-business investments.

Obama also proposed an elimination of fees on loans to small businesses, coupled with federal guarantees of those loans through the end of next year.

He called for more government spending on infrastructure projects such as roads, bridges and water projects and for new tax breaks for consumers who invest in energy-efficient retrofits in their homes. This could be what some administration officials have called a "Cash for Caulkers" program modeled on the now-expired Cash for Clunkers program of tax rebates for people who turned in old cars for more fuel-efficient models.

The administration also is eyeing ways to get money still not spent in the $787 billion stimulus bill passed last winter into projects more quickly.

Obama did not characterize his new proposals as another stimulus program like that mammoth measure, but Republican critics have called it just that and have said it

will increase a federal deficit that is already at a record level.

Obama included sharp criticism for Republicans in his speech, accusing them of opposing economic stimulus efforts and his health care overhaul while supporting tax cuts and spending that have ballooned the deficit.

He said that soon after taking office, he and congressional Democrats took "a series of difficult steps" to try to stabilize the financial system and pull the economy out of a deep recession.

"And we were forced to take those steps largely without the help of an opposition party which, unfortunately, after having presided over the decision-making that led to the crisis, decided to hand it to others to solve."

Obama did not say how much his proposals would cost, although congressional Democrats are eyeing a $70 billion package to help create jobs and to provide aid to hard-pressed state and local governments. Administration aides suggested that the part of the package dealing with roads, bridges and other infrastructure could total about $50 billion.

While acknowledging increasing concerns in Congress and among the public over the nation's growing debt, Obama said critics present a "false choice" between paying down deficits and investing in job creation and economic growth.

To pay for the new programs, the administration is citing the Treasury Department's report on Monday that it expects to get back $200 billion in taxpayer-approved bank bailout funds faster than expected.

Obama suggested this windfall would both help the government spend money on job creation while also paying down the nation's debt, which now totals $12 trillion.

Obama called the bank bailout, under the Troubled Asset Relief Program (TARP), "galling."

"There has rarely been a less loved — or more necessary — emergency program," Obama said. The program is expected to go out of business at the end of this year unless extended by Congress.

Since the program is costing taxpayers at least $200 billion less than expected, Obama said, "This gives us a chance to pay down the deficit faster than we thought possible and to shift funds that would have gone to help the banks on Wall Street to help create jobs on Main Street."

But Republicans continued to insist that the leftover and repaid TARP money must be used exclusively for deficit reduction and not for a new jobs program.

"The president's announcement is further proof that TARP has morphed from an emergency injection of liquidity to thaw frozen credit markets into a $700 billion revolving slush fund to promote the Democrats' political, social and economic

agenda," said Rep. Jeb Hensarling, R-Texas.

Obama said he is backing the measures he outlined because they "will generate the greatest number of jobs while generating the greatest value for our economy."

"These targeted initiatives are right, and they are needed," he said.

Source URL (retrieved on *07/28/2014 - 11:19am*):
http://www.impomag.com/news/2009/12/obama-lets-spend-our-way-out-recession?qt-most_popular=0