

Obama Addresses Growing Income Gap

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WASHINGTON (AP) — Declaring the American dream under siege, President Barack Obama delivered a populist challenge Tuesday night to shrink the gap between rich and poor, promising to tax the wealthy more and help jobless Americans get work and hang onto their homes. Seeking re-election and needing results, the president invited Republicans to join him but warned, "I intend to fight."

In an emphatic State of the Union address, Obama said ensuring a fair shot for all Americans is "the defining issue of our time." He said the economy is finally recovering from a deep and painful recession and he will fight any effort to return to policies that brought it low.

"We've come too far to turn back now," he declared.

Obama outlined a vastly different vision for fixing the country than the one pressed by the Republicans confronting him in Congress and fighting to take his job in the November election. He pleaded for an active government that ensures economic fairness for everyone, just as his opponents demand that the government back off and let the free market rule.

Obama offered steps to help students afford college, a plan for more struggling homeowners to refinance their homes and tax cuts for manufacturers. He threw in politically appealing references to accountability, including warning universities they will lose federal aid if they don't stop tuition from soaring.

Standing in front of a divided Congress, with bleak hope this election year for much of his legislative agenda, Obama spoke with voters in mind.

"We can either settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by," Obama said. "Or we can restore an economy where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same set of rules."

A rare wave of unity splashed over the House chamber at the start. Rep. Gabrielle Giffords, survivor of an assassination attempt one year ago, received sustained applause from her peers and cheers of "Gabby, Gabby, Gabby." She blew a kiss to the podium. Obama embraced her.

Lawmakers leapt to their feet when Obama said near the start of his speech that terrorist leader Osama bin Laden, killed by a raid authorized by the president, will no longer threaten America.

At the core of Obama's address was the improving but deeply wounded economy — the matter still driving Americans' anxiety and the one likely to determine the next

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

presidency.

"The state of our union is getting stronger," Obama said, calibrating his words as millions remain unemployed. Implicit in his declaration that the American dream is "within our reach" was the recognition that, after three years of an Obama presidency, the country is not there yet.

He spoke of restoring basic goals: owning a home, earning enough to raise a family, putting a little money away for retirement.

"We can do this," Obama said. "I know we can." He said Americans are convinced that "Washington is broken," but he also said it wasn't too late to cooperate on important matters.

Republicans were not impressed. They applauded infrequently, though they did cheer when the president quoted "Republican Abraham Lincoln" as saying: "That government should do for people only what they cannot do better by themselves — and no more."

Indiana Gov. Mitch Daniels, offering the formal GOP response, called Obama's policies "pro-poverty" and his tactics divisive.

"No feature of the Obama presidency has been sadder than its constant efforts to divide us, to curry favor with some Americans by castigating others," Daniels said after the president's address.

In a signature swipe at the nation's growing income gap, Obama called for a new minimum tax rate of at least 30 percent on anyone making over \$1 million. Many millionaires — including one of his chief rivals, Republican Mitt Romney — pay a rate less than that because they get most of their income from investments, which are taxed at a lower rate.

"Now you can call this class warfare all you want," Obama said, responding to a frequent criticism from the GOP presidential field. "But asking a billionaire to pay at least as much as his secretary in taxes? Most Americans would call that common sense."

Obama calls this the "Buffett rule," named for billionaire Warren Buffett, who has said it's unfair that his secretary pays a higher tax rate than he does. Emphasizing the point, Buffett's secretary, Debbie Bosanek, attended the address in first lady Michelle Obama's box.

Obama underlined every proposal with the idea that hard work and responsibility still count. He was targeting independent voters who helped seal his election in 2008 and the frustrated masses in a nation pessimistic about its course.

In a flag-waving defense of American power and influence abroad, Obama said the U.S. will safeguard its own security "against those who threaten our citizens, our friends and our interests." On Iran, he said that while all options are on the table to

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prevent Iran from acquiring a nuclear weapon — an implied threat to use military force — "a peaceful resolution of this issue is still possible."

With Congress almost universally held in low regard, Obama went after an easy target in calling for reforms to keep legislators from engaging in insider trading and holding them to the same conflict-of-interest standards as those that apply to the executive branch.

With the foreclosure crisis on ongoing sore spot despite a number of administration housing initiatives over the past three years, Obama proposed a new program to allow homeowners with privately held mortgages to refinance at lower interest rates. Administration officials offered few details but estimated savings at \$3,000 a year for average borrowers.

Obama proposed steps to crack down on fraud in the financial sector and mortgage industry, with a Financial Crimes Unit to monitor bankers and financial service professionals, and a separate special unit of federal prosecutors and state attorneys general to expand investigations into abusive lending that led to the housing crisis.

At a time of tight federal budgets and heavy national debt, Obama found a ready source of money to finance his ideas: He proposed to devote half of the money no longer being spent on the U.S. military in Iraq and Afghanistan to "do some nation-building right here at home," to help create more jobs and increase competitiveness. The other half, he said, would go to help pay down the national debt.

Obama also offered a defense of regulations that protect the American consumer — regulations often criticized by Republicans as job-killing obstacles.

"Millions of Americans who work hard and play by the rules every day deserve a government and a financial system that do the same," Obama said. "It's time to apply the same rules from top to bottom: No bailouts, no handouts and no cop-outs. An America built to last insists on responsibility from everybody."

Obama will follow up Tuesday night's address with a three-day tour of five states key to his re-election bid. On Wednesday he'll visit Iowa and Arizona to promote ideas to boost American manufacturing; on Thursday in Nevada and Colorado he'll discuss energy, and in Michigan on Friday he'll talk about college affordability, education and training.

Polling shows Americans are divided about Obama's overall job performance but unsatisfied with his handling of the economy.

The speech Tuesday night comes just one week before the Florida Republican primary that could help set the trajectory for the rest of the race.

Romney, caught up in a tight contest with a resurgent Newt Gingrich, commented in advance to Obama's speech.

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"Tonight will mark another chapter in the misguided policies of the last three years — and the failed leadership of one man," Romney said from Florida.

Source URL (retrieved on 08/22/2014 - 6:02am):

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