



Obama's State of the Union: More Bailouts and Spending

"It's time to apply the same rules from top to bottom: No bailouts, no handouts, and no copouts. An America built to last insists on responsibility from everybody," Obama declared in his January 24 [prime time speech](#) to a joint session of Congress. "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. 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."



Though Obama claimed he didn't want any more bailouts, he touted the supposed success of past federal government bailouts in the State of the Union address. "Today, General Motors is back on top as the world's number one auto maker," [Obama boasted](#) of the auto bailout [he worked to get adopted](#) back in early 2009. "We bet on American ingenuity, and tonight the American auto industry is back." Obama had also supported passage of the [TARP bailout bill](#) in October 2008 and the [American Recovery and Reinvestment Act](#) "Stimulus" bill in 2009, and in last year's State of the Union address he heavily promoted a [new stimulus bill](#) (though he didn't label it "stimulus").

Obama also proposed new spending — or entirely new programs — where government picks winners and losers in the marketplace. One example of the President's proposal was to continue government subsidy of so-called "clean energy" programs: "Government support is critical in helping businesses get new energy ideas off the ground." Obama has apparently learned nothing from the [\\$500 million Solyndra disaster](#).

Obama also [proposed](#) more government spending in the following additional areas:

- "Join me in a national commitment to train two million Americans with skills that will lead directly to a job."
- "Let's offer schools a deal. Give them the resources to keep good teachers on the job."
- "Give more young people the chance to earn their way through college by doubling the number of work-study jobs in the next five years."
- "It means we should support everyone who's willing to work; and every risk-taker and entrepreneur who aspires to become the next Steve Jobs."
- "Innovation also demands basic research. Today, the discoveries taking place in our federally financed labs and universities could lead to new treatments that kill cancer cells but leave healthy ones untouched. New lightweight vests for cops and soldiers that can stop any bullet. Don't gut these investments in our budget."
- "This new energy future should be just one part of a broader agenda to repair America's infrastructure.... During the Great Depression, America built the Hoover Dam and the Golden Gate Bridge. After World War II, we connected our States with a system of highways.... In the



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next few weeks, I will sign an Executive Order clearing away the red tape that slows down too many construction projects. But you need to fund these projects."

Obama also [noted](#) the unfairness of the high tax rate on the middle class as compared with the taxes on the investment income of the rich. Many middle-class taxpayers pay an income tax rate of more than 25 percent on their top income, in addition to as much as a 13.3 percent payroll tax for Social Security and Medicare. Meanwhile investment income is classified as "capital gains" and taxed at the rate of no more than 15 percent. But Obama's "solution" to the injustice is not to lower the high taxes against the middle class, but rather to raise the taxes on the rich to the outrageous rates of the middle class. "Tax reform should follow the Buffett rule," Obama said. "If you make more than \$1 million a year, you should not pay less than 30 percent in taxes."

"When Americans talk about folks like me paying my fair share of taxes, it's not because they envy the rich," [Obama said](#) of tax increases on the rich. "That's how we'll reduce our deficit."

Finally, Obama's State of the Union address also [issued](#) a clarion call for a trade war against China:

Tonight, I'm announcing the creation of a Trade Enforcement Unit that will be charged with investigating unfair trade practices in countries like China. There will be more inspections to prevent counterfeit or unsafe goods from crossing our borders. And this Congress should make sure that no foreign company has an advantage over American manufacturing when it comes to accessing finance or new markets like Russia.

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