

THE
DEMOCRATIC NATIONAL COMMITTEE

WEEKLY UPDATE

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This week, President Obama held a pair of press conferences during which he discussed the ongoing negotiations to raise the debt ceiling and reduce our deficit, which have taken place throughout the week. Also this week, President Obama awarded the Medal of Honor to Sergeant First Class Leroy Petry, whose actions during a deployment to Afghanistan in 2008 earned him the Medal of Honor. He is the second living Medal of Honor recipient from the wars in Iraq and Afghanistan.

Reducing our Deficit: On Friday, President Obama held a press conference during which he discussed the ongoing negotiations to raise the debt ceiling and reduce our deficit, which have taken place throughout the week. In his remarks, President Obama stressed the importance of reaching a deal, saying:

"All the congressional leaders have reiterated the desire to make sure that the United States does not default on our obligations, and that the full faith and credit of the United States is preserved. That is a good thing. I think we should not even be this close to a deadline on this issue; this should have been taken care of earlier. But it is encouraging that everybody believes that this is something that has to be addressed.

"And for the general public -- I've said this before but I just want to reiterate -- this is not some abstract issue. These are obligations that the United States has taken on in the past. Congress has run up the credit card, and we now have an obligation to pay our bills. If we do not, it could have a whole set of adverse consequences. We could end up with a situation, for example, where interest rates rise for everybody all throughout the country, effectively a tax increase on everybody, because suddenly whether you're using your credit or you're trying to get a loan for a car or a student loan, businesses that are trying to make payroll, all of them could end up being impacted as a consequence of a default.

"Now, what is important is that even as we raise the debt ceiling, we also solve the problem of underlying debt and deficits. I'm glad that congressional leaders don't want to default, but I think the American people expect more than that. They expect that we actually try to solve this problem, we get our fiscal house in order.

"So this is not just a Democratic understanding; this is an understanding that I think the American people hold that we should not be asking sacrifices from middle-class folks who are working hard every day, from the most vulnerable in our society -- we should not be asking them to make sacrifices if we're not asking the most fortunate in our society to make some sacrifices as well.

"So I am still pushing for us to achieve a big deal. But what I also said to the group is if we can't do the biggest deal possible, then let's still be ambitious; let's still try to at least get a down payment on deficit reduction. And that we can actually accomplish without huge changes in revenue or significant changes in entitlements, but we could still send a signal that we are serious about this problem."

Medal of Honor: On Tuesday, President Obama awarded the Medal of Honor to Sergeant First Class Leroy Petry, whose actions during a deployment to Afghanistan in 2008 earned him the Medal of Honor. He is the second living Medal of Honor recipient from the wars in Iraq and Afghanistan. In remarks during the award ceremony in the East Room of the White House, President Obama spoke about the heroism that Sergeant Petry demonstrated and the courage of Americans across the country:

"Our heroes are all around us. They're the force behind the force—military spouses like Ashley, who during Leroy's many deployments, during missed birthdays and holidays, has kept this family Army Strong. They're military children, like Brittany, Austin, Reagan and seven-year old Landon, who at the end of a long day is there to gently rub his dad's injured arm.

"Finally, the service of Leroy Petry speaks to the very essence of America — that spirit that says, no matter how hard the journey, no matter how steep the climb, we don't quit. We don't give up. Leroy lost a hand

and those wounds in his legs sometimes make it hard for him to stand. But he pushes on, and even joined his fellow Rangers for a grueling 20-mile march. He could have focused only on his own recovery, but today he helps care for other wounded warriors, inspiring them with his example. Given his wounds, he could have retired from the Army, with honor, but he chose to re-enlist -- indefinitely. And this past year he returned to Afghanistan -- his eighth deployment -- back with his Ranger brothers on another mission to keep our country safe.

"This is the stuff of which heroes are made. This is the strength, the devotion that makes our troops the pride of every American. And this is the reason that -- like a soldier named Leroy Petry -- America doesn't simply endure, we emerge from our trials stronger, more confident, with our eyes fixed on the future."

Holding Republicans Accountable

On Thursday, at a campaign stop in Derry, New Hampshire, Mitt Romney said he did not "want to make rich people richer" but rather get the economy going again. He must have forgotten his failed record as governor, ranking 47th out of 50 in job creation. And he is "on the same page" as the House Republican plan that gives more tax breaks to millionaires and billionaires while ending Medicare as we know it and cutting vital programs for middle class families. It's clear from his record that Mitt Romney's economic solutions won't help middle class families.

Under Mitt Romney, Massachusetts Ranked 47th In Job Creation. "The Republican contender was the governor of Massachusetts from January 2003 to January 2007. And during that time, according to the U.S. Labor Department, the state ranked 47th in the entire country in jobs growth. Fourth from last. The only ones that did worse? Ohio, Michigan and Louisiana. In other words, two rustbelt states and another that lost its biggest city to a hurricane. The Massachusetts jobs growth over that period, a pitiful 0.9%, badly lagged other high-skill, high-wage, knowledge economy states like New York (2.7%), California (4.7%) and North Carolina (7.6%). The national average: More than 5%." [Marketwatch, [2/23/10](#)]

Mitt Romney Said He Was "On The Same Page" As Paul Ryan's Budget That Ends Medicare As We Know It And Gives Huge Tax Cuts To Millionaires And Billionaires. Mitt Romney said he was "on the same page" with Paul Ryan's budget proposal that ends Medicare as we know it and gives more tax cuts to the wealthy while cutting vital programs for middle class families. [Boston Globe, [4/15/11](#)]

On Wednesday, the Republican National Committee released a new ad running in four states attacking President Obama on the economy. In response to the ad, DNC Communications Director Brad Woodhouse issued the following statement:

"No one should be surprised that a Republican Party run by a Chairman who just this week said it would 'not be the end of the world' if the nation were to default on its debt for the first time would rather run negative ads than work to find solutions to get our fiscal house in order and create jobs. While the President continues to fight to clean up a mess that was years in the making, the Republican Party and its candidates for president are playing politics with our economy and are fighting to protect the very budget-busting tax breaks and loopholes for oil companies, corporate jet owners, the wealthy and Wall Street that got us in to the current mess. Americans want solutions -- and other than negative attacks and working to end Medicare and revive the failed policies of the last decade that nearly sank our economy -- Republicans aren't offering any."

On Tuesday, Tim Pawlenty penned an op-ed in the Des Moines Register in which he insisted Congress not raise the debt ceiling without imposing conditions that would threaten our economy. In addition, he repeatedly misrepresented his record as governor. He portrayed himself as a frugal tax-cutter, when in fact his irresponsible budgeting left Minnesota with the largest deficit in its history and led to higher taxes for 90 percent of Minnesota's citizens. Below is a fact check on Pawlenty's op-ed released by the DNC on Tuesday.

Pawlenty's Conditions For A Budget Agreement Would Hurt Our Economy And Could Cause Problems For Social Security. Pawlenty suggested Congress draw a "line in the sand" and only raise the debt ceiling if accompanied by a balanced budget amendment, cuts in current spending and caps on future spending. According to the Center on Budget and Policy Priorities, this proposal would have negative consequences for our economy and potential problems for Social Security. "A balanced budget amendment to the U.S. Constitution [...] would be a highly ill-advised way to address the nation's long-term fiscal

problems. It would threaten significant economic harm while raising a host of problems for the operation of Social Security and other vital federal functions.” [CBPP, [6/6/11](#)]

Under Pawlenty, Taxes Increased For Middle Class Families But Were Cut For The Top 10 Percent. Pawlenty claimed that he did not raise taxes, yet his record shows that the average tax rates for the bottom 90 percent increased while average taxes for the top 10 percent went down. [PoliGraph, MPR, [4/29/11](#)]

Pawlenty Increased Cigarette Taxes To End Government Shutdown. Pawlenty now urges Congress to reject any tax increases as part of an agreement on the debt ceiling, yet as governor, Pawlenty ended the government shutdown by proposing to raise taxes on cigarettes. [Wall Street Journal, [7/2/11](#)]

Pawlenty Left Office With A Projected \$6.2 Billion Deficit. In the *Des Moines Register*, Pawlenty claimed that he left Minnesota with a budget surplus, but in fact, he left office with a projected \$6.2 billion deficit. [Minnesota Public Radio, [12/2/10](#)]

Key Issues in the News and Background

Talking Points: Reducing the Deficit and Meeting our Obligations

- For the sake of our economy we must take action to reduce our nation’s deficit and get our fiscal house in order.
- President Obama has been clear about the fact that now is the time to lead, to put aside the typical Washington posturing and achieve a compromise that solves this challenge for the American people.
- The President believes that achieving a solution to America’s fiscal challenges is an economic necessity, and the only way to achieve a real solution is with shared sacrifice.
- That means taking a balanced approach that calls on the wealthiest Americans and special interests to pay their share, and the President believes that the American people agree with such an approach. We need to do away with tax breaks for millionaires and billionaires, for oil companies making record profits, for hedge fund managers paying lower taxes than teachers and fire fighters, and for corporate jet owners who receive special tax breaks that commercial airlines just don’t get. Those tax breaks aren’t helping to grow America’s economy, and we need to end them if we want to get serious about America’s deficits.
- Republicans in Congress, business leaders, and conservatives agree that we need to find a balanced approach that increases revenues so that we can reduce the nation’s deficit.
 - This week, Senator Graham voiced support for generating revenue by closing tax loopholes.
 - Conservative commentator Bill O’Reilly said this week, “Republicans need to accept the need to raise more revenue.”
 - And recently, Warren Buffet said, “there is plenty of room on the revenue side with wealthy people like me. We’ve never had it so good. I mean our tax rates have never been lower than this and we’ve had it for 10 years and it’s shown in the great disparity of wealth that’s occurred in the last decade or so.”
- President Obama is open to making hard decisions and tough choices – now it’s time for members from both sides of the aisle to do the same. The President has expressed a willingness to make the tough choices when it comes to entitlement reform. That is why he put together a framework to make Medicare and Medicaid more efficient and stronger in the long run without shifting the cost of care onto our seniors or people with disabilities.
- The President also supports finding bipartisan solutions to strengthen for future generations the Social Security program.

- President Obama believes that now is the time to show the American people that Washington can rise above cynicism and do big things for the future of the country.
- It's unacceptable to keep kicking the can down the road – that's what caused these problems in the first place.
- We must find balanced solutions that include shared sacrifice to make sure our government lives within its means and puts our economy in a better position for the future.
- A deal has to be struck before August 2nd so that America does not default on its obligations. Never before has America defaulted on its obligations, and to do so now would be catastrophic to our economy and our financial system.
- The plan that Senator McConnell put forth reiterates what leaders of both parties have already said, that defaulting on our bills that are past due is not an option. The President still believes this is a singular moment for leaders in Washington to significantly reduce the deficit in a responsible and balanced way.
- If we default on our obligations it will:
 - Force the government to stop, limit, or delay payments on a variety of legal obligations, including Social Security and Medicare benefits, salaries for the military, tax refunds, and interest on the national debt.
 - Cause interest rates for mortgages, car loans, and credit cards to rise.
 - Hurt families who have been saving money into their 401(k)s for their retirement or putting aside money for their children's education.