

Obama to make pitch for second term in State of the Union
Reuters
January 24 , 2012

WASHINGTON, Jan 24 — President Barack Obama will pitch new initiatives on jobs, taxes and housing in an election-year State of the Union address today, making a sweeping case for a second term despite the slow US economic recovery and high jobless rate.

Framed in what is expected to be a starkly populist speech, most of Obama's proposals will face stiff Republican resistance, limiting the chance of headway in a divided Congress before the November 6 general election.

But the White House hopes Obama can gain enough traction with voters to help restore faith in his economic leadership as the Democratic president defends himself against escalating attacks by Republican candidates vying to face him on the November ballot.

President Obama at a campaign fund raiser in New York, January 19, 2012. — Reuters pic
When he stands before a joint session of Congress at 9pm EST (0200am BT tomorrow), Obama is expected to push tax breaks for bringing manufacturing jobs home from overseas, ideas to help the troubled home-mortgage market and incentives for alternative energy development, people familiar with the speech say.

He is also likely to call again for higher taxes on the wealthy — despite consistent Republican opposition — and speak of further pressure on China over its currency and trade practices.

While these initiatives do not offer a quick fix for high unemployment that threatens Obama's re-election prospects, his speech will be a chance to turn up the heat on an unpopular Congress and take control of the campaign narrative.

It will also be a high-profile platform for Obama to draw contrasts with his Republican challengers, casting himself as champion of the middle class while painting them as the party beholden to the rich.

"We can go in two directions," Obama said in a video preview of his third State of the Union speech. "One is towards less opportunity and less fairness. Or we can fight for where I think we need to go: building an economy that works for everyone, not just a wealthy few."

The White House hopes that argument will be buttressed even before Obama speaks. Republican Mitt Romney, one of the wealthiest men to ever run for the White House, released tax records demanded by his party rivals that indicated he will pay US\$6.2 million (RM19.3 million) in taxes on a total of US\$42.5 million in income over the years 2010 and 2011.

Republicans accuse Obama of being an old-fashioned tax-and-spend liberal whose policies have hurt the US economy, and charge that he is playing the politics of envy whereas what Americans really care about is jobs.

Polls show that most Americans disapprove of Obama's handling of the economy, and his approval numbers have languished below 50 per cent. But surveys show Congress far less popular, with many blaming Republicans more for the gridlock in Washington.

Tens of millions watching

When Obama takes the podium in the Republican-controlled House of Representatives, he will be speaking to his biggest television audience until he addresses the Democratic convention in September. Nearly 43 million people watched his 2011 address.

Though he has built his re-election effort around a strategy of blaming Republicans for obstructing economic recovery, he faces the challenge of striking a balance in the speech between partisan rhetoric and calls for cooperation across party lines.

If he goes too hard, he risks alienating independent voters.

Still, Obama is expected to strike a sharper tone than in last year's State of the Union, when politicians kept hostilities under wraps in the aftermath of an assassination attempt on Arizona lawmaker Gabrielle Giffords.

But the atmosphere in Washington is more strained now after a summer of congressional battles, and with the volatile Republican presidential race moving into high gear.

Even though Obama's legislative agenda is largely stalled and his go-it-alone options are limited, he is determined to show voters he has not given up.

Obama is expected to push incentives to encourage lenders to refinance underwater mortgages, which would ease a crucial obstacle to a recovery in housing and the broader economy. But his advisers have been at odds over how far to go on this.

He has also signalled he will put forward tax breaks to reward companies for keeping jobs home while eliminating tax benefits for those that outsource jobs overseas.

Obama may also revive his call to rewrite the tax code to adopt a so-called "Buffett rule", named after the billionaire Warren Buffett, who supports the president and says it is unfair that he pays a lower tax rate than his secretary.

That could be a subtle reminder to voters who learned today that Romney, former head of a private equity firm, and his wife paid an effective tax rate of 13.9 per cent in 2010 and expect to pay a rate of 15.4 per cent for 2011 — tax rates that are far below the top rate of 35 per cent on ordinary wages.

Valerie Jarrett, a senior adviser to Obama, said on CNBC: "The president this evening will outline in more detail his broad parameters for a tax climate that is fair and equitable, and he will focus specifically on the Buffett rule that he announced a while ago. He'll go in more detail this evening about that."

Obama plans to echo themes he laid out in a speech in Kansas in December when he railed against economic inequality. The White House believes it strikes a chord with working-class voters who have seen their incomes flatline and supporters of the "Occupy Wall Street" movement that has spread since last year.

Neera Tanden, who served in both the Obama and Clinton administrations, said the issue of

economic fairness increasingly seemed to resonate with Americans and it could be an important theme for the Democrats in the election.

“People aren’t just unhappy that they’re not doing well,” said Tanden, who is now president of the Centre for American Progress. “They’re unhappy that other people are doing well at what they think is their expense.”

The morning after his address, Obama will launch a three-day, cross-country swing through five election battleground states to promote and detail his new proposals.

In Iowa and Arizona tomorrow, Obama will focus his message on manufacturing, with a call for more jobs and more “made in the USA products”, according to a senior administration official.

He will discuss energy issues in Nevada and Colorado on Thursday followed by a focus on college costs in Michigan on Friday. — Reuters

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