

Set 1: tax, incom, class, middl, relief, pay, rais, corpor

Set 2: busi, small, rate, percent, credit, tax, high, lawyer

Set 3: abort, life, woman, aid, research, law, allow, ban

Set 4: deficit, deduct, balanc, budget, cut, trillion, revenu, add

BARACK OBAMA Well, I think — lets talk about taxes, because I think its instructive. Now, four years ago, when I stood on this stage, I said that I would cut taxes for middle-class families. And thats exactly what I did. We cut taxes for middle- class families by about \$3, 600. And the reason is, because I believe that we do best when the middle class is doing well. And by giving them those tax cuts, they had a little more money in their pocket, and so maybe they can buy a new car. They are certainly in a better position to weather the extraordinary recession that we went through. They can buy a computer for their kid whos going off to college, which means theyre spending more money, businesses have more customers, businesses make more profits, and then hire more workers. Now, Governor Romneys proposal that he has been promoting for 18 months calls for a \$5 trillion tax cut, on top of \$2 trillion of additional spending for our military. And he is saying that he is going to pay for it by closing loopholes and deductions. The problem is that hes been asked over 100 times how you would close those deductions and loopholes, and he hasnt been able to identify them. But Im going to make an important point here, Jim.

MODERATOR All right.

BARACK OBAMA When you add up all the loopholes and deductions that upper- income individuals can — are currently taking advantage of, you take those all away, you dont come close to paying for \$5 trillion in tax cuts and \$2 trillion in additional military spending. And thats why independent studies looking at this said the only way to meet Governor Romneys pledge of not reducing the deficit or — or — or not adding to the deficit is by burdening middle- class families. The average middle- class family with children would pay about \$2, 000 more. Now, thats not my analysis. Thats the analysis of economists who have looked at this. And — and that kind of top — top- down economics, where folks at the top are doing well, so the average person making \$3 million is getting a \$250, 000 tax break, while middle-class families are burdened further, thats not what I believe is a recipe for economic growth.

MODERATOR All right. What is the difference? Lets just stay on taxes. (CROSSTALK) Just — lets just stay on taxes for (inaudible) . (CROSSTALK)

MITT ROMNEY Well, but — but virtually — virtually everything he just said about my tax plan is inaccurate.

MODERATOR All right.

MITT ROMNEY So if the tax plan he described were a tax plan I was asked to support, Id say absolutely not. Im not looking for a \$5 trillion tax cut. What Ive said is I wont put in place a tax cut that adds to the deficit. Thats part one. So theres no economist that can say Mitt Romneys tax plan adds \$5 trillion if I say I will not add to the deficit with my tax plan. Number two, I will not reduce the share paid by high- income individuals. I know that you and your running mate keep saying that and I know its a popular thing to

say with a lot of people, but its just not the case. Look, Ive got five boys. Im used to people saying something thats not always true, but just keep on repeating it and ultimately hoping Ill believe it. But that — that is not the case. All right? I will not reduce the taxes paid by high- income Americans. And number three, I will not under any circumstances raise taxes on middle- income families. I will lower taxes on middle- income families. Now, you cite a study. There are six other studies that looked at the study you describe and say its completely wrong. I saw a study that came out today that said youre going to raise taxes by \$3, 000 to \$4, 000 on middle- income families. There are all these studies out there. But lets get at the bottom line. That is, I want to bring down rates. I want to bring the rates down, at the same time lower deductions and exemptions and credits and so forth, so we keep getting the revenue we need. And youd think, well, then why lower the rates? And the reason is because small business pays that individual rate; 54 percent of Americas workers work in businesses that are taxed not at the corporate tax rate, but at the individual tax rate. And if we lower that rate, they will be able to hire more people. For me, this is about jobs. This is about getting jobs for the American people. (CROSSTALK)

MODERATOR Thats where we started. Yeah. Do you challenge what the governor just said about his own plan?

BARACK OBAMA Well, for 18 months hes been running on this tax plan. And now, five weeks before the election, hes saying that his big, bold idea is, “Never mind.” And the fact is that if you are lowering the rates the way you described, Governor, then it is not possible to come up with enough deductions and loopholes that only affect high- income individuals to avoid either raising the deficit or burdening the middle class. Its — its math. Its arithmetic. Now, Governor Romney and I do share a deep interest in encouraging small- business growth. So at the same time that my tax plan has already lowered taxes for 98 percent of families, I also lowered taxes for small businesses 18 times. And what I want to do is continue the tax rates — the tax cuts that we put into place for small businesses and families. But I have said that for incomes over \$250, 000 a year, that we should go back to the rates that we had when Bill Clinton was president, when we created 23 million new jobs, went from deficit to surplus, and created a whole lot of millionaires to boot. And the reason this is important is because by doing that, we cannot only reduce the deficit, we cannot only encourage job growth through small businesses, but were also able to make the investments that are necessary in education or in energy. And we do have a difference, though, when it comes to definitions of small business. Under — under my plan, 97 percent of small businesses would not see their income taxes go up. Governor Romney says, well, those top 3 percent, theyre the job creators, theyd be burdened. But under Governor Romneys definition, there are a whole bunch of millionaires and billionaires who are small businesses. Donald Trump is a small business. Now, I know Donald Trump doesnt like to think of himself as small anything, but — but thats how you define small businesses if youre getting business income. And that kind of approach, I believe, will not grow our economy, because the only way to pay for it without either burdening the middle class or blowing up our deficit is to make drastic cuts in things like education, making sure that we are continuing to invest in basic science and research, all the things that are helping America grow. And I think that would be a mistake.

MODERATOR All right.

MITT ROMNEY Jim, let me just come back on that — on that point, which is these...

MODERATOR Just for the — just for record... (CROSSTALK)

MITT ROMNEY ... the small businesses were talking about...