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October 8, 2007

REBUILDING THE MIDDLE CLASS: Hillary Clinton's Economic Blueprint for the 21st Century

I want to introduce one other person. I don't know quite where she is right now but Mary Jo Auliff, where is Mary Jo? Is Mary Jo here? Well Mary Jo Auliff I know was going to try to be here this morning and she is someone whom I met in Iowa City this past weekend. It turns out that Mary Jo and I went to the same high school, Maine East. Just a couple of hours from here in Park Ridge, Illinois. She now lives in LeClair with her husband Russell. They have six sons, two of whom have served in Iraq. And they both work, they work hard.

Russell is a fourth generation Iowa farmer and Mary Jo runs her own small business, but because both Mary Jo and Russell have pre-existing health conditions, they cannot afford insurance so they pay for their healthcare out of pocket, \$1000 a month for prescription drugs alone. When Russell got sick, and the medical bills started piling up, they had to sell off half of their farm to pay their medical bills. It was their only option.

Mary Jo, Russell and their family are doing everything right. They're working hard, they're serving our country, they're taking responsibility for themselves and taking care of each other. There are millions of families like them struggling and coming up short in an economy that just doesn't work for middle class Americans any longer.

Today I would like to outline several of the challenges that this economy and our people face: globalization, rising income inequality, the growing housing crisis, all at a time of unprecedented fiscal irresponsibility in Washington.

This administration has failed to respond to these challenges and in fact, many of their policies have made things worse. I will chart a new course as President.

We have to change our economic course just as we have to change course in Iraq, and change course when it comes to health care. When it comes to the economy, I believe I have the strength and experience to make that change -- and to make our economy work again for middle class Americans, and for all Americans.

Because in this new global economy, what have we seen? We've seen some jobs shipped overseas, and others replaced with machines. In this decade the jobs that had been created pay 21% less than the jobs we've lost. It's an economy that doesn't even create many new jobs.

Job growth, since 2001, under President Bush, has been the weakest of any economic recovery since the great depression. It's an economy that demands more from our workers and gives less in return. Over the past six years, worker productivity - that means how hard you're working, how much you put out per hour of your work. Productivity has risen 18%, American workers are the hardest working people in the world. And yet just look around, wages have stayed flat. Corporate profits are at a forty year high but the average family's income in America has fallen by nearly \$1,000. Income that is sorely missed as college costs have risen 40%, health care premiums have doubled, and gas prices have more than doubled.

According to a recent report, over the 12-month period that ended in July of last year, the slow growth in wages for labor accounted for 64% of the increase in

corporate profits. So in other words, companies are actually profiting off of their worker's stagnant wages.

That is not the way it used to be. It used to be that when corporate profits went up, workers wages went up. But the current group of corporate leadership is not sharing the benefits of that increasing profitability with the workers who make the profits possible.

It's an economy where the gap between the few at the top and everybody else just keeps getting wider. In 2005, all income gains went to the top 10% of households. While, the bottom 90% saw their incomes decline. And the wealthiest 1% held 22% of America's income. Now it used to be less than 10% thirty years ago. This is the highest level of income inequality since 1929. Hardly a red letter year for America.

And six and a half years of fiscal irresponsibility hasn't helped matters. Between the President's reckless tax breaks to those at the top and a war that is costing \$300,000,000 a day, we have run up record debts and we are now at \$9 trillion and counting.

Now up until recently, at least housing prices were rising, 86% between 1998 and 2006. So while hard working families were getting squeezed from every direction, and their credit cards were often maxed out, they'd use their homes as a safety net. When the bills got too high, they could dip in to their home equity to pay them. Then housing prices started to fall, and suddenly the safety net shrunk.

At the same time, families who financed their homes with non-traditional high risk loans saw their mortgage rates jump. Now many families finally stuck with mortgages they can't pay and expenses they can't afford. The result is 1.3 million foreclosures so far this year. Filings in August alone were up 261% in Iowa, and home prices are expected to decline this year, the first annual nation-wide drop since housing agencies began keeping records in 1950.

Alex Pollick, the former CEO of the Federal Home Loan Bank of Chicago, recently testified before Congress and said that the problems in the housing market could cost America \$3 trillion in household wealth. And while we all hope that the housing markets woes remain contained, experts worry that the prices in the housing market could spread throughout the economy. We're already seeing some early warning signs. Consumer confidence has weakened. The pace of employment growth has slowed even more since the beginning of this year. Automakers are recording that the housing prices is hurting auto sales and big investment banks are writing off billions in investments and starting layoffs tied to the housing industry.

So taken together, the pressures of stagnant wages; rising health, education, and energy costs; increased household debt; and a softening housing market are creating a trap door economy. Too many families are standing on that trap door, just one diagnosis, one pink slip, one missed mortgage payment away from falling through and losing everything they've worked for. They're bearing all of the risks of the global economy but reaping few of the rewards.

So I hear all over as I travel throughout Iowa and America, people asking me, people asking themselves, 'What am I going to do?' And I think it's fair to ask our leaders, 'What are you going to do?'

Well for six and a half years we've seen this Administration's answers:

Their answer to jobs being outsourced? Continuing tax incentives to companies that outsource jobs to tax havens.

Their answer to rising inequality? Tax breaks for the wealthy that actually increase inequality.

Their answer to 47 million Americans without health care? Veto health care for five million children from working families.

Their answer to rising insecurity? Shift even more risk onto the individual by trying to privatize Social Security.

Their answer to stagnant wages and anemic job growth? A war on science that has

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slowed the critical research we need to create the high-wage jobs of the future.

Their economic philosophy boils down to this: In the new global economy, according to the Republicans, America can't win unless most Americans lose. Think about it. That's basically what they're telling us. You know, just go along with it. Some folks are doing really well, that's what we think it takes to compete and win. And everybody else, we're sorry but we just can't help you.

Now middle class families always end up drawing the short straw. Growth, according to this Republican philosophy, has to be unequal and government can't help. Instead, the Bush Administration gives no-bid contracts to political allies, allows no competition for senior citizens' drug prices under Medicare, and assumes no accountability for outsourcing national security responsibilities to contractors like Blackwater. They won't spend money to help working families get health insurance for their kids, but think nothing of giving health care providers billions more to take Medicare patients off the rolls.

Well, my economic philosophy is exactly the opposite. It's what I learned growing up in a middle class family in the middle of America. My father came back from World War II after having served in the Navy, and he worked hard to build up his small business. He believed you should avoid being in debt at all costs and instilled in me the importance of being responsible with a budget at an early age. It's a value I still hold dear today. But it's that determination that I saw in my own family that I see across this state and across our country, that work ethic that has created the great American middle class.

I believe the middle class is the backbone of our economy, the key to real growth, and the guarantor of the American Dream. And to paraphrase an old saying, as America's middle class goes, so goes America. And so I judge the health of our economy very differently than the way this White House judges it. I ask whether our middle class is expanding and getting ahead. Are we on the road to a stronger, more prosperous middle class or not?

The administration has failed that test. My administration will not. We will get back to making it clear that we will have policies that support the American middle class and that will be our goal.

You know, you can go back in American history and see it works.

Throughout our history, whenever we've made strategic investments in our people and our future, the American economy has created unprecedented prosperity. It has spurred scientists to make new discoveries, entrepreneurs to launch new industries. It's generated countless rags to riches stories and produced more millionaires and billionaires than anywhere else on earth. At the same time, it has sustained the world's largest, strongest middle class and given poor people the chance to work their way into the middle class, and left each generation more prosperous than the one before.

The strength of our economy and the rise of the middle class were products of both a free market and good public policy, including sound economic stewardship by Presidents from both parties.

Think about Teddy Roosevelt busting the trusts and rooting out corruption. Franklin Roosevelt building the infrastructure that drove this century's economy. President Truman ensuring that American GIs had the tools they needed to seize the promise of a great and growing future. President Eisenhower supporting more science and math education. President Kennedy set our sights on the moon and President Johnson worked to end poverty and the insecurity that comes as we grow older.

In the 1990s, my husband continued this tradition, combining fiscal responsibility with smart investments in our people. And we did have pay-as-you-go rules that helped to rein in spending.

And look at the results. More than 22 million new jobs and the longest economic expansion in American history. Balanced budgets and record surpluses. Rising family incomes, record levels of home and business ownership, and one hundred times as

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many people lifted out of poverty than during the Reagan Administration.

The secret to America's past economic success is clear. Whenever the economy changed, we changed with it and we mastered it. We innovated. We invested. We managed downturns and overcame them. And we generated wealth and we made sure that wealth was widely shared. Well in the 1990s we were on our way to creating good jobs, with shared prosperity and the prospect of being debt free and having the resources to fund the retirement costs of the baby boom generation.

Then we came to George W. Bush. Well, it's a sad story. President Bush, with a Republican Congress that enabled him to fully implement the trickle down economics they've been advocating for a generation, ignored a century's worth of wisdom.

In this decade, no American was too wealthy to be denied big tax cuts. No well-connected company too prosperous to lose its tax subsidies or protection from competition for government money. Meanwhile America's middle class families have been invisible to the President. It's as if he's looked right through them.

As college got more expensive, they cut back on college aid. So if you're a young person who can't afford tuition, you're invisible.

As health care got more expensive, they tried to reduce coverage for children. So if you're one of the 47 million Americans without health insurance, you're invisible as well.

As jobs got scarce and paid less, they tried to weaken unions and stopped enforcing our trade laws. So if you're a worker who can't organize for fair wages and safe working conditions, you're invisible too.

And as gas prices exploded, they allowed us to become more dependent on foreign oil. So if you pay through the roof every time you fill up your tank, you're invisible.

Well you're not invisible to me. And when we take back the White House, you will no longer be invisible to the President of the United States.

Because I do see you and I do hear you. I see families working as hard as they can. I see young people eager for opportunity. I see workers fighting for their basic rights. And I will fight for you every single day of my presidency. Because as President, I want to bring a new beginning to the 21st century and build a new road to middle class prosperity.

That is in my view the job of the next President, to restore broad economic prosperity, fairness, and security. It won't be easy, but I know it can be done.

I saw that for myself in the eight years in the White House as my husband carried out one of the most dramatic economic turnarounds in America's history. And for nearly seven years, as a Senator from New York I have been working to build on that commitment, to support good economic policies, resist bad ones, and help, working with local people, to bring economic opportunity to depressed regions of my state.

Today I propose a new economic blueprint for the twenty-first century economy: A plan to create the new, good jobs essential to broad-based prosperity, to restore fairness to our economy, and to renew that basic bargain that if you work hard you can get ahead and we will put our fiscal house in order.

The first component of my plan is to create millions of new jobs through an all out commitment to a clean, efficient, independent energy future and to end this administration's assault on science so that innovation can once again be the engine of our economic growth.

For six and a half years, this Administration first denied the reality of our dependence on foreign oil and then denied the reality of climate change and refused to make a serious effort to deal with either. It is heartbreaking to know we are more dependent on foreign oil today than we were before 9/11. You know, but this on the part of the President was just a small piece of a larger war on science and innovation, from muzzling and overruling scientists, to suppressing and manipulating scientific evidence, to denying funding for stem cell research.

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To paraphrase Stephen Colbert, this administration doesn't make decisions based on facts. It makes facts based on decisions. And as a result, our competitors around the world are getting an edge on us in the global economy.

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I want to restore America to its rightful place as the innovation nation. New discoveries, new inventions are key to new jobs and prosperity. I'll start by issuing an Executive Order to end the war on science and restore a climate of scientific integrity and independence. This order will rescind President Bush's ban on stem cell research and ensure that government scientists...

I will also dramatically increase investments in basic and applied research at the National Science Foundation, the National Institutes of Health, our universities, and so many other entities that will take advantage of the tax credit for research and experimentation. And I want to invest in the idea-leaders of tomorrow by improving math and science education, expanding fellowships for graduate study, and encouraging more women and minorities to choose careers in science and engineering.

To jumpstart our investment in alternative energy, I will establish a \$50 billion Strategic Energy Fund to develop clean energy technologies like biomass and bio-fuels grown right here in Iowa to combat global warming and end our dependence on foreign oil.

We'll pay for the Strategic Energy Fund by eliminating the tax subsidies for the big oil companies and requiring them to pay into the fund.

I would give them an option, if they are willing to invest in alternative, clean, green technologies themselves then they won't have to pay into the fund, they won't get the tax subsidies because there is no reason for us to be subsidizing them. Our oil companies have made record profits on the energy system that has reduced our incomes, accelerated climate change, and undermined our national security. It's time from them finally to do their part to build a new energy economy that benefits all Americans and secures our children's future.

We are seeing what the future could be right here in Iowa. You're leading the way on harnessing the power of alternative energy to create good new jobs. A few months back I visited with some young men in Crawfordsville. They had grown up on farms and they left home to go to school and they were working elsewhere around the country. They started talking about maybe they could actually go home, use what they learned growing up on a farm and make biodiesel fuel and that's what they did. They started a small business and now they have 14 employees and a 10 million gallon capacity.

Countries around the world are moving much faster than we are. Employment for example in Germany in the renewables sector has risen by 50 percent in the past two years to 235,000 new jobs. They expect to create more than 400,000 jobs. There's no reason we can't do the same here in America.

I will also harness the power of innovation to rebuild our crumbling infrastructure. This is a problem that if we don't deal with it we're going to be slowing our economic growth. Economists estimate that every \$1 billion spent on fixing crumbling infrastructure creates nearly 48,000 new jobs. My Rebuild America Plan invests \$10 billion over ten years in an "Emergency Repair Fund" to begin addressing the extensive backlog of emergency repairs needed in our country.

We need to modernize our roads, our rail systems, our seaports, our public transit systems, and to expand broadband access across America. I've also proposed a \$1 billion per year "Green Building Fund" to build and renovate public buildings and make them green and energy efficient and the Mayor is applauding and I know he understands it.

I believe we can innovate our way to 21st century manufacturing. Now I know there are people in America who say we can't be a manufacturing economy any longer and I don't believe that. First of all, I don't want to believe it because I think that a country that doesn't make things is a country that is on a slow slide to income inequality and a rogue economy. But I also believe we have opportunities here that

we need to take advantage of. I'm proud to be the co-chair of the Senate Manufacturing Caucus. It's bipartisan, we've worked to come up with ideas that the Bush Administration wouldn't implement but I would as President because I want to incentivize manufacturing in America.

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And this is just the beginning. Later this week, I'll be outlining an additional set of innovation initiatives, building on proposals that I've been making through this campaign as well as some new ones.

But in addition to creating new jobs with rising incomes to be globally competitive, we've got to do more to restore fairness to our economy, to empower our workers and ensure that all Americans get their fair share.

That starts with standing up for our unions so that they can stand up for our workers.

Unionized workers make 30% more money than workers who aren't in unions. I want to put that up in a great big billboard because a lot of people don't know that the difference is that dramatic. But today just 7% of our private sector workplace is unionized. Millions of other people whose jobs are not covered are much more vulnerable to unsafe working conditions, being deprived of benefits, not getting their fair share when it comes to the income they receive for the jobs they do.

If more people in America earned higher incomes with better benefits, their consumer spending would increase and that would benefit the entire economy. This should not be a zero sum game where we have winners at the top and losers down the income scale. We need to get back to a win win strategy where we try to empower Americans not only to have a better life for themselves and their families but to be greater contributors to our overall prosperity.

As President, I will fight to pass the Employee Free Choice Act so unions can organize for fair wages and safe working conditions.

You know it used to be in America when the middle class was stronger it was a lot easier to sign up to join a union. And the reason this is such an important issue, even if you're not in a union, maybe you don't understand why this is such a big deal, why people stood up and applauded, is that back when we had a strong middle class that was really growing and people were getting a standard of living that their parents and grandparents would not have dreamed of, it was a lot easier. Now, with Republican Presidents and Republican Congresses, it's become so hard and there is harassment and there is intimidation and the employers really just push people so that they don't feel that a union is in their interest. I want people to make up their own minds. You know, it's a free country. If you can decide to join a civic organization you should be able to decide to join a union without fear of coercion and if you don't want to decide to join one, well that's your choice as well.

Unlike the current President, I will actually appoint people to the Department of Labor and the National Labor Relations Board who are pro-labor and care about working people...

And I will work from day one to ensure that our trade policies actually work for American workers. That they include strong enforceable protections for labor and environmental standards, and that they deliver benefits not just for trading partners, not just for the people at the top of the income scale in America, but for all Americans.

Because look at what has happened in the past six years. Our trade deficit has doubled in just six years to \$760 billion a year. The Economic Policy Institute estimates that we've lost 1.8 million jobs to China, we're paying higher prices for low cost consumer goods some of which have serious safety problems. Now the last 6 years may have been great for China, but is it the best course for America going forward? I don't think so.

It's time for a new approach, one that doesn't lead to a race to the bottom, but instead ensures that ordinary citizens not CEO's but people who do the work in America and in other nations come out ahead again.

I will start by appointing a Trade Enforcement Officer within the United States Trade

Representative's Office who will be responsible for vigorously enforcing trade agreements. And I will double the size of the enforcement unit. The Bush Administration has filed roughly the same number of enforcement actions under our trade agreements that were filed during one year of the Clinton Administration. That is unacceptable. They're abdicating their responsibility, no one should get away with violating trade agreements, and when I'm President, we're going to start enforcing them again and we're not going to enter into them unless we think they're going to be good for American workers.

Next I will work to address specific problems with NAFTA. As I've said before, this agreement has some serious shortcomings. For example, I did a study last year in New York looking at the impact of NAFTA on our business people, our workers and our farmers because we share a long boarder with Canada. But what people were telling me whom I represent is they could not get their products into Canada despite NAFTA's promise of equal access. And I did a study and I sent it to the Bush Administration and I said I want answers as to why this is not working. You know I have apple farmers up along the boarder, they couldn't get their apples in but apples were coming out of Canada. I had business people who couldn't figure out how to get through all of the red tape to get their products in, but products were coming out of Canada. Now we have a great relationship with Canada. But I think it is time that we assess trade agreements every five years to make sure they're meeting their goals or make adjustments if they are not and we should start with doing that with NAFTA.

And finally, I will overhaul our Trade Adjustment Assistance Program to ensure that workers who've lost their jobs because of global competition get the income support, the health care, the job training and the job placement assistance they need to get back on their feet.

You know the Trade Adjustment Assistance Program is a lifeline for workers across America who can use it. Unfortunately too few people can use it. First, service workers whose jobs are lost to outsourcing should be able to be eligible to receive TAA benefits. It makes no sense to keep excluding service workers because we know we're losing a lot of service jobs overseas. Second, TAA should cover all workers whose plants have moved abroad whether or not the plant moved to a country with which we have a free trade agreement. Believe it or not, Trade Adjustment Assistance currently does not cover workers whose jobs are outsourced to China and India because we don't have free trade agreements with them.

I want to double the funding for the job training program under TAA to \$440 million a year and increase TAA tax credits to help displaced workers pay for health insurance. Now ultimately under my American Health Choices Plan, workers will be able to buy into the Federal Employees Health Benefits Plan, the same program that insures members of Congress.

I will also work to restore fairness to our tax system. First I will return to the income tax rates for upper-income Americans that we had in the 1990s.

Those rates were consistent with a balanced budget and economic growth. And I will level the playing field when it comes to taxes on income. Right now, Wall Street investment managers making \$50 million a year pay just 15% on their earnings because they classify what they do as ordinary income. As not ordinary income, but as capital gains. When they go to work everyday, they manage all this money, but they say what they're doing is an investment, not management. Well a teacher making \$50,000 a year pays 25%.

Those who have been most richly rewarded by the modern economy should not pay lower tax rates on their incomes than nurses or home health care workers or bus drivers or machinists or anybody else and we are going to make sure that they no longer do.

For middle class Americans, I will extend the tax cuts including the child tax credit, the marriage penalty relief, and lower income tax rates that they currently pay. And I will reform something called the Alternative Minimum Tax, the AMT, to make sure it doesn't hit middle class families with higher tax rates. It was never intended to do that. I will also expand the Earned Income Tax Credit to help families that are

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struggling to join the middle class. And I will be providing tax credits to help small businesses pay for health care.

I want to take a hard look at corporate tax reform as well. It is simply not right that as corporate profits have skyrocketed, the percentage of taxes paid by corporations has fallen. We can fix that if we close the loopholes, end the unjustifiable tax breaks, and stop subsidizing the movement of jobs to foreign tax havens. We're going to get that done...

The third component of my plan is to restore America's basic bargain, if you work hard you can get ahead because you'll have the tools and support you need to succeed in the global economy.

That starts with recommitting ourselves to making college affordable for young people. You know I was in New Hampshire yesterday morning and a young man stood up and asked a question, he said he was a high school senior. He wanted to go to college, he hoped eventually he could even go to law school. He said where am I going to get the financial help to do that? He said I'm one of the top students in my class and I'm afraid I won't be able to afford to do what I want to do to pursue my dreams. Well on Thursday I will outline my plan for making college affordable, including modernizing the HOPE Scholarship Program that provides tax credits to help young people attend college.

We know that we've got to improve the skills and education of our workforce. But today, and I have to confess I was surprised, I asked to find out the statistic but even I was surprised. 75% of students at America's best public and private universities and colleges come from the top 25% of income in America. Think about that. So that leaves 25% for everybody else. Just 3% of the students come from the bottom 25% of income. It didn't used to be like this. We used to believe that if you worked hard and you were college material, you would go to college. We clearly need to make college accessible so that students from all different backgrounds have the chance to fulfill their God-given potential.

And for those who don't attend four-year colleges, and who need skills and training, let's provide more support for community colleges and institutions that help prepare them for good, high-paying jobs.

About a year and a half ago I had two meetings within the space of one week. I had a meeting with the auto dealers from New York who came to see me and they said, you know, Senator, we have 600 good jobs for auto mechanics right now that we can't get filled because nobody's training auto mechanics any longer. And the job is more complicated because we all have these computers in our cars, you know, they talk to us and tell us which way to turn and all that. And the auto dealers say we don't know what to do so we're going to start our own school because we don't know where we're going get people to do this important job. Shortly after that I had a visit from some of the members of the machinist union that I work with in New York. They told me they were worried about the aging of the machinists on airplanes, the workforce is getting older, what were we going to do to have a pipeline with more young people?

So, this is a problem that we should begin to handle now. We have a lot of decent hardworking young and not so young people who deserve to have a good job. And I believe skilled workers will be in a shortage in the future. So let's start giving them the tools they need to be competitive right now.

And of course I outlined my health care plan to ensure that every American has quality, affordable health care. You know, the American Health Choices Plan is really simple. If you have insurance you like, you keep it. If you don't have insurance or don't like the insurance you have, you can choose from the same menu of private plans available to members of Congress or you can opt into a new public plan that will be like Medicare. We'll provide those tax credits to make it affordable and your coverage will be guaranteed even if you lose your job, even if it is outsourced. And if you decide to start your own business or stay home with your children for a few years, you will never be denied coverage because of pre-existing conditions or risk factors.

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I believe we can save \$120 billion a year in our health care system. If we emphasize prevention, which we don't do now; if we emphasize chronic care management, which we don't do very well now; if we move toward electronic medical records so we don't keep losing medical records and people are told they have to take the same test twice, three times over and when you travel from Iowa to see your family in Illinois or Florida you can have that record at your fingertips. So, there's a lot we can do. And that will also create new jobs.

And finally another component of the basic bargain is homeownership. Years of progress on this front are threatened by the growing problems in the housing market and I think we have to address this crisis immediately. If home prices keep falling, many families will soon find themselves with mortgages larger than the value of their homes. At that point, they won't be able to refinance. So we don't have any time to waste.

I've already announced a four-part plan to address mortgage industry abuses. Crack down on unscrupulous brokers, curb unfair lending practices, support state and community initiatives that help families avoid foreclosure, and increase the supply of affordable housing in America again.

Today I'm announcing three new proposals.

The first is what I'm calling the Save Our Homes Program to rescue families trapped in unworkable mortgages. \$50 billion dollars worth of adjustable rate mortgages are resetting in October and approximately \$30 billion will reset every month thereafter for the next year. That means hundreds of thousands of Americans will see their mortgage rates jump and too many will go into default. The Save Our Homes Program will enable these two federally chartered entities, Fannie Mae and Freddie Mac, as well as state housing finance agencies, to replace these unworkable mortgages with stable, fixed-rate loans that families can afford.

My second proposal is the Realizing the Dream Program to make more mortgage credit available to responsible homebuyers now. Right now because of market conditions, many banks are reluctant to write mortgages even for responsible, credit-worthy buyers. They're especially reluctant to write mortgages larger than those that Fannie Mae and Freddie Mac can buy from them. So my plan would temporarily increase the size of the mortgages that Fannie and Freddie, as we call them in Washington, can purchase and that would encourage more banks to continue making loans to more Americans.

My third proposal is a Foreclosure Rescue Fraud Act to crack down on the unscrupulous consultants. I already said let's crack down on the unscrupulous brokers. Now we've got a whole new field of unscrupulous consultants that are knocking on the doors of people who are at risk of losing their homes. They're claiming to be able to help homeowners avoid foreclosure. They're taking hefty fees and they're disappearing. No actual assistance - spread the word. Anybody you know, don't listen to anybody who calls you on the phone or knocks on your door and tells you they've got a great way of saving your home. If it's too good to be true, it probably isn't true.

So what I want to do is to create a federal statute imposing criminal penalties on these fraudulent consultants and allow victims to collect damages so that they don't get even more victimized.

As you know in America, homeownership isn't just the key to financial security, it's about laying down roots in your community and building the life you want for you and your family. And I will make sure that the dream of homeownership is not lost.

And I will also protect retirement security. We're going to stand up for Social Security and Medicare. I'll be outlining in more detail my plan to help Americans save, invest, and build wealth for retirement tomorrow because we know we've got to tackle that as well. And I don't think we can do all of this unless we return America to fiscal responsibility. And what we've seen from this President is increased spending at more than double the rate of the previous administration. Anybody who tells you that the Republicans are the party of fiscal responsibility, just roll your eyes because the facts

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could not be more different. How has President Bush paid for these tax cuts to multi-millionaires, oil companies, and other interest groups? How has he paid for the War in Iraq and the no-bid contracts and the tax cuts that seem to have no end in sight?

I'll tell you how he's done it. He's run record deficits and he's borrowed money from foreign countries like China. When he took office we had those budget surpluses and we were on track to be debt free in a few years. Now with a national debt of \$9 trillion, up nearly 60% since President Bush took office, he's left our children and our grandchildren to pay the bill. Did you know that every baby born in America today starts life with \$30,000 of national debt on his or her tiny shoulders? That is the largest birth tax in history. And trillions of it is owed to countries like China, and Japan, and Korea, and Middle East producers of oil, we even owe money to Mexico. Put simply, we are borrowing money from abroad to give tax cuts to President Bush's friends and special interests.

So when people ask me, why is it so hard to get tough on China and other trading partners, I tell them because they've been turned into our bankers. We owe them. How can we truly enforce trade laws against a country like China whose manipulated currency puts us at unfair disadvantage, but our economic stability depends on them continuing to provide massive loans to us every single month?

I want America back in control of our fiscal destiny. It may take a few years but we have to move back toward a balanced budget and a surplus. We have to find a way both to increase long-term investment and to stop borrowing money from other countries for current consumption, whether it's for our soldiers in the field or for tax cuts for millionaires. We have to develop a set of budget rules similar to those we had in the 90s that required us to fund new expenditures with new revenues or cut spending.

I think it's going to be a challenge to do this but I believe this is the change that America wants. If we do it right, we will spark broadly shared prosperity even greater than the growth we enjoyed in the 90s. I look at the world we're in now and yes I see a lot of threats, a lot of challenges, but I see tremendous opportunities.

Seventy-one years ago this month during a campaign stop in Kansas City, Missouri, President Franklin Roosevelt said: "To a greater degree than any other peoples, we have sought to give each rising generation a little better chance in life than the one that preceded it." He spoke also of our "faith in the future -- a faith under which America has only begun to march."

Well, it's time for America to march again, toward rebuilding our middle class and restoring our faith in the future our children and grandchildren deserve. It's a forward march I want to lead and I hope you will give me the honor to do that.

Thank you all very much.

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