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## Remarks By John McCain on America's Leadership in the Global Economy

May 19, 2008

ARLINGTON, VA -- U.S. Senator John McCain delivered the following remarks as prepared for delivery to the National Restaurant Association, in Chicago, Illinois, today at 10:15 a.m. CDT:

Thank you all very much. I appreciate the hospitality of the National Restaurant Association and of the city of Chicago. Considering that both of my prospective opponents call this city their home town, I've received a very warm welcome here. Many Democratic voters in Illinois are especially proud of their junior senator. They believe more than ever that Barack Obama was the right choice for the Senate in 2004. I couldn't agree more, and I promise to do everything in my power to help him finish his first term in the United States Senate.

Whoever wins the nomination of the Democratic Party, that candidate and I have some serious debates ahead of us. Some of our sharpest disagreements concern the American economy and how best to help American workers. On tax policy, health-care reform, trade, government spending, and a long list of other issues, we offer very different choices to the American people. The nominees of each party have an obligation to make those choices clear to the American people, in civil and candid debate between now and the fourth of November. And I suggest we start sooner rather than later.

For their part, Senator Obama and Senator Clinton agree on so much in economic policy that it's not always clear what the big argument is about in their party. The sales pitches are different, but in both cases we'd end up with the same package of more federal taxes, more federal regulation, more government control of the economy, and more government spending. The contest goes on in the Democratic Party. But their economic debate was pretty much over before the first primary vote had been cast. In case you missed it, Senator Clinton and Senator Obama have agreed to raise your taxes, to regulate your business more than ever, and to spend more of your money in Washington. That's their idea of "change," but it sure sounds familiar to me.

I propose to bring some very different ideas to the presidency. And now the real debate can begin about how to promote a strong and growing economy -- an economy that creates jobs, increases wages, and helps American workers to compete with rivals in any market in the world. You in the restaurant and hospitality industry know a thing or two about competition and job creation. You and entrepreneurs like you have created 13 million of them, and in a strong economy your industry would likely create another two million jobs over the next decade. But many of those new plans and new jobs will depend on the choices we make in Washington. And the reality is that my opponents and I would choose very different policies, with very different consequences for American workers.

In economic policy, the disagreements can be plainly stated. The Democratic nominee will allow many of the current low tax rates to expire -- effectively imposing, overnight, a tax increase of more than a trillion dollars over the next ten years. In other words, while your industry is planning to create two million jobs over the next decade, they're planning to tax Americans by another trillion dollars or more. But your plans for growth and their plan for taxes are going to be hard to square, because you can't raise taxes by a trillion dollars without hurting American workers. That's true in your industry and in every other. And that is why I propose to follow a different course. As president, I will keep the current low tax rates, and I will leave that trillion dollars and more with the millions of Americans who earned it.

Under the various tax plans of both Democratic candidates, parents, seniors, small business owners, and Americans of every background would pay thousands of dollars in new taxes every year. But under my tax plans, that's not going to happen either. What's more, we're going to double the size of the child tax exemption, so that moms and dads can spend and save more for their own children. We're going to phase out the Alternative Minimum Tax -- which these days seems more like an Alternative Maximum Tax to the millions of families it affects. We're going to offer America an alternative tax system, with two rates and a generous deduction, so that anyone who wants to can file under a new tax code that is simpler, flatter, and fair. We're going to offer every individual and family in America a large tax credit to buy their health care, so that their health insurance is theirs to keep even when they move or change jobs. And we're going to keep the low rate on capital gains, so that businesses like yours can expand and create jobs instead of just sending more of your earnings to the government.

Serious reform is also needed to help American companies compete in the world economy. I have proposed a reduction in the corporate tax rate from the second highest in the world to one on par with our trading partners, and this pro-growth measure is just a start. One of the most crucial economic issues in this campaign is the ability of American workers to benefit from exports to other nations, and how government policy can help them to do so. And here, too, I welcome the debate with the Democratic nominee.

American workers make and sell about 200 billion dollars worth of heavy machinery to other countries every year. Our companies export more than 70 billion dollars worth of aircraft and parts, more than 148 billion dollars worth of electrical

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machinery and equipment, 106 billion dollars in cars, trucks, and other vehicles. In all, one of every five American jobs depends on factory exports. And you'll find a lot of those jobs right here in Illinois, like the workers who made the 48 billion dollars worth of goods that this state alone exported last year. Trade offers new opportunities and higher wages to workers like those at the Boeing and Caterpillar plants here in Chicago, who sell their materials and technologies across the world. Trade is good for small businesses, like the Bison Gear and Engineering Company in nearby St. Charles, which has added fifty new jobs just since 2006.

All of these benefits are real and they are lasting, to our own workers and to workers and entrepreneurs abroad. Yet our success in trading with other nations will be incomplete, and even a little hollow, unless every displaced worker gets a second chance and the training and education they need. There are vast benefits of a global marketplace, but they come at a cost for many, and we have an obligation to help our workers receive the training they need when plants close and jobs are lost.

It's not enough to go on and on praising and celebrating the benefits of the global economy, as some economists tend to do, and then treat displaced workers almost as an afterthought. It is not enough to keep offering employment programs designed for the problems of the 1950's. We have to help displaced workers at every turn on a tough road, so that they are not just spectators on the opportunities of others. And I have made that commitment with reforms to expand and improve federal aid to American workers in need. We need to help millions of workers who have lost a job that won't come back find a new one that won't go away. As American companies invest abroad, we need to invest in our own country and in our own workers. Our government also needs to protect the interests and safety of consumers, by holding every nation we trade with to the commitments they have made under the agreements we have signed.

For his part, however, Senator Obama has a habit of talking down the value of our exports and trade agreements. He even proposed a unilateral re-negotiation of NAFTA -- our agreement with Canada and Mexico that accounts for 33 percent of American exports, and 17 billion dollars' worth of exports last year just for Illinois. As you may recall, the Senator's senior economic advisor told a representative of Canada to pay no attention to this anti-trade rhetoric from Senator Obama -- it was all just "political positioning" for the primary elections. But for those of us who were paying attention, what we heard was not impressive. It was bad judgment and a bit inconsistent. Senator Obama is fond of scolding others for engaging in the "old-style politics," but when he plays on fears of foreign trade he's resorting to the oldest kind of politics there is. It's the kind of politics that exploits problems instead of solving them, that breeds resentment instead of opportunity.

If I am elected president, this country will honor its international agreements, including NAFTA, and we will expect the same of others. And in a time of uncertainty for American workers, we will not undo the gains of years in trade agreements now awaiting final approval.

One of these is a trade agreement that America has negotiated with Colombia. It's being held up in the Senate right now, in part through the efforts of Senator Obama. American exporters now pay an extra \$3.5 million in tariffs each day because we don't have a completed trade agreement. These exporters include Illinois companies that last year sold more than 300 million dollars in goods to Colombia. As if the economic stakes weren't high enough, Colombia is also a friend and crucial democratic ally of our country. The stability of Colombia is more critical than ever as others in the region seek to turn Latin America away from democracy and away from our country. Trade serves all of these national interests, and the interests of the American economy as well. The one thing it doesn't serve just now are the political interests of Democratic candidates. And so a vital trade agreement with a vital ally in Latin America has been tabled, at least until Election Day.

It's a similar story with a trade pact our nation has negotiated with South Korea. Senator Obama calls that agreement, too, "bad for American workers" -- never mind the workers right here in Illinois who made the 750 million dollars in goods exported to Korea last year. And he doesn't have much at all to say about the profound strategic importance of our relationship with South Korea, or how that partnership in a dangerous part of the world could be harmed by casting aside our trade agreement with South Korea. Here is a faithful ally of more than fifty years' standing, an ally that deployed the third-largest contingent of troops to Iraq, and has helped us in the rebuilding of Afghanistan as well. South Korea is a democracy of 49 million people, the 13th largest economy in the world, and right next door to one of the most dangerous regimes on earth. The United States is counting on the help of South Korea in matters of great importance to the peace of the world, and South Korea is counting on us. Yet even here, where so much rides on the trust and good relations between nations, we see the interests of a valuable ally sacrificed to partisan politics.

For any trade agreement to work, there must be good faith on both sides, and enforcement in both the letter and spirit of the treaties we ratify. And the good that trade agreements offer to other nations -- from South America to Asia to Africa -- comes back to us many times over, not only in jobs and prosperity but in greater security for America. Yet sometimes we in Washington have to confront blind spots of our own that interfere with the success of trade, in ways harmful to ourselves and well as others. And last week, in the business of the Senate, we saw this problem once again in the form of a farm bill costing roughly 300 billion dollars. I say "roughly" because nobody is quite sure what the thing will cost, even the people who stuffed it with hundreds of pages of subsidies and tax breaks.

It is a longstanding goal of American trade policy -- and a goal I share -- to open foreign markets across the world to American farmers. But the biggest obstacle is not to be found in any foreign market, or in the policies of any other government. It's right there in the Congress of the United States, in the billions of dollars in subsidies served up every five years to corporate farmers. The original idea was to provide a buffer to small farmers in tough times and to assure a stable supply of food for our country. But nowadays, the small farmers have been forgotten, and instead the Congress sends a steady supply of subsidies to agribusiness.

It would be hard to find any single bill that better sums up why so many Americans in both parties are so disappointed in the conduct of their government, and at times so disgusted by it. Here we are at a time when food prices are at historic highs, and farm income is up by 56 percent in just the past two years. Yet even now, the Congress has voted to give billions of dollars in subsidies to some of the biggest and richest agribusiness corporations in America -- many of which are heavy political contributors to members in both parties.

Even as American workers and taxpayers struggle to buy food, because of rising prices, the Congress refuses to place real limits on farm subsidies. Most of the subsidies are going to large commercial farms with an average income of two-hundred thousand dollars, and an average net worth of two million dollars. And, of course, along with the subsidies comes the usual harvest of tax breaks, bailouts, and other forms of corporate welfare. To take just a few examples, the

thoroughbred industry hit it big this year with 93 million in tax breaks for race horses. The timber industry made off with 260 million dollars in tax breaks. And then there's a company that describes itself as, "the largest and most geographically diverse land owner in the nation." That doesn't sound like a hardship case to me. But the Congress has just voted to give that same company 250 million dollars in public money.

Ladies and gentlemen, when both parties in the House and Senate carry on like this, and show such incredible disregard for the public treasury and for the public interest, there is only one proper response -- and that is a presidential veto. That is exactly what I would do as president, regardless of the vote count. I would veto that bill, and all others like it that serve only the cause of special interests and corporate welfare. And I would take my case to the American people themselves.

Lost in all of this deal-making and money-grabbing in Washington is not only the common good in our own country, but a concern for other people across the world -- people who look to us for an example of fairness and honesty. When the United States and Europe subsidize our biggest agricultural producers, we distort global prices and we hurt the world's poorest farmers in Africa and elsewhere. These men and women wonder how our government can live with such policies, even at the expense of our own citizens. They believe that our massive subsidies to American producers are a form of protectionism, helping already rich companies at the expense of people and nations in need. They think that these corporate subsidies are inconsistent with our own standards and ideals, and with the good heart of America. And my friends, they are right.

If I am elected president, I will seek an end to all agricultural tariffs, and to all farm subsidies that are not based on clear need. I will veto any bill containing special-interest favors and corporate welfare in any form. We're going to base our farm policy on the common good, with policies that help our small farmers to succeed, and our rural communities to survive and flourish once again. We're going to help American producers large and small to compete in foreign markets -- because we know they are up to the challenge, without need of unfair advantages and billion-dollar favors. We're going to help developing countries in every way we can -- by sharing our technologies, by supporting micro-credit banking programs in Africa and elsewhere, and above all by setting an example of fair dealing with other nations.

These are among the many serious issues at stake in the election of 2008. There are serious differences between my opponent and me, and especially about the proper role of government in a time of economic hardship and uncertainty. And yet for all those differences, I seek the presidency as a believer in the good that government can do in the lives of people. I have seen it in my own life. And you will never hear me speak scornfully, as a candidate or as president, about the institutions of government, or about the honor of serving in any position of public responsibility. In all of my reforms, the goal is not to denigrate government but to make it better, not to deride government but to restore its good name. It will be hard work in Washington, but it is a cause worthy of our best efforts. And if we do it well, in the right spirit, then we will finally reclaim the confidence of the people we serve.

Thank you.

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