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Plenary Session: An Economy that Works for Working People

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Good morning everyone. Guess what? I'm a United States Senator that is not running for President and I do believe in taking back America for our people! The first thing we ought to do is make sure we get an economy that works. This President has a view that Survival of the Fittest is the principle on which we ought to be operating. As far as I'm concerned, that's exactly the wrong way to go. It shows up in every possible metric that you could look at with regard to the economy. But the most important, which he likes to talk about, are jobs and growth, we've had the worst 2 1/2 years of any president in the last 25 [years], and I don't understand how we can keep saying that tax cuts, tax cuts for a very narrow segment of our society, are justifying the 2.7 million private sector jobs that we've lost.

We have to have a change in economic policy. On any standard of fairness, income distribution basis, unemployment, length of unemployment as we heard, this administration doesn't measure up. On efficiency, supply side economics have taken what we had through sound economic policy and planning in the Clinton years and reduced what was a \$5.6 trillion projected surplus to a \$3 trillion deficit. As far as I know, a \$7 trillion, \$8 trillion negative cash flow is bad economic policy whether you're a liberal, Republican, I don't care where you come from! So, if you look at efficiency with regard to production capacity, whether we're expanding it, we've got seven out of nine quarters while this President's been in office that investment has declined. I don't know what we're doing to really do the right things. What I know we should be doing is reducing taxes on wages, not on capital. If you want to have demand in your economy, you have to put money in the pockets of people who will spend it! It was pretty clear, and we're starting to hear it on a regular basis, whether it's a payroll tax holiday, a wage tax credit. There are all kinds of ways that you can put money in the pockets of people who would spend it, but four out of five Americans pay more in payroll taxes than they do in income taxes. That's where we ought to go stimulate the economy, deal with wage tax!

Now you can do that without invading Social Security and the Medicare Trust Fund, but you know, we've done that. What we've done is take the payroll taxes to fund dividend cuts and capital gains tax breaks. It doesn't make sense. We need to go where people are most impacted in their take home pay and as far as I'm concerned, we need a wage

tax credit. We've known it for the last two years. That's where we need to do it, we can stimulate it on a short term basis by making it a temporary holiday and pull it back if we get the economy going. We also need to work with our state and local governments. All of you know that what we have is something like \$100 billion shortfall in our state and local governments. What are they doing? They're raising property taxes on low- and middle-income families! If we're not looking at it on a holistic basis, we're going to end up having failed economic policy, that's exactly what we're doing.

And then second of all, we need to make sure that there is serious state aid. We got this little paltry \$20 billion included in this, so called \$350 billion tax cut, which is really a trillion dollar tax cut if the cuts don't expire. But the fact is that we need to put money back into our states in a serious way, maybe \$50 billion. And I hope that people will keep hooting and hollering about it because it's going to make a difference both on property taxes and the maintenance of Medicaid services, taking care of CHIPS and all of the kinds of things that are actually driving economic activity at our local level, so we need to do that. Then we need to deal with unemployment benefits. If anybody is serious about thinking about how we're going to stimulate economy, putting a dollar in the pocket of somebody that is stretched because they are unemployed and particularly over a long term basis. That's how you're going to get money flowing back in the economy, multiply our effect and there will be real growth.

Those three areas are absolutely essential. In the long run, we need to have rationality in our budget balance. You can't have the federal government competing for every dollar in capital markets. You must have a sense of balance when we get the economy growing again. And so there has to be a long-run structure of taxation that provides for investing in America and our education, our healthcare, and all of the things that I know the people in this room care about, in a sensible way, but not so high that it depresses every activity. But we were doing okay in the '90s! I don't get it! I look at the 1990s as the single most rapid growing period in the 20th century for America. Why are we changing the tax rates? Where did that come from? What martian decided that we needed to cut every tax rate when we had a balanced budget, when we were creating jobs- 22 1/2 million, when we had productivity rising, what metric wasn't working in that time frame?

In my view, what we need to do is get fiscal sanity, we need to make sure that we invest and get a short run stimulus program that deals with wages, not capital. I think we can turn around the economy. I believe all this can be done if we go out and do what is the most important thing that you all can talk about at this conference. We can have policy programs, and people can give fancy speeches. We have to win at the ballot box. None of this happens, all the bad stuff happens if we don't win at the ballot box and I need your help in the Senate, I know they need it in the House and I hope you listen to all these Presidential candidates really clearly because they can make a difference. We have to take America back, we have to change the agenda, we have to move forward. God bless you! Let's fight like hell and win!