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Remarks of Senator Barack Obama: "A Rescue Plan for the Middle-Class"

Toledo, OH | October 13, 2008

We meet at a moment of great uncertainty for America. The economic crisis we face is the worst since the Great Depression. Markets across the globe have become increasingly unstable, and millions of Americans will open up their 401(k) statements this week and see that so much of their hard-earned savings have disappeared.

The credit crisis has left businesses large and small unable to get loans, which means they can't buy new equipment, or hire new workers, or even make payroll for the workers they have. You've got auto plants right here in Ohio that have been around for decades closing their doors and laying off workers who've never known another job in their entire life.

760,000 workers have lost their jobs this year. Unemployment here in Ohio is up 85% over the last eight years, which is the highest it's been in sixteen years. You've lost one of every four manufacturing jobs, the typical Ohio family has seen their income fall \$2,500, and it's getting harder and harder to make the mortgage, or fill up your gas tank, or even keep the electricity on at the end of the month. At this rate, the question isn't just "are you better off than you were four years ago?", it's "are you better off than you were four weeks ago?"

I know these are difficult times. I know folks are worried. But I also know this - we can steer ourselves out of this crisis. Because we are the United States of America. We are the country that has faced down war and depression; great challenges and great threats. And at each and every moment, we have risen to meet these challenges - not as Democrats, not as Republicans, but as Americans.

We still have the most talented, most productive workers of any country on Earth. We're still home to innovation and technology, colleges and universities that are the envy of the world. Some of the biggest ideas in history have come from our small businesses and our research facilities. It won't be easy, but there's no reason we can't make this century another American century.

But it will take a new direction. It will take new leadership in Washington. It will take a real change in the policies and politics of the last eight years. And that's why I'm running for President of the United States of America.

My opponent has made his choice. Last week, Senator McCain's campaign announced that they were going to "turn the page" on the discussion about our economy so they can spend the final weeks of this election attacking me instead. His campaign actually said, and I quote, "if we keep talking about the economy, we're going to lose." Well Senator McCain may be worried about losing an election, but I'm worried about Americans who are losing their jobs, and their homes, and their life savings. They can't afford four more years of the economic theory that says we should give more and more to millionaires and billionaires and hope that prosperity trickles down to everyone else. We've seen where that's led us and we're not going back. It's time to turn the page.

Over the course of this campaign, I've laid out a set of policies that will grow our middle-class and strengthen our economy in the long-term. I'll reform our tax code so that 95% of workers and their families get a tax cut, and eliminate income taxes for seniors making under \$50,000. I'll bring down the cost of health care for families and businesses by investing in preventative care, new technology, and giving every American the chance to get the same kind of health insurance that members of Congress give themselves. We'll ensure every child can compete in the global economy by recruiting an army of new teachers and making college affordable for anyone who wants to go. We'll create five million new,

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high-wage jobs by investing in the renewable sources of energy that will eliminate the oil we currently import from the Middle East in ten years, and we'll create two million jobs by rebuilding our crumbling roads, schools, and bridges.

But that's a long-term strategy for growth. Right now, we face an immediate economic emergency that requires urgent action. We can't wait to help workers and families and communities who are struggling right now - who don't know if their job or their retirement will be there tomorrow; who don't know if next week's paycheck will cover this month's bills. We need to pass an economic rescue plan for the middle-class and we need to do it now. Today I'm proposing a number of steps that we should take immediately to stabilize our financial system, provide relief to families and communities, and help struggling homeowners. It's a plan that begins with one word that's on everyone's mind, and it's spelled J-O-B-S.

We've already lost three-quarters of a million jobs this year, and some experts say that unemployment may rise to 8% by the end of next year. We can't wait until then to start creating new jobs. That's why I'm proposing to give our businesses a new American jobs tax credit for each new employee they hire here in the United States over the next two years.

To fuel the real engine of job creation in this country, I've also proposed eliminating all capital gains taxes on investments in small businesses and start-up companies, and I've proposed an additional tax incentive through next year to encourage new small business investment. It is time to protect the jobs we have and to create the jobs of tomorrow by unlocking the drive, and ingenuity, and innovation of the American people. And we should fast track the loan guarantees we passed for our auto industry and provide more as needed so that they can build the energy-efficient cars America needs to end our dependence on foreign oil.

We will also save one million jobs by creating a Jobs and Growth Fund that will provide money to states and local communities so that they can move forward with projects to rebuild and repair our roads, our bridges, and our schools. A lot of these projects and these jobs are at risk right now because of budget shortfalls, but this fund will make sure they continue.

The second part of my rescue plan is to provide immediate relief to families who are watching their paycheck shrink and their jobs and life savings disappear. I've already proposed a middle-class tax cut for 95% of workers and their families, but today I'm calling on Congress to pass a plan so that the IRS will mail out the first round of those tax cuts as soon as possible. We should also extend and expand unemployment benefits to those Americans who have lost their jobs and are having a harder time finding new ones in this weak economy. And we should stop making them pay taxes on those unemployment insurance benefits as well.

At a time when the ups and downs of the stock market have rarely been so unpredictable and dramatic, we also need to give families and retirees more flexibility and security when it comes to their retirement savings.

I welcome Senator McCain's proposal to waive the rules that currently force our seniors to withdraw from their 401(k)s even when the market is bad. I think that's a good idea, but I think we need to do even more. Since so many Americans will be struggling to pay the bills over the next year, I propose that we allow every family to withdraw up to 15% from their IRA or 401(k) - up to a maximum of \$10,000 - without any fine or penalty throughout 2009. This will help families get through this crisis without being forced to make painful choices like selling their homes or not sending their kids to college.

The third part of my rescue plan is to provide relief for homeowners who are watching their home values decline while their property taxes go up. Earlier this year I pushed for legislation that would help homeowners stay in their homes by working to modify their mortgages. When Secretary Paulson proposed his original financial rescue plan it included nothing for homeowners. When Senator McCain was silent on the issue, I insisted that it include protections for homeowners. Now the Treasury must use the authority its been granted and move aggressively to help people avoid foreclosure and stay in their homes. We don't need a new law or a new \$300 billion giveaway to banks like Senator McCain has proposed, we just need to act quickly and decisively.

I've already proposed a mortgage tax credit for struggling homeowners worth 10% of the interest you pay on your mortgage and we should move quickly to pass it. We should also change the unfair bankruptcy laws that allow judges to write down your mortgage if you own six or seven homes, but not if you have only one. And for all those cities and small towns that are facing a choice between cutting services like health care and education or raising property taxes, we will provide the funding to prevent those tax hikes from happening. We cannot allow homeowners and small towns to suffer because of the mess made by Wall Street and Washington.

For those Americans in danger of losing their homes, today I'm also proposing a three-month moratorium on foreclosures. If you are a bank or lender that is getting money from the rescue plan that passed Congress, and your customers are making a good-faith effort to make their mortgage payments

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and re-negotiate their mortgage loans, you will not be able to foreclose on their home for three months. We need to give people the breathing room they need to get back on their feet.

Finally, this crisis has taught us that we cannot have a sound economy with a dysfunctional financial system. We passed a financial rescue plan that has the promise to help stabilize the financial system, but only if we act quickly, effectively and aggressively. The Treasury Department must move quickly with their plan to put more money into struggling banks so they have enough to lend, and they should do it in a way that protects taxpayers instead of enriching CEOs. There was a report yesterday that some financial institutions participating in this rescue plan are still trying to avoid restraints on CEO pay. That's not just wrong, it's an outrage to every American whose tax dollars have been put at risk. No major investor would ever make an investment if they didn't think the corporation was being prudent and responsible, and we shouldn't expect taxpayers to think any differently. We should also be prepared to extend broader guarantees if it becomes necessary to stabilize our financial system.

I also believe that Treasury should not limit itself to purchasing mortgage-backed securities - it should help unfreeze markets for individual mortgages, student loans, car loans, and credit card loans.. And I think we need to do even more to make loans available in two very important areas of our economy: small businesses and communities.

On Friday, I proposed Small Business Rescue Plan that would create an emergency lending fund to lend money directly to small businesses that need cash for their payroll or to buy inventory. It's what we did after 9/11, and it allowed us to get low-cost loans out to tens of thousands of small businesses. We'll also make it easier for private lenders to make small business loans by expanding the Small Business Administration's loan guarantee program. By temporarily eliminating fees for borrowers and lenders, we can unlock the credit that small firms need to pay their workers and keep their doors open. And today, I'm also proposing that we maintain the ability of states and local communities that are struggling to maintain basic services without raising taxes to continue to get the credit they need.

Congress should pass this emergency rescue plan as soon as possible. If Washington can move quickly to pass a rescue plan for our financial system, there's no reason we can't move just as quickly to pass a rescue plan for our middle-class that will create jobs, provide relief, and help homeowners. And if Congress does not act in the coming months, it will be one of the first things I do as President of the United States. Because we can't wait any longer to start creating new jobs; to help struggling communities and homeowners, and to provide real and immediate relief to families who are worried not only about this month's bills, but their entire life savings. This plan will help ease those anxieties, and along with the other economic policies I've proposed, it will begin to create new jobs, grow family incomes, and put us back on the path to prosperity.

I won't pretend this will be easy or come without cost. We'll have to set priorities as never before, and stick to them. That means pursuing investments in areas such as energy, education and health care that bear directly on our economic future, while deferring other things we can afford to do without. It means scouring the federal budget, line-by-line, ending programs that we don't need and making the ones we do work more efficiently and cost less.

It also means promoting a new ethic of responsibility. Part of the reason this crisis occurred is that everyone was living beyond their means - from Wall Street to Washington to even some on Main Street. CEOs got greedy. Politicians spent money they didn't have. Lenders tricked people into buying home they couldn't afford and some folks knew they couldn't afford them and bought them anyway.

We've lived through an era of easy money, in which we were allowed and even encouraged to spend without limits; to borrow instead of save.

Now, I know that in an age of declining wages and skyrocketing costs, for many folks this was not a choice but a necessity. People have been forced to turn to credit cards and home equity loans to keep up, just like our government has borrowed from China and other creditors to help pay its bills.

But we now know how dangerous that can be. Once we get past the present emergency, which requires immediate new investments, we have to break that cycle of debt. Our long-term future requires that we do what's necessary to scale down our deficits, grow wages and encourage personal savings again.

It's a serious challenge. But we can do it if we act now, and if we act as one nation. We can bring a new era of responsibility and accountability to Wall Street and to Washington. We can put in place common-sense regulations to prevent a crisis like this from ever happening again. We can make investments in the technology and innovation that will restore prosperity and lead to new jobs and a new economy for the 21st century. We can restore a sense of fairness and balance that will give every American a fair shot at the American dream. And above all, we can restore confidence - confidence in America, confidence in our economy, and confidence in ourselves.

This country and the dream it represents are being tested in a way that we haven't seen in nearly a century. And future generations will judge ours by how we respond to this test. Will they say that this was a time when America lost its way and its purpose? When we allowed our own petty differences and broken politics to plunge this country into a dark and painful recession?

Or will they say that this was another one of those moments when America overcame? When we battled

back from adversity by recognizing that common stake that we have in each other's success?

This is one of those moments. I realize you're cynical and fed up with politics. I understand that you're disappointed and even angry with your leaders. You have every right to be. But despite all of this, I ask of you what's been asked of the American people in times of trial and turmoil throughout our history. I ask you to believe - to believe in yourselves, in each other, and in the future we can build together.

Together, we cannot fail. Not now. Not when we have a crisis to solve and an economy to save. Not when there are so many Americans without jobs and without homes. Not when there are families who can't afford to see a doctor, or send their child to college, or pay their bills at the end of the month. Not when there is a generation that is counting on us to give them the same opportunities and the same chances that we had for ourselves.

We can do this. Americans have done this before. Some of us had grandparents or parents who said maybe I can't go to college but my child can; maybe I can't have my own business but my child can. I may have to rent, but maybe my children will have a home they can call their own. I may not have a lot of money but maybe my child will run for Senate. I might live in a small village but maybe someday my son can be president of the United States of America.

Now it falls to us. Together, we cannot fail. Together, we can overcome the broken policies and divided politics of the last eight years. Together, we can renew an economy that rewards work and rebuilds the middle class. Together, we can create millions of new jobs, and deliver on the promise of health care you can afford and education that helps your kids compete. We can do this if we come together; if we have confidence in ourselves and each other; if we look beyond the darkness of the day to the bright light of hope that lies ahead. Together, we can change this country and change this world. Thank you, God bless you, and may God bless America.

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