

**Remarks of Senator Barack Obama
Renewing American Competitiveness
Flint, Michigan
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As Prepared for Delivery

It's great to be at Kettering – a university that is teaching the next generation of leaders, and training workers to have the skills they need to advance their own careers and communities.

For months, the state of our economy has dominated the headlines – and the news hasn't been good. The sub-prime lending debacle has sent the housing market into a tailspin, and caused a broader contraction in the credit markets. Over 360,000 jobs have been lost this year, with the unemployment rate registering the biggest one month jump since February 1986. Incomes have failed to keep pace with the rising costs of health insurance and college, and record oil and food prices have left families struggling just to keep up.

Of course, grim economic news is nothing new to Flint. Manufacturing jobs have been leaving here for decades now. The jobs that have replaced them pay less, and offer fewer, if any benefits. Hard-working Americans who could once count on a single-paycheck to support their families have not only lost jobs, but their health care and their pensions as well. Worst of all, many have lost confidence in that fundamental American promise that our children will have a better life than we do.

So these are challenging times. That's why I spent last week talking about immediate steps we need to take to provide working Americans with relief. A broad-based, middle class tax cut, to help offset the rising cost of gas and food. A foreclosure prevention fund, to help stabilize the housing market. A health care plan that lowers costs and gives those without health insurance the same kind of coverage members of Congress have. A commitment to retirement security that stabilizes Social Security, and provides workers a means to increase savings. And a plan to crack down on unfair and sometimes deceptive lending in the credit card and housing markets, to help families climb out of crippling debt, and stay out of debt in the first place.

These steps are all paid for, and designed to restore balance and fairness to the American economy after years of Bush Administration policies that tilted the playing field in favor of the wealthy and the well-connected. But the truth is, none of these short-term steps alone will ensure America's future. Yes, we have to make sure that the economic pie is sliced more fairly, but we also have to make sure that the economic pie is growing. Yes, we need to provide immediate help to families who are struggling in places like Flint, but we also need a serious plan to create new jobs and industry.

We can't simply return to the strategies of the past. For we are living through an age of fundamental economic transformation. Technology has changed the way we live and the way the

world does business. The collapse of the Soviet Union and the advance of capitalism have vanquished old challenges to America's global leadership, but new challenges have emerged, from China and India, Eastern Europe and Brazil. Jobs and industries can move to any country with an internet connection and willing workers. Michigan's children will grow up facing competition not just from California or South Carolina, but also from Beijing and Bangalore.

A few years ago, I saw a picture of this new reality during a visit to Google's headquarters in California. Toward the end of my tour, I was brought into a room where a three-dimensional image of the earth rotated on a large flat-panel monitor. Across this image, there were countless lights in different colors. A young engineer explained that the lights represented all of the Internet searches taking place across the world, and each color represented a different language. The image was mesmerizing – a picture of a world where old boundaries are disappearing; a world where communication, connection, and competition can come from anywhere.

There are some who believe that we must try to turn back the clock on this new world; that the only chance to maintain our living standards is to build a fortress around America; to stop trading with other countries, shut down immigration, and rely on old industries. I disagree. Not only is it impossible to turn back the tide of globalization, but efforts to do so can make us worse off.

Rather than fear the future, we must embrace it. I have no doubt that America can compete – and succeed – in the 21st century. And I know as well that more than anything else, success will depend not on our government, but on the dynamism, determination, and innovation of the American people. Here in Flint, it was the private sector that helped turn lumber into the wagons that sent this country west; that built the tanks that faced down fascism; and that turned out the automobiles that were the cornerstone of America's manufacturing boom.

But at critical moments of transition like this one, success has also depended on national leadership that moved the country forward with confidence and a common purpose. That's what our Founding Fathers did after winning independence, when they tied together the economies of the thirteen states and created the American market. That's what Lincoln did in the midst of Civil War, when he pushed for a transcontinental railroad, incorporated our National Academy of Sciences, passed the Homestead Act, and created our system of land grant colleges. That's what FDR did in confronting capitalism's gravest crisis, when he forged the social safety net, built the Hoover Dam, created the Tennessee Valley Authority, and invested in an Arsenal of Democracy. And that's what Kennedy did in the dark days of the Cold War, when he called us to a new frontier, created the Apollo program, and put us on a pathway to the moon.

This was leadership that had the strength to turn moments of adversity into opportunity, the wisdom to see a little further down the road, and the courage to challenge conventional thinking and worn ideas so that we could reinvent our economy to seize the future. That's not the kind of leadership that we have seen out of Washington recently. But that's the kind of leadership I intend to provide as President of the United States.

These past eight years will be remembered for misguided policies, missed opportunities, and a

rigid and ideological adherence to discredited ideas. Almost a decade into this century, we still have no real strategy to compete in a global economy. Just think of what we *could* have done. We could have made a real commitment to a world-class education for our kids, but instead we passed “No Child Left Behind,” a law that – however well-intended – left the money behind and alienated teachers and principals instead of inspiring them. We could have done something to end our addiction to oil, but instead we continued down a path that that funds both sides of the war on terror, endangers our planet, and has left Americans struggling with four dollar a gallon gasoline. We could have invested in innovation and rebuilt our crumbling roads and bridges, but instead we’ve spent hundreds of billions of dollars fighting a war in Iraq that should’ve never been authorized and never been waged.

Worse yet, the price-tag for these failures is being passed to our children. The Clinton Administration left behind a surplus, but this Administration squandered it. We face budget deficits in the hundreds of billions and our nearly ten trillion dollars in debt. We’ve borrowed billions from countries like China to finance needless tax cuts for the wealthiest Americans and an unnecessary war, and yet Senator McCain is explicitly running to continue and expand these policies, without a realistic plan to pay for it.

The pundits talk about two debates – one on national security and one on the economy – but they miss the point. We didn’t win the Cold War just because of the strength of our military. We also prevailed because of the vigor of our economy and the endurance of our ideals. In this century, we won’t be secure if we bankroll terrorists and dictators through our dependence on oil. We won’t be safe if we can’t count on our infrastructure. We won’t extend the promise of American greatness unless we invest in our young people and ask them to invest in America.

So there is a clear choice in this election. Instead of reaching for new horizons, George Bush has put us in a hole, and John McCain’s policies will keep us there. I want to take us in a new and better direction. I reject the belief that we should either shrink from the challenge of globalization, or fall back on the same tired and failed approaches of the last eight years. It’s time for new policies that create the jobs and opportunities of the future– a competitiveness agenda built upon education and energy, innovation and infrastructure, fair trade and reform.

This agenda starts with education. Whether you’re conservative or liberal, Republican or Democrat, practically every economist agrees that in this digital age, a highly-educated and skilled workforce will be the key not only to individual opportunity, but to the overall success of our economy as well. We cannot be satisfied until every child in America – and I mean every child – has the same chances for a good education that we want for our own children.

And yet, despite this consensus, we continually fail to deliver. A few years ago, I visited a high school outside Chicago. The number one concern I heard from those students was that the school district couldn’t afford to keep teachers for a full day, so school let out at 1:30 every afternoon. That cut out critical classes like science and labs. Imagine that – these kids wanted *more* school. They knew they were being short-changed. Unfortunately, stories like this can be found across America. Only 20 percent of students are prepared to take college classes in English, math and

science. We have one of the highest dropout rates of any industrialized nation, and barely one tenth of our low-income students will graduate from college. That will cripple their ability to keep pace in this global economy, and compromise our ability to compete as a nation.

Senator McCain doesn't talk about education much. But I don't accept the status quo. It is morally unacceptable and economically untenable. It's time to make an historic commitment to education- a real commitment that will require new resources and new reforms.

We can start by investing \$10 billion to guarantee access to quality, affordable, early childhood education for every child in America. Every dollar that we spend on these programs puts our children on a path to success, while saving us as much as \$10 in reduced health care costs, crime, and welfare later on.

We can fix the failures of No Child Left Behind, while focusing on accountability. That means providing the funding that was promised. More importantly, it means reaching high standards, but not by relying on a single, high stakes standardized test that distorts how teachers teach. Instead, we need to work with governors, educators and especially teachers to develop better assessment tools that effectively measure student achievement, and encourage the kinds of research, scientific investigation, and problem-solving that our children will need to compete.

And we need to recruit an army of new teachers. I'll make this pledge as President - if you commit your life to teaching, America will pay for your college education. We'll recruit teachers in math and science, and deploy them to under-staffed school districts in our inner cities and rural America. We'll expand mentoring programs that pair experienced teachers with new recruits. And when our teachers succeed, I won't just talk about how great they are - I'll reward their greatness with better pay and more support.

But research shows that resources alone won't create the schools that we need to help our children succeed. We also need to encourage innovation - by adopting curricula and the school calendar to the needs of the 21st century; by updating the schools of education that produce most of our teachers; by welcoming charter schools within the public schools system, and streamlining the certification process for engineers or businesspeople who want to shift careers and teach.

We must also challenge the system that prevents us from promoting and rewarding excellence in teaching. We cannot ask our teachers to perform the impossible - to teach poorly prepared children with inadequate resources, and then punish them when children perform poorly on a standardized test. But if we give teachers the resources they need; if we pay them more, and give them time for professional development; if they are given ownership over the design of better assessment tools and a creative curricula; if we shape reforms with teachers rather than imposing changes on teachers, then it is fair to expect better results. Where there are teachers who are still struggling and underperforming, we should provide them with individual help and support. And if they're still underperforming after that, we should find a quick and fair way to put another teacher in that classroom. Our children deserve no less.

Finally, our commitment cannot end with a high school degree. The chance to get a college education must not be a privilege of the few – it should be a birthright of every single American. Senator McCain is campaigning on a plan to give more tax breaks to corporations. I want to give tax breaks to young people, in the form of an annual \$4,000 tax credit that will cover two-thirds of the tuition at an average public college, and make community college completely free. In return, I will ask students to serve, whether it's by teaching, joining the Peace Corps, or working in your community. And for those who serve in our military, we'll cover all of your tuition with an even more generous 21st Century GI Bill. The idea is simple - America invests in you, and you invest in America. That's how we're going to ensure that America succeeds in this century.

Reforming our education system will require sustained effort from all of us – parents and teachers; federal, state and local governments. The same is true for the second leg of our competitiveness agenda – a bold and sustainable energy policy.

In the past, America has been stirred to action when a new challenge threatened our national security. That was true when German and Japanese armies advanced across Europe and Asia, or when the Soviets launched Sputnik. The energy threat we face today may be less direct, but it is real. Our dependence on foreign oil strains family budgets and saps our economy. Oil money pays for the bombs going off from Baghdad to Beirut, and the bombast of dictators from Caracas to Tehran. Our nation will not be secure unless we take that leverage away, and our planet will not be safe unless we move decisively toward a clean energy future.

The dangers are eclipsed only by the opportunities that would come with change. We know the jobs of the 21st century will be created in developing alternative energy. The question is whether these jobs will be created in America, or abroad. Already, we've seen countries like Germany, Spain and Brazil reap the benefits of economic growth from clean energy. But we are decades behind in confronting this challenge. George Bush has spent most of his Administration denying that we have a problem, and making deals with Big Oil behind closed doors. And while John McCain deserves credit for speaking out against the threat of climate change, his rhetoric is undercut by a record of voting time and again against important investments in renewable energy

It's time to make energy security a leading priority. My energy plan will invest \$150 billion over the next ten years to establish a green energy sector that will create up to 5 million jobs over the next two decades. Good jobs, like the ones I saw in Pennsylvania where workers make wind turbines, or the jobs that will be created when plug-in hybrids or electric cars start rolling off the assembly line here in Michigan. We'll help manufacturers – particularly in the auto industry – convert to green technology, and help workers learn the skills they need. And unlike George Bush, I won't wait until the sixth year of my presidency to sit down with the automakers. I'll meet with them during my campaign, and I'll meet with them as president to talk about how we're going to build the cars of the future right here in Michigan.

And when I'm President, we will invest in research and development of every form of alternative energy – solar, wind, and biofuels, as well as technologies that can make coal clean and nuclear power safe. We will provide incentives to businesses and consumers to save energy and make

buildings more efficient. That's how we're going to create jobs that pay well and can't be outsourced. That's how we're going to win back control of our own destiny from oil-rich dictators. And that's how we'll solve the problem of \$4 a gallon gas – not with another Washington gimmick like John McCain's gas tax holiday that would pad oil company profits while draining the highway fund that Michigan depends on.

Moreover, our commitment to manufacturing cannot end with Green Jobs. That's why I'll end tax breaks that ship jobs overseas, and invest in American jobs. Senator McCain has a different view. He's voted to keep tax incentives that encourage companies to move abroad. He should listen to leaders in Michigan like Carl Levin, who have put forward serious proposals to address the crisis in manufacturing. We need to support programs like Michigan's 21st Century Jobs Fund, and build on best practices across the country. That's why I'll create an Advanced Manufacturing Fund to invest in places hit hard by job loss. I'll partner with Community Colleges, so that we're training workers to meet the demands of local industry.

And we can't just focus on preserving existing industries. We have to be in the business of encouraging new ones – and that means science, research and technology. For two centuries, America led the world in innovation. But this Administration's hostility to science has taken a toll. At a time when technology is shaping our future, we devote a smaller and smaller share of our national resources to Research and Development. It's time for America to lead. I'll double federal funding for basic research, and make the R&D tax credit permanent. We can ensure that the discoveries of the 21st century happen in America – in our labs and universities; at places like Kettering and the University of Michigan; Wayne State and Michigan State.

Encouraging new industry also means giving more support to American entrepreneurs. The other day, Senator McCain gave a speech to the Small Business Summit where he attacked my plan to provide tax relief for the middle class. What he didn't say is that I've also proposed exempting all start-up companies from capital gains taxes. In other words, John McCain would tax them. I won't. We'll work, at every juncture, to remove bureaucratic barriers for small and startup businesses – for example, by making the patent process more efficient and reliable. And we'll help with technical support to do everything we can to make sure the next Google or Microsoft is started here in America.

And we know that America won't be able to compete if skyrocketing costs cause companies like the Big Three to spend \$1500 on health care for every car, and condemn millions of Americans to the risk of no coverage. That's why we need to commit ourselves to electronic medical records that enhance care while lowering costs. We need to invest in biomedical research and stem cell research, so that we're at the leading edge of prevention and treatment. And we need to finally pass universal health care so that every American has access to health insurance that they can afford, and our getting the preventive services that are the key to cutting health care costs. That's what I pledged to do in my first term as President.

A third part of our agenda must be a commitment to 21st century infrastructure. If we want to keep up with China or Europe, we can't settle for crumbling roads and bridges, aging water and

sewer pipes, and faltering electrical grids that cost us billions to blackouts, repairs and travel delays. It's gotten so bad that the American Society of Civil Engineers gave our national infrastructure a "D." A century ago, Teddy Roosevelt called together leaders from business and government to develop a plan for 20th century infrastructure. It falls to us to do the same.

As President, I will launch a National Infrastructure Reinvestment Bank that will invest \$60 billion over ten years – a bank that can leverage private investment in infrastructure improvements, and create nearly two million new jobs. The work will be determined by what will maximize our safety and security and ability to compete. We will fund this bank as we bring the war in Iraq to a responsible close. It's time to stop spending billions of dollars a week on a blank check for an Iraqi government that won't spend its own oil revenues. It's time to strengthen transportation and to protect vulnerable targets from terrorism at home. We can modernize our power grid, which will help conservation and spur on the development and distribution of clean energy. We can invest in rail, so that cities like Detroit, Chicago, Milwaukee and St. Louis are connected by high-speed trains, and folks have alternatives to air travel. That's what we can do if we commit to rebuild a stronger America.

As part of this commitment to infrastructure, we need to upgrade our digital superhighway as well. When I looked at that map of the world mounted on the screen at Google, I was struck at first by the light generated by Internet searches coming from every corner of the earth. But then I was struck by the darkness. Huge chunks of Africa and parts of Asia where the light of the information revolution has yet to shine. And then I noticed portions of the United States where the thick cords of light dissolved into a few discrete strands.

It is unacceptable that here, in the country that invented the Internet, we fell to 15th in the world in broadband deployment. When kids in downtown Flint or rural Iowa can't afford or access high-speed Internet, that sets back America's ability to compete. As President, I will set a simple goal: every American should have the highest speed broadband access – no matter where you live, or how much money you have. We'll connect schools, libraries and hospitals. And we'll take on special interests to unleash the power of wireless spectrum for our safety and connectivity.

A revamped education system. A bold new energy strategy. A more efficient health care system. Renewed investment in basic research and our infrastructure. These are the pillars of a more competitive economy that will take advantage of the global marketplace's opportunities.

But even as we welcome competition, we need to remember that our economic policies must be supported by strong and smart trade policies. I have said before, and will say again – I believe in free trade. It can save money for our consumers, generate business for U.S. exporters, and expand global wealth. But unlike George Bush and John McCain, I do not think that any trade agreement is a good trade agreement. I don't think an agreement that allows South Korea to import hundreds of thousands of cars into the U.S., but continues to restrict U.S. car exports into South Korea to a few thousand, is a smart deal. I don't think that trade agreements without labor or environmental agreements are in our long term interests

If we continue to let our trade policy be dictated by special interests, then American workers will continue to be undermined, and public support for robust trade will continue to erode. That might make sense to the Washington lobbyists who run Senator McCain's campaign, but it won't help our nation compete. Allowing subsidized and unfairly traded products to flood our markets is not free trade and it's not fair to the people of Michigan. We cannot stand by while countries manipulate currencies to promote exports, creating huge imbalances in the global economy. We cannot let foreign regulatory policies exclude American products. We cannot let enforcement of existing trade agreements take a backseat to the negotiation of new ones. Put simply, we need tougher negotiators on our side of the table – to strike bargains that are good not just for Wall Street, but also for Main Street. And when I am President, that's what we will do.

Finally, let me say a word about fiscal responsibility. I recognize that my agenda is ambitious – particularly in light of Bush Administration fiscal policies that have run up the national debt by over \$4 trillion. Entitlement spending is bound to increase as the Baby Boom generation retires. But the answer to our fiscal problems is not to continue to short-change investments in education, energy, innovation and infrastructure – investments that are vital to long-term growth. Instead, we need to end the Iraq war, eliminate waste in existing government programs, generate revenue by charging polluters for the greenhouse gases they are sending into our atmosphere – and put an end to the reckless, special interest driven corporate loopholes and tax cuts for the wealthy that have been the centerpiece of the Bush Administration's economic policy.

John McCain wants to double down on George Bush's disastrous policies – not only by making permanent the Bush tax cuts for the wealthy, but by \$300 billion in new tax cuts that give a quarter of their revenue to households making over \$2.8 million. Worse yet, he hasn't detailed how he would pay for this new give-away. There is nothing fiscally conservative about this approach. It will continue to drive up deficits, force us to borrow massively from foreign countries, and shift the burden on to working people today and our children tomorrow. Meanwhile, John McCain will shortchange investments in education, energy and innovation, making the next generation of Americans less able to compete. That's unacceptable. It's time to make tough choices so that we have a smarter government that pays its way and makes the right investments for America's future.

It falls to us to shape a new century. Every aspect of our government should be under review. We can ill-afford needless layers of bureaucracy and outmoded programs. My Administration will open up the doors of democracy. We'll put government data online, and use technology to shine a light on spending. We'll invite the service and participation of American citizens, and cut through the red tape to make sure that every agency is meeting cutting edge standards. We'll make it clear to the special interests that their days of setting the agenda in Washington are over, because the American people are not the problem in this 21st century – they are the answer.

We have a choice. We can continue the Bush status quo – as Senator McCain wants to do – and we will become a country in which few reap the benefits of the global economy, while a growing number work harder for less and depend upon an overburdened public sector. An America in which we run up deficits and expose ourselves to the whims of oil-rich dictators while the

opportunities for our children and grandchildren shrink. That is one course we could take.

Or, we can rise together. If we choose to change, just imagine what we can do. The great manufacturers of the 20th century can turn out cars that run on renewable energy in the 21st. Biotechnology labs can find new cures; new rail lines and roadways can connect our communities; goods made here in Michigan can be exported around the world. Our children can get a world-class education, and their dreams of tomorrow can eclipse even our greatest hopes of today.

We can choose to rise together. But it won't be easy. Every one of us will have to work at it by studying harder, training more rigorously, working smarter, and thinking anew. We'll have to slough off bad habits, reform our institutions, and re-engage the world. We can do that, because this is America - a country that has been defined by a determination to believe in, and work for, things unseen.

Every so often, there are times when America must rise to meet a moment. So it has been for the generations that built the railroads and beat back the Depression; that worked on the first assembly line and that went to the moon. So it must be for us today. This is our moment. This is our time to unite in common purpose, to make this century the next American century. Because when Americans come together, there is no destiny too difficult or too distant for us to reach.