



## Statement on the Financial Market Bailout by Leo W. Gerard, USW International President

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On Friday, the House of Representatives passed a bill that allows the government to buy up to \$700 billion of bad mortgages and other loans from various financial institutions. The same bill was approved by the Senate earlier in the week, so with the President's signature, it became the law of the land.

Thanks to Barack Obama and the Democrats, the bill is dramatically better than the astonishing blank-check that President Bush and Treasury Secretary Paulson originally requested. And while still far from perfect, the bill does contain important provisions that require Congressional oversight, protect taxpayers, limit CEO compensation, and allow at least some homeowners to have their mortgages restructured.

However, in the end, while the bill may help to stabilize the credit markets, it does nothing to address the fundamental cause of this crisis – declining home prices and eight years of stagnant wages for the overwhelming majority of working families.

Barack Obama hit the nail on the head:

"The era of greed and irresponsibility on Wall Street and in Washington has led us to this perilous moment. They said they wanted to let the market run free but instead they let it run wild, and in doing so, they tramped on our core values of fairness, balance and responsibility to one another. As a result, we are facing a financial crisis as profound as any we have faced since the Great Depression.

This financial crisis is a direct result of the greed and irresponsibility that have dominated Washington and Wall Street for years. It's the result of speculators who gamed the system, regulators who looked the other way, and lobbyists who bought their way into our government. It's the result of an economic philosophy that says we should give more and more to those with the most and hope that prosperity trickles down to everyone else; a philosophy that views even the most common-sense regulations as unwise and unnecessary. This crisis is the final verdict on this failed philosophy – a philosophy that we cannot afford to continue."

George W. Bush's chickens have come home to roost, and they're not pretty.

With the full support of John McCain, who voted with him 90 percent of the time, eight years of the Bush-McCain philosophy have left us in a terrible mess:

- 138 trade deals – every single one enthusiastically supported by John McCain – that have contributed to a loss of 3.9 million manufacturing jobs;
- A trade deficit that has doubled growing from \$379 billion in 2000 to an estimated \$707 billion in 2008;
- A federal budget which was running a \$236 billion surplus in 2000 will have an estimated deficit of \$407 billion in fiscal 2008, a deficit that could rise to \$481 billion in 2009;

- And last week we learned that another 159,000 jobs were lost last month many more than expected, and the worst job losses in five years.

The result is that wages for middle-income workers have gone down over an eight-year period.

We have mortgaged not just our homes but our entire future to foreign governments which have made clear in recent days that they care not one wit for the concerns of America's working families.

The people with the leverage are now the Chinese, the Russians, and the oil producing countries, each of whom will want assurances that the debt they hold now and the new debt they will soon be buying are worth something. The *Chinese People's Daily* made this point clear when it warned us on September 16 that, "The world needs to create a diversified currency and financial system and a fair and just financial order that is not dependent on the United States."

If anything good can come out of this awful mess, we must begin by clearly and unequivocally recognizing the absolute bankruptcy of the Bush-McCain approach.

Our nation's sad 25-year history of decoupling wages and productivity and of devastating trade practices has not only crippled workers, but it has also destroyed our savings and our ability to invest. Employers have not only reduced wages and benefits, but they have also substantially dismantled the employer-based pension system. And in the public sector, the Bush tax cuts that overwhelmingly benefited the rich have robbed state and local governments of the revenues necessary to fund jobs-creating public investments.

We need to once and for all bury the philosophy that worships only business, free markets, deregulation and free trade, and replace it with an economic program that restores the balance of power between workers and business, rebuilds the middle class, and curbs corporate excesses.

Congress and the next president, together with all those who care about America, need to come together and develop concrete plans for supporting real productive activity in this country and making meaningful public investments in our economy. We must create real wealth in our economy, and value-added manufacturing is the best answer.

Over and above creating millions of jobs and preserving countless more, investments in the "real economy" also offer the greatest opportunity to get something back on the hundreds of billions of bad loans which our Government is about to acquire from Wall Street on behalf of the American people who live on Main Street. Just as we cannot consume our way to financial health, neither can we "swap" enough paper to re-create a vibrant economy.

The next president and Congress must take the actions necessary to encourage a true high-wage economy.

As Senator Obama has said, we need to reform our health care system to relieve families, businesses and the entire economy from the crushing cost of health care by investing in new technology and preventative care. We need a universal health care system that provides all Americans with health care coverage at least as good as that provided to members of Congress.

And we need to stop insurance companies from discriminating against those who are sick and need care the most.

Senator Obama has also been clear on the need for government to play a lead role in revitalizing the economy that Wall Street speculators have almost destroyed. To create jobs, we need to invest in rebuilding our crumbling infrastructure – our roads, schools and bridges. We need to rebuild our outdated electricity grid and build new broadband lines to connect all of America. And we need to create the jobs of the future by transforming our energy economy, tapping our natural gas reserves, investing in clean coal, and finding ways to safely harness nuclear power.

We need to help our auto companies re-tool so that the fuel-efficient cars of the future are built right here in the United States. And we need to make it easier for the American people to afford these new cars.

We must also invest in affordable, renewable sources of energy – wind power, solar power and the next generation of biofuels, investments that will lead to new industries and millions of new jobs that pay well and can't be offshored.

Finally, Barack Obama has proposed a Financial Stability Fee, to be paid by the financial services industry, so that if there are losses on the bad loans the government buys, then Wall Street foots the bill – not the American taxpayer.

These programs have no friend in John McCain. While McCain says he has now discovered that there are problems, his 26-year record makes clear that he is, perhaps even more than George Bush, an unapologetic champion of the Bush philosophy.

Senator McCain has been clear for a long time just where he stands. In his own words:

- “Business should have lower taxes [and] less regulation...”
- Our broken health care system can be fixed by, “Opening up the health insurance market to more vigorous nationwide competition, as we have done over the last decade in banking.”
- “NAFTA was a good idea, it has created millions of jobs and helped the economies of all three nations...As a free trader I will open every market in the world”

And for all his talk about earmark abuse, what Senator McCain never mentions these days is the corporate abuse of our tax system – abuse that has cost our nation far more than earmarks ever have. We lose around \$100 billion every year because corporations get to set up mailboxes offshore so they can avoid paying taxes in America. We need to shut down those offshore tax havens and corporate loopholes, and all of us have a responsibility to pay our fair share. That's putting country first.

When it comes to regulatory reform, Senator McCain has fought time and time again against the common-sense rules that could have prevented this crisis. His economic plan was written by Phil Gramm, the architect in the U.S. Senate of the de-regulatory steps that helped create this mess. Even knowing what we know now, Senator McCain said in an interview just a few days ago that de-regulation actually helped grow our economy. That might be true for the profits of a few CEOs, but it's certainly not true for America's workers and their economy.

For over a year, while Senator McCain and President Bush repeated literally dozens of times that “the fundamentals of the economy are sound” Senator Obama has been calling for a comprehensive solution to the sub-prime mortgage meltdown – a solution focused on the working families who are losing their homes and not on the speculators who have made millions on their pain.

According to John McCain, “On tax policy, health care reform, trade, government spending and a long list of other issues, we [Obama and McCain] offer very different choices to the American people”.

On this, John McCain is absolutely correct.

While only two weeks ago, John McCain was claiming that the “fundamentals of the economy are strong,” he has finally begun to acknowledge that the economy is in trouble. His solution though is more of the failed policies of George W. Bush:

- more unfair trade deals,
- more offshoring of our jobs,
- more tax cuts for the wealthy,
- more attacks on our pensions and our Social Security, and
- more stripping away of our health care benefits.

Barack Obama, on the other hand, knows that the economic policies of the last eight years have failed the middle class, and he knows that the very best thing for America is a vibrant middle class growing from the bottom up. He will:

- give us fair trade instead of McCain's "free trade",
- rebuild our economy fairly,
- invest in productive activity like green jobs and rebuilding our roads and bridges,
- invest in education, universal health care, and better retirement security, and
- pass the Employee Free Choice Act!

The choice is a clear one. We cannot accept Senator McCain's plan to increase corporate wealth at the expense of our jobs, our environment and our communities; we must choose Senator Obama's plan for worker prosperity and a revitalized middle class.