

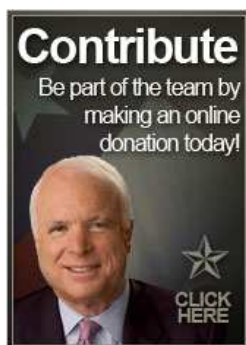


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Address To Detroit Economic Club

October 9, 2007

ARLINGTON, VA - U.S. Senator John McCain delivered remarks to the Detroit Economic Club on Tuesday, October 9th at 9:45 a.m. EDT. Below are McCain's remarks as prepared for delivery:

Thank you. It's a great pleasure to be the guest of such an eminent economic club.

Since Adam Smith coined the phrase "the invisible hand," economists, philosophers, and others have debated the virtues of market economies. You'll even hear some presidential candidates claiming to understand the finer nuances of markets and management. In fact, success has nothing to do with fancy theory. The simple lesson of history is that there is no economic force on this globe that is stronger than free people and their desire to create a better life.

Ronald Reagan once said that "Freedom is the right to question and change the established way of doing things. It is the continuing revolution of the marketplace. It is the understanding that allows us to recognize shortcomings and seek solutions." He spoke these words to university students in Moscow in 1988. Those students thirsted for freedom. We are blessed by freedom, but the importance of protecting it in every realm is a message that politicians desperately need to hear today.

Unfortunately, we find ourselves at a time when the U.S. economy is growing more slowly than anyone would like. As you are well aware, conditions in Michigan are even tougher, with the state suffering through one of the most severe recessions since World War II.

Tough times can breed fear, and Hillary Clinton and the Democrats are using those fears to push an agenda that is tired, dangerous, and will rob us of economic freedom. Once again, they want the government to make our choices for us - not respect our dreams, and trust our decisions on how best to seize our opportunities.

Let's take stock of the situation today in Michigan. Unemployment is under five percent nationwide, but over seven percent in Michigan. Ten percent of Michigan's jobs have disappeared this decade and 50,000 people left the state in the past year. What does the Democratic Governor propose to do? Raise taxes!

Now that will help. Michigan businesses already struggle against an unfavorable cost structure, and higher taxes will only make those problems worse. Higher taxes discourage entrepreneurship, foster wasteful tax-planning, inhibit economic freedom and slow long-term growth.

I will not let the Democrats roll back the Bush tax cuts. I believe we should protect the American family against partisan tax increases by requiring a three-fifths majority in Congress to raise taxes. But that is just a start.

Our tax code is so complicated it extracts one thousand dollars for every American family, a total of over \$140 billion in extra costs every year. It's offensive that six out of every ten taxpayers have to pay someone else just to figure out how to pay the government. I want America's smartest people creating jobs, not wasting their time, energy and capital navigating our incomprehensible tax laws.

Now, having one income tax system like this is bad enough - but right now we have two of them. We certainly don't need two separate tax systems. The Alternative Minimum Tax is expected to hit up to 30 million people by 2010. I am committed to repealing this tax before millions of American families are forced to devote even more of their hard earned money to paying for the spending largesse in Washington.

We can have a single, fair and simpler system built on a few, lower tax rates and straightforward credits for work, health, education, and those with a family. We can make our personal and business tax systems work cohesively so that we can shed our status as one of the least attractive tax jurisdictions on earth. Let nobody be fooled: if our best companies, large or small, are overtaxed and uncompetitive, it is the American worker who suffers. Now is not the time for Democrats to be threatening to raise taxes - the economy is growing too slowly and the cost of capital has risen already. Now is the time for us to restore American's trust in their government by controlling wasteful spending.

Even if there is success in keeping taxes low, Michigan businesses - large multinational companies, small business, and entrepreneurs alike - face a tsunami of rising health care costs. It is no surprise that health care figured prominently in the recent auto industry labor dispute. You and I both know that rising health care costs are a threat to our global competitiveness, a threat to our families' budgets, a threat to our government's solvency, and a threat to the profitability of American business.

I applaud the recent agreement between the UAW and GM to help guarantee the health benefits of retired auto workers. I'm told the UAW/Ford talks include a similar proposal to create a trust fund for health care. But my friends we must do more - we must reign in the growing cost of care if we are to compete globally.

The American worker is the most productive worker in the world. This is why many foreign manufacturers come to the United States to build their products. But, we must be more competitive in order to sustain our leadership in manufacturing.

Japan currently spends half of what the U.S. spends on health care, but they live longer. It is incredibly difficult to be competitive if the price of every GM car includes about \$1700 for health care costs before the first wrench is turned, more than the cost of the steel in the car. For Toyota the same cost is about \$200.

America has the best health care in the world and we must work to keep it so, but we must also work to provide incentives to control costs and thereby make that care more accessible. Democrats want to turn health care into a government agency. That will not mean lower costs. It will not mean higher quality. It will mean higher taxes, less choice and less freedom.

I will be talking more about health care on Thursday, but I believe the debate must focus on the cost and quality of care, or these trust funds and the companies supporting them may not survive. It will require broad-based change to focus on patients, much more competition in the system, and more responsibility of our citizenry. Medicare will grow unsustainably, and many governments and companies will find it impossible to fund health care. If we don't get costs under control, the number of uninsured will continue to increase and there won't be enough money to plug the hole. We must address this problem now to assist the growing generation of older Americans increasingly dependent on health care and for generations to come and as President, I will.

Michigan's problems got worse when the state government nearly shut down, and Democrats refused to make the tough choices necessary to focus spending on genuine priorities. It's yet another sad example of why across this nation taxpayers have lost trust in their government.

Politicians refuse to talk straight about Social Security and Medicare: the current Social Security system is unsustainable. Period. A half century ago, sixteen American workers supported every retiree. Today, it's just three. Soon, it will be only two. If we don't make some tough choices, Social Security and Medicare either won't be there for our children and grandchildren or we will have had to raise taxes so dramatically to support them that we will crush the prosperity of average Americans.

I will fight to save the future of Social Security and Medicare by reaching my hand across the aisle, but if the Democrats won't act, give me the responsibility and I will. If Congress won't act, I will demand an up or down vote on my plan. No problem is in more need of honesty than the looming insolvency of our entitlement programs. No government program is the object of more political posturing and spin than Social Security and Medicare. Americans have the right to know the truth, no matter how bad it is. I won't leave office without doing everything I can to fix the fiscal problem that, more than any other, threatens our future prosperity and power.

I am running for President to restore the trust of taxpayers in their government. Americans have lost trust in their government to spend their hard earned money wisely. Today, the government spends more money than ever before. Since Ronald Reagan left office, government spending adjusted for inflation has increased \$2,500 for every man, woman and child in the country. Wasteful spending has gone from irresponsible to indefensible. When Congress sends a pork-laden spending bill to my desk, I will veto it. The Congress just sent to the President a Water Resources and Development Act with 900 earmark projects. If I got that bill, I'd pull out this pen, a pen given to me by a great President, Ronald Reagan, and I'd veto that bill in a heartbeat.

If they kept sending it to me, I'd use the bully pulpit to make the people who are wasting your money famous. You'd know who they are, and you could hold them accountable. No is always the right answer to wasteful spending. I have the veto pen of Ronald Reagan and, I promise you, I'll use it.

I have a reputation for straight talk and we need to work together to increase CAFE standards to a level that is practical and achievable for all new vehicles, foreign and domestic, because improved fuel economy will help our nation achieve national energy security, reduce carbon emissions, and improve local and regional air quality. But as we strive to increase fuel economy, we must also ensure that we maintain auto safety.

I believe that the use of advanced materials and other technologies including alternatively-fueled vehicles, flexibly-fueled vehicles, and plug-in hybrid vehicles can help us meet our objectives successfully. And as the world's nations take further action to reduce global warming by cutting their carbon footprint, the steps we take now will also position the American auto industry at the forefront in the development and production of vehicles the world's consumers will demand for generations.

We need to be at the cutting edge of green technologies because ninety-five percent of the world's customers live outside the United States. We need to be competitive as a matter of securing the future of our children. Our future prosperity depends on our competitiveness.

But let's have one more piece of straight talk: globalization is here, globalization is an opportunity, but globalization will not automatically benefit every American.

I know that open markets don't automatically translate into a higher quality of life for every single American. Change is hard, and while most of us gain, some industries, companies and workers are forced to struggle with very difficult choices. It wasn't government's job to spend millions to save buggy whip factories and haberdashers when cars replaced carriages and men stopped wearing hats. And it isn't government's job to spend billions preserving products and services that we can't sell anymore. But it is government's job to help

workers get the education and training they need for the new jobs that will be created by new businesses in this new century.

Right now we have a half-dozen different programs that are supposed to help displaced workers, and another half-dozen for people who are not working at all. We have an unemployment insurance program straight out of the 1950s. It was designed to assist workers through a few tough months during an economic downturn until their old jobs came back. That program has no relevance to the world we live in today.

If I'm elected President, I'll work with Congress and the states to overhaul unemployment insurance and make it a program for retraining, relocating and assisting workers who have lost a job that's not coming back to find a job that won't go away. We should replace our outmoded and redundant programs with a single system. We can help people get back on their feet more quickly with jobs in the private sector, which offer the best training for a changing marketplace. We can strengthen community colleges and technical training, and give displaced workers more choices to find their way back to productive and prosperous lives.

No one should have to wait until they are laid off to build a better life. We can start right now by improving the accountability of public education at the primary and secondary level, allowing competition, and helping provide parents with choices for their children's education. The better educated Americans are, the more capable they will be of adjusting to and benefiting from economic change.

Let me suggest three ideas to provide American workers the continuing opportunities they need to adapt to the changing economic times.

First, the unemployment insurance system still serves well the vast majority of workers who quickly change jobs in this fluid economy. But it needs to be modernized to meet the goals of helping displaced workers make ends meet between jobs and moving people quickly on to the next opportunity.

Second, we need to better connect training with business knowledge and needs. We need to train people for the jobs that exist today and the new jobs of the future. The Federal government has a half-dozen training programs - and no track record of success. As I talk to business people and education experts I hear again and again that community colleges do a great job of providing the right skills to workers and the right workers for firms. We should take greater advantage of this record of success. And we can trust workers to choose. We need to transform rigid training programs to approaches that can be used to meet the bills, pay for training, and get back to work.

Third, for older workers the best training may be getting back to work. Older workers can use their experience and work ethic to adapt to the challenges of the next job. But often, the starting pay of the next job doesn't measure up. We can help these individuals honor their tradition of work and allow them to keep up with the times. For those displaced workers who are 50 or 55 and move to a new job, let's give them the choice of either training or a few years of supplement to their earnings so the fall is not so far. They will be less resistant to taking a lower paying job and we will all benefit from having their experience back on the job.

So today I encourage Michigan to join my efforts to resist higher taxes, control spiraling health care costs, restore trust in government, and build 21st century labor markets. It will work for Michigan. It will work for America.

We have much to be hopeful about. We are powered by entrepreneurs that will enhance our global economic competitiveness and maintain America's economic leadership. My friends, America's best days are still to come. Despite the pessimism peddled by politicians, you can't sell me on hopelessness. You can't scare me about the future. You can't convince me that our problems are insurmountable. I have faced adversity throughout my life and with perseverance, have overcome it. I will use those lessons now to guide my resolve as President.

We stand on the threshold of another century of American leadership. We have the opportunity to write another chapter of American greatness. Those of us privileged to lead this country need only be mindful of what has always made us great, have the courage to stand by our principles, honor our public trust, and keep our promises to put the country's interests before our own.

I've always kept my promises to my country. I'll keep the ones I make now. And I will keep the ones I make as President.

Thank you.