

for the Federal Budget but also for family budgets.

### FAILURE TO INVEST IN THE FUTURE

America's prosperity has always risen from the ground up, seeded by the hard work and ingenuity of our workers, inventors, and entrepreneurs. But germs of a good idea or a new way of doing business cannot take root and flourish without the Nation preparing the conditions for growth. That takes sound management of the economy; access to capital; and investments in science, technology, and infrastructure. That's why we built the great land-grant universities as our Nation expanded west, sent the Greatest Generation to college on the G.I. Bill, and invested in science and technology at the height of the Cold War. It's why previous generations built the Erie Canal at the start of the 19th Century, the transcontinental railroad after the Civil War, and the interstate highway system in the 1950's. It's why we electrified rural America during the depths of the Great Depression and laid fiber optic cables in our own time.

Investing in the future has been critical to long-term economic growth and creating high-paying jobs for our people throughout our history. Yet, over the past several years, we've been delinquent in making these down payments on future growth.

### *Infrastructure*

As our society becomes more mobile and interconnected, the need for 21st Century transportation networks has never been greater. As our economy slows, repairing and upgrading our infrastructure is an effective way to revive it and create new jobs. In the longer term, infrastruc-

ture investment will enable the United States to compete with the rest of the world and keep good jobs here at home. After all, in this day and age, businesses can now locate almost anywhere in the world and bring the jobs they create with them—and a modern infrastructure is critical if those jobs are to come to and stay in America.

Yet too many of our Nation's railways, highways, bridges, airports, and neighborhood streets are not keeping up with the needs of our Nation due to lack of investment and strategic long-term planning. The American Society of Civil Engineers gives our country's infrastructure the grade of a "D." The unsatisfactory condition and operational performance of our roads and bridges carries real costs from billions of dollars in car repairs to wasted fuel and time. The Texas Transportation Institute 2007 Urban Mobility Report estimates that drivers experienced over 4.2 billion hours of delay and wasted approximately 2.9 billion gallons of fuel in 2005.

Looking forward, we are behind in building the infrastructure that we need to compete in the global, information-age economy and are at risk of losing our Nation's scientific dominance. Over the last three decades, Federal funding

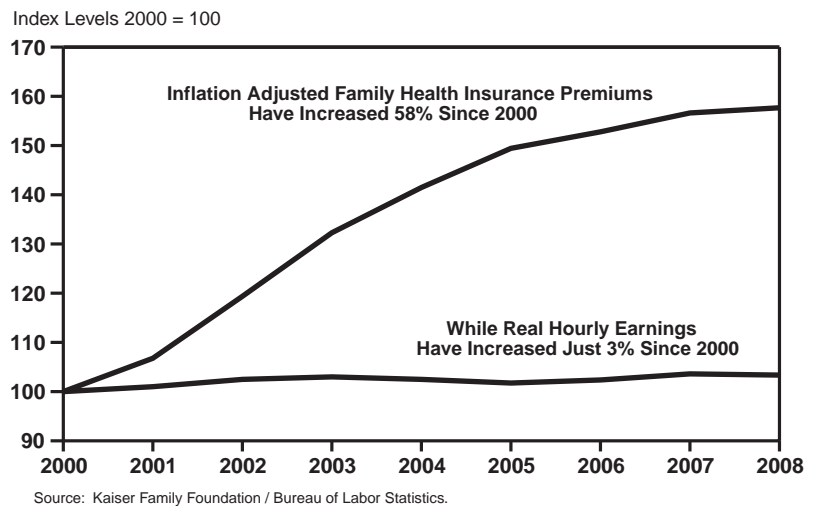
for the physical, mathematical, and engineering sciences has declined as a percentage of GDP at a time when other countries are substantially increasing their own research budgets. At one point not long ago, the United States led the world in broadband deployment; now, that leadership is in question. Wireless networks in many countries abroad are faster and more advanced than our own. Our electrical grid is still constructed around the same model of 100 years ago, and in some places is as old. Power interruptions and outages cost Americans at least \$80 billion each year. Finally, because of an insistence on putting dogma ahead of science, the United States has fallen behind in some of the most important, cutting-edge research such as stem-cell research.

**Clean Energy**

This lack of investment in the future is most glaring in the area of clean energy. For decades, we have talked about the security imperative we have to wean our Nation off foreign oil, which is often controlled by those whose interests are inimical to ours. And in recent years, a consensus has developed over the need to limit greenhouse gas emissions, which produce global warming and increase the risk of severe storms and weather conditions that might ruin crops, devastate cities, and destabilize whole regions. All of these facts are reason enough to invest in clean energy technologies. But there is an economic imperative to embrace these investments as well.

The clean energy sector presents us with immense promise—to develop and dominate a new industry sector and to create high-paying jobs here at home. From new, highly fuel-efficient cars to renewable sources of power, there are a host of emerging technologies that can spur the growth of new business while creating millions of new jobs. Our economic competitors know that. That’s

Figure 11  
**Since 2000 Family Health Insurance Premiums Have Increased Much Faster than Workers' Real Earnings**



why they are racing to dominate these industries and to transform their economies.

Yet, the last Administration approached our energy needs by focusing on finding more of the fossil fuels we use now. As a result, we are still addicted to fossil fuels and more dependent on foreign oil than ever before. We have yet to make important policy changes and critical investments in the clean energy infrastructure that we’ll need to transform our economy. Beyond clean energy, we have not kept up with investing in the basic science and research that will power this sector and the entire economy in decades to come. In fact, as a share of GDP, American Federal investment in the physical sciences and engineering research has dropped by half since 1970.

**ERODING TRUST AND ACCOUNTABILITY**

Government is able to work on behalf of the people and attend to their immediate needs and long-range problems when it truly is a government of, by, and for the people. Part of what ails our economy is a profound disconnect between our leaders in Washington and the rest of the Nation.

Over the past eight years, policy was made behind closed doors. In many cases, unprecedented levels of secrecy have been invoked to block public scrutiny. In such an environment, the well connected and those who are able to hire high-priced lobbyists were able to carve out huge loopholes in our tax code, win massive subsidies that shifted the tax burden to small businesses and the middle class, and obtain exemptions from the basic rules of the road for themselves and their clients. And they did this all without paying for it or being held to account. This must change.

### ***Fiscal Irresponsibility***

Another manifestation of irresponsibility is the large budget deficits we are inheriting. These deficits, over time, will harm economic growth and impose burdens on our children and grandchildren. For the past eight years, in a time of economic growth, the Government spent recklessly on tax cuts for the few and hand-outs for the well-off and well-connected, mismanaged billions of dollars in taxpayer money, and failed to honor the responsibilities we have to future generations. Massive new programs have routinely been omitted from the Budget to mask their true cost, while a new entitlement program and massive tax cuts were proposed and signed into law without any

attempt to pay for them. Between 2000 and 2008, real Government outlays increased at a 3.6 percent annual average rate, three times the 1.2 percent annual average rate between 1992 and 2000. This has helped turn a surplus of \$236 billion at the end of the Clinton Administration, that was projected to grow still larger over time, into a deficit of more than \$1 trillion in 2009. (see Figure 12, Surpluses Have Turned to Deficits). Furthermore, the amount of debt held by the public has nearly doubled to \$6.4 trillion from 2001 to 2008. We are now living with the fallout of this deep fiscal irresponsibility.

Unfortunately, we are also inheriting the worst economic crisis since the Great Depression—which will force us to increase deficit spending temporarily as we try to jumpstart economic growth. This is an extraordinary response to an extraordinary crisis, and as we come out of this recession, we must return to the path of fiscal responsibility. It will mean tough choices—choices that are tougher because of the legacy of fiscal irresponsibility left to us.

### ***Erosion of Market Oversight***

Our Nation depends on private initiative and on free markets. But the financial crisis has reminded us that without a watchful eye, the markets can spin out of control. In recent years, a dogmatic deregulatory approach to our capital markets, driven by ideology rather than pragmatism, has now put those very markets—the envy of the world—in their most serious crisis in decades. Policymakers forgot that markets work when there is transparency of financial information for investors and consumers alike; independent oversight; and accountability enforced by active and uncompromised regulators. Because of deliberate policy decisions, balance sheets did not accurately reflect the risks that firms were taking; large pools of capital were left unregulated while

Figure 12

