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Barack Obama

Senate Floor Speech in Support of the Wall Street Bailout Bill

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Thank you very much, Madam President. And thank you to the distinguished Senator from Connecticut not only for yielding time, but also for the extraordinarily hard work that he's put in over the last several days and, in fact, over a -- a week. And I want to thank his counterparts on the other side, including Senator Gregg, for their hard work.

Now, the fact that we're even here voting on a plan to rescue our economy from the greed and irresponsibility of Wall Street and some in Washington is an outrage. It's an outrage to every American who works hard, pays their taxes, is doing their best every day to make a better life for themselves and their families. And understandably, people are frustrated and they're angry that Wall Street's mistakes have put their tax dollars at risk. And they should be. I'm frustrated and angry, too.

But while there's plenty of blame to go around -- and many in Washington and Wall Street who deserve it, all of us -- all of us have a responsibility to solve this crisis, because it affects the financial well-being of every single American. There will be time to punish those who set this fire, but now is not the time to argue about how it got set, or did the neighbor sleep in his bed, or leave the stove on. Right now we want to put out that fire; and now's the time for us to come together and do that.



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When the House of Representatives failed to act on Monday, we saw the single largest decline in the stock market in two decades. Over one trillion dollars of wealth was lost by the time the markets closed. And it wasn't just the wealth of a few CEOs or Wall Street executives. The 401(k)s and retirement accounts of millions became smaller. The state pension funds of teachers and government employees lost billions upon billions of dollars. Hard-working Americans who invested their nest egg to watch it grow saw it diminish and in some cases disappear.

And while that decline was devastating, the consequences of the credit crisis that caused it will be even worse if we do not act now. We're in a very dangerous situation, where financial institutions across this country are afraid to lend money. And if all that meant was the failure of a few banks in New York, that would be one thing. But that's not what it means. What it means is, if we don't act, it will be harder for Americans to get a mortgage for their home or loans they need to buy a car or send their children to college.

What it means is that businesses won't be able to get the loans they need to open a new factory or make payroll for their workers. And if they can't make payroll on Friday, then workers are laid off on Monday. And if workers are laid off on Monday, then they can't pay their bills or pay back their loans to somebody else. And it will go on and on and on, rippling through the entire economy. And potentially we could see thousands of businesses close, millions of jobs could be lost, and a long and painful recession could follow. In other words, this is not just a Wall Street crisis; it's an American crisis. And it's the American economy that needs this rescue plan.

I understand completely why people would be skeptical when this President asks for a blank check to solve this problem. I was, too, as was Senator Dodd and a whole bunch of us here. And that's why, over a week ago, I demanded that this plan include some specific proposals to protect taxpayers, protections that the Administration eventually agreed to, and, thanks to the hard work of Senator Dodd and Republican counterparts like Senator Gregg, we here in the Senate have agreed to, and now hopefully the House will agree to, as well.

Let me just go over those principles:

Number one, I said we needed an independent board to provide oversight and accountability for how and where this money is spent at every step of the way.

Number two, I said that we cannot help banks on Wall Street without helping the millions of innocent homeowners who are struggling to stay in their homes. They deserve a plan, too.

Number three, I said that I would not allow this plan to become a welfare program for Wall Street executives, whose greed and irresponsibility got us into this mess.



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And, finally, I said that, if American taxpayers are financing this solution, then they have to be treated like investors. They should get every penny of their tax dollars back once the economy recovers.

Now, this last part is important, because it's been the most misunderstood and poorly communicated part of this plan. This is not a plan to just hand over 700 billion dollars of taxpayer money to a few banks. If this is managed correctly -- and that's an important "if" -- we will hopefully get most or all of our money back and possibly even turn a profit on the government's intervention, every penny of which will go directly back to the American people. And if we fall short, we will levy a fee on financial institutions so that they can repay for the losses that they caused.

Now, let me -- let's acknowledge, even with all these taxpayer protections, this plan is not perfect. Democrats and Republicans in Congress have legitimate concerns about it. Some of my closest colleagues, people I have the greatest respect for, still have problems with it and may choose to vote against this bill, and I think that we can respectfully disagree. I understand their frustrations.

I also know that many -- many Americans share their concerns. But it's clear that, from my perspective, this is what we need to do right now to prevent the possibility of a crisis turning into a catastrophe. It is conceivable -- it's possible that if we did nothing everything would turn out okay. It's -- There -- There's a possibility that that's true. And there's no doubt that there may be other plans out there that, had we had two or three or six months to develop, might be even more refined and might serve our purposes better.

But we don't have that kind of time. And we can't afford to take a risk that the economy of the United States of America and, as a consequence, the worldwide economy could be plunged into a very, very deep hole. So to Democrats and Republicans who've opposed this plan, I say: Step up to the plate. Let's do what's right for the country at this time, because the time to act is now.

I know many Americans are wondering what happens next. And passing this bill can't be the end of our work to strengthen our economy; it must be the beginning. Because one thing I -- I think all of us who may end up supporting this bill understand is that, even if we get this in place, we could still have enormous problems and probably will have big problems in the economy over the next several months and potentially longer; because the fact is, is that we have seen some mismanagement of the fundamentals of the economy for a very long time, and we are not going to dig ourselves out of that hole immediately.

So this is not the end. This is the beginning. As soon as we pass this rescue plan, we need to move aggressively with the same sense of urgency to rescue families on Main Street who are struggling to pay their bills and keep their jobs. They've been in crisis a lot longer than Wall Street has.



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I've said it before and I say it again: We need to pass an economic stimulus package that will help ordinary Americans cope with rising food and gas prices, that can save one million jobs rebuilding our schools, and roads, and our infrastructure, and help states and cities avoid budget cuts and tax increase[s], a -- a plan that would extend expiring unemployment benefits for those Americans who've lost their jobs and cannot find new ones. That's the right thing to do at a time when consumer confidence is down and we are in great danger of slipping into a big recession.

We also must do more in this rescue package in order to help homeowners stay in their homes. I will continue to advocate bankruptcy reforms. I know my colleague from Illinois, Dick Durbin, has been a strong champion of this, as have many. It is the right thing to do to change our bankruptcy laws so that people have a better chance of staying in their homes and we're not seeing communities devastated all across the country. And we should encourage Treasury to study the option of buying individual mortgages, like we did successfully in the 1930s.

And finally, while we all hope that this rescue package succeeds, we should be prepared to take more vigorous actions in the months ahead to rebuild capital, if it's necessary.

Now, just as families are planning for their future in tough times, Washington's going to have to do the same. Runaway spending and record deficits are not how families run their budgets. It can't be how Washington handles people's tax dollars. So we're going to have to return to the fiscal responsibility we had in the 1990s. And the next White House and the next Congress is going to have to work together to make sure that we go through our budget, we get rid of programs that don't work, that we make the ones that do work better and cost less. With less money flowing into the Treasury, some useful programs or policies might need to be delayed. And some might be -- need to be stretched out over a longer period of time.

But there are certain investments in our future that we cannot delay, precisely because our economy is in turmoil.

Mr. President, I've exceeded the time a little bit. I would like unanimous consent for a couple more minutes.

[Cross talk from the Floor]

Senate President: Is there objection? Seeing no objection --

Senator Obama: Thank you.

There are certain investments in our future that we can't delay precisely because -- because the economy's in turmoil. We can't wait to help Americans keep up with rising costs and shrinking paychecks, and we're going to do that by making sure that we are giving our workers a middle-class tax cut.



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We can't wait to relieve the burden of crushing health care costs. We can't wait to create millions of new jobs by rebuilding our roads and our bridges, and investing in broadband lines in rural communities, and fixing our electricity grid so we can get renewable energy to population centers that need them. And we need to develop an energy policy that prevents us from sending 700 billion dollars a year to tyrants and dictators for their oil. We can't wait to educate the next generation of Americans with the skills and knowledge they need to compete with any workers anywhere in the world. These are the priorities we cannot delay.

Now, let me just close by saying this: I do not think this is going to be easy. It's not going to come without costs. We are all going to need to sacrifice. We're all going to need to pull our weight, because now, more than ever, we are all in this together. That's part of what this crisis has taught us -- that in the end of the day, there's no real separation between Wall Street and Main Street. There's only the road we're traveling on as Americans. And we will rise or fall on that journey as one nation and as one people.

I know that many Americans are feeling anxiety right now about their jobs, about their homes, about their life savings. But I also know this, that we can steer ourselves out of this crisis. We are -- always have. During the great financial crisis of the last century, in his first fireside chat, FDR told his fellow Americans that,

There is an element in the re-adjustment of our financial system more important than currency, more important than gold, and that is the confidence of the people themselves. Confidence and courage are the essentials of success in carrying out our plan.

Let us unite in banishing fear. Together we cannot fail. We cannot fail, not now, not tomorrow, not next year.

This is a nation that's faced down war and depression, great challenges and great threats. And at each and every moment, we have risen to meet up these challenges, not as Democrats, not as Republicans, but as Americans, with resolve and with confidence, with that fundamental belief that, here in America, our destiny is not written for us, it's written by us. And that's who we are. And that's the country I know we can be right now.

I want to thank again the extraordinary leadership of Chairman Dodd and Banking -- the Banking Committee, as well as Chairman Baucus and Majority Leader Reid. They have worked tirelessly. I want to thank the leadership in the House of Representatives.

I urge my colleagues to join me in supporting this important legislation, understanding that this will not solve all our problems. It is a necessary but not sufficient step to make sure that this economy once again works on behalf of all Americans in their pursuit of the American dream.

Thank you, Mr. President. I yield the floor.