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Thank you Melody (Barnes) for that introduction. Now you see what we turn out at UNC, and why we are so proud of it. I want to thank you and all of your staff. I certainly would be remiss if I did not thank those advocates that are here from North Carolina. I see Martin Eakes is here. I know Eric Stein, Jim Blaine and others.

They were so helpful to me back when I was in the Attorney General's office in 1998 and 99, when we tried to pass the first predatory lending law. And we actually got some lobbying assistance from the banks and I do not want to overlook that. We brought them together. We talked about the problem and we came to an agreement.

Predatory lending is about much more than just debt. Combating predatory lending is about protecting families. These laws are about protecting families. And that is what you as advocates have done. Protecting families. Protecting homes. Saving wealth. Building security. Not only in their household, but in the country.

If you think about, it the country is only as strong as its people. And that is why it is so important that we bring everybody along together as we take America forward.

The country has a stake in this; a stake in the outcome. You have been the ones who have protected the American Dream over the last few years, as it relates to debt.

I appreciate you letting me stop by for a few minutes to give you my take on where we are in regards to the Governor's Office, as opposed to as what I was looking at back when I was a district attorney prosecuting criminals and what I was doing when I was Attorney General, when we passed these predatory lending and payday lending laws.

I want to talk about the bigger picture: the cause and the consequences. The results of debt and why it is happening and why you are in a bigger fight now than we were in back in '98 when we started working on our predatory lending laws.

We all have to look at the bigger picture and fight harder in a bigger arena than we are used to.

Today, debt is more of a symptom of a bigger problem. If you see a nation in debt there is something wrong. There is something wrong with the economy and there is very little of the domestic obligation and the national security obligation that the country is going to be able to meet in the long run. We have to recognize that, and yes I want to fight predatory lenders wherever they are. I want to get right down in the ditch with them and go head-to-head and toe-to-toe with them and I know you do too.

We need to pass those laws in every single state. And we need for Washington to work with us on that and protect our state's predatory lending laws rather than preempting them. The biggest problem the states are facing is Washington preempting them.

You know, you go and you work hard and you get everyone to come to an agreement and you build a consensus and you pass a good predatory lending law or payday lending law in your state. Then along comes the lobbyist running to Washington and Washington passes some policy that preempts the states and virtually guts your bill.

The question is why are so many becoming victims of debt today? It used to be the low-wealth, low-income earners who we were most concerned about. Actually, that was about all we were concerned about six, eight and 10 years ago.

Today, the middle class is getting deeper and deeper in debt. Yes, personal responsibility is a large part of it. If you make too many wrong choices you are definitely going to end up with more than what is prudent in debt and you are going to pay the consequences.

People will have you believe that folks are out there on a big spending spree and I will tell you from my experience in our state, that is not the case. The middle class is in debt, not because they are over consuming, but just because they are trying to maintain their standard of living up against all of these Washington policies that are working against them.

They are just trying to educate their kids. They are trying to pay medical bills. They are trying to take care of the elderly parents. They are trying to do those things that a good American family would do, that any good person would do. And they are finding it more and more difficult to do that because of recent federal policies.

Too many of these households have become forgotten Americans. They are not on the radar screen anymore, at least not in Washington policies.

It used to be that we looked at poverty and tried to help people claw their way into making a living. And then we watched people, low-income earners work their way into the middle class and the middle class work their way into prosperity.

The foundation is now getting kicked out from under them while they are doing all this work and trying to work their way up the ladder. I will give you very clear examples.

The Pell Grants are scholarships for the needy. They were cut by Washington in '05. We had to make them up in North Carolina, make the difference out of our budget so that the needy families who want to send kids to school can do that. That is not being done all over the country. But, most people are trying.

CHIPS. Our Child Health Insurance Program is being cut. The states have to make it up. We fully fund every child in North Carolina. If Washington does not pick it back up again, it could create a deficit situation for us for years to come.

Child care and child care subsidies are being cut. We have to pick them up again.

This administration has asked us as governors to cut six billion dollars out of Medicaid. If you want to find someone needy, that is in need of help and having a desperate time, find someone who is on Medicaid.

They want to give us more flexibility as governors by cutting six billion dollars. I am not doing it. We are not doing that in North Carolina. They recommended that we cut 66,000 people off Medicaid. We sent that budget back. We are not doing that. I think most of the other governors and state legislators feel the same way that I do.

Energy assistance. Energy assistance was cut last year, while prices were at their highest. These are people that cannot afford the heat or the cooling that they need. A lot of them are elderly. A lot of them poor and a lot of them are just on the edge of making it into the middle class and are running up against a wall.

Even foster care. The foster care tax credit has been cut so that a family that takes in a child that is somehow kin to you, probably extended family, cannot get that foster care tax credit. That poor child is likely to go someplace else and not be a part of the family.

These are the policies I am talking about that are putting the middle class at risk and certainly putting the low income earners more at risk. And the more they are at risk, the more likely they are to incur debt. And the harder it is for you to do your jobs regardless of the laws that are on the books.

They have cut all of these components that make up that step ladder: the step ladder of moving people toward upward mobility. I and other governors are trying to back fill these cuts wherever we can. But, keep in mind, unlike Washington, we cannot print money. We have balanced budget requirements.

It gets to be more and more difficult each year and I do not think there are many more cuts that the states can take and still be able to meet the obligations that we feel like we need to meet on a state level.

We need Washington's help on this and we need you to help us get their help. Now, I know you can lobby. And I know you can be effective, because I have worked with you.

I have worked against you some too, Martin (Eakes), and that was not a lot of fun. I know how effective you can be because I know how committed you are and how persistent you are.

I just want you to understand the problem from seeing the great ship of risk in this country sail from government to corporate America to the middle class to the workers to the low income earners. And when that risk shifts, they become weak. They become vulnerable. In many cases they become desperate.

We can pass all the predatory lending laws we want, as strong as we want them to be, but you show me an American family with a child who is sick, needs medical attention and they do not have health insurance. They are going to find somebody to lend them some money on some

terms and it is not likely to be good. It is likely to end up in loss of equity, end up in loss of wealth, loss of revenue to the country, loss of ability for the United States to provide for the rest of their obligations, but also for security. National security and homeland security. And these are things that matter in peoples lives. They matter a great deal.

The country has a real stake in this, and I think it is very important that we make that clear when we are making our case. So there is a bigger fight than it used to be. There is a bigger arena to play in. A bigger field to play on. A bigger game. And we are going to have to adapt to that and make changes in policy. Changes in Washington policy, federal policy, have to be made for two reasons.

Now let me give you one that I think is enough. I know that it is enough for you and enough for me and I hope for most Americans and that is the moral imperative.

The moral imperative is making sure that we give opportunity to all of our citizens. The moral imperative that we know that in this country, our society, each and every one of us individually will one day be judged by how we treat the least of our brethren. That has been enough for me, and I know good enough for you. Good enough reason to shift policies and do the right thing by people. But if it is not, if there is somebody out there who does not think that is important, then let me talk about not just the moral imperative but the economic imperative because this is also a security issue. This is not just about economic prosperity but about economic security for the United States of America.

America is not generating enough revenue nowadays to meet its domestic obligations or even its homeland security obligations. I do not think anybody would argue with that in the country. We are going to have to have a debate in this country, and the sooner the better, on exactly how much we are willing to spend and how secure we really want to be. How much we really want to protect trains. How many of those cargo ships come into our ports do we want to inspect. How many of the bellies of the jumbo jets do we want to inspect that are coming into our airports. How much security we want to provide to our nuclear power plants and other potentially vulnerable targets. We know we are not generating enough revenue now. If we did, we would not have this huge deficit that continues to climb every single year.

Now, at the same time, we have to go out and build newer and stronger alliances around the world. We know we have to do that in order to check North Korea and Iran and so many other places that I do not need to articulate today.

In order to meet those obligations, we are going to have to have the most extraordinarily efficient economy—something we have never seen in the world before, something we have never seen in the United States before—because we have to be able to produce more based on an economy that is based on knowledge. More knowledge, more talent, more skill. That is what the global economy is demanding of America today. And the way you do that, obviously, is through educating the workforce. It has to be done. We do not have any choice in that.

Now, given that scenario, we cannot be satisfied with the status quo. If we just stop debt where it is today and maintain the wealth that we have, especially among the middle class and low income, we know we do not generate the revenue we need.

We know we must grow and prosper. Now, I have been in a state where we have had a budget shortfall of two point five billion dollars, where we have seen unemployment at seven percent. We are now below the national average in unemployment and our budget is balanced, so do not worry about that. But I can tell you that you cannot cut your way out of it. You cannot tax your way out of it. You have to grow your way out of it. You have to invest in people. You have to invest in that workforce. You have to grow that economy, and that is what this country has to begin to do in order to keep people out of debt.

The last thing we could afford to do, the absolute last thing we can afford to do and still survive, is to allow more debt and less wealth to incur in this country and watch more of the middle class backslide down to low income earners and more low income earners backslide down into poverty. If we do that, we are pretty much sunk as a country, and we have to face up to that. We do not have to sugarcoat it up; we just have to tell it like it is. We are pretty much sunk if we let that happen.

We have to close that gap, that gap between the wealthy and the poorest Americans. Not by pulling down or tearing down wealth or tearing down the wealthy and criticizing the wealthy, but by creating opportunity and giving full opportunity to every citizen in every corner of every county of this country. That is the way we get it done.

This is not a radical or new concept. Throughout history this has been known as “The American Dream,” and it needs to be reinvigorated. You have tried to protect it, but it needs to be reinvigorated. It needs to be rebuilt. It needs to be reestablished, and people need to know that if they work hard and play by the rules, they will have a chance to succeed in this economy. They will have a chance to get back more.

Now, these are tough times. These are very uncertain times. These are uncertain days, these post 9-11 times, in this global arena. We cannot predict a lot. We cannot guarantee as much security as we used to. We cannot guarantee as much economic prosperity as we used to because we are not in control of the entire playing field like we used to be. But that means those things that we can control, it is more important that we do control.

One of the things we can control is the education level of our people. That is where we need to put a great deal of emphasis and a great deal of investment. If you are not educated today, you are probably in debt. If you are educated today, you are likely not to be in debt, but instead to have wealth.

Let me give you some statistics. If you are a high school dropout, you will probably amass about \$10,000, and that is all. If you graduate from high school, it is four to five times that much. You will probably have \$40,000 to \$50,000. If you graduate from college, you will probably amass four or five times that amount: \$160,000 to \$200,000 in wealth.

The Federal Reserve actually did a 60-year study on the connection between education and wealth, and they found that the single biggest predictor of whether there is going to be wealth in each state in the country is educational attainment.

So we know that is clear, and we know that is something we can control, and we know the correlation between wealth and education is indisputable. That is why you are seeing all your states, all your governors, all your state legislators put so much emphasis on lifelong learning now.

I can talk to you about my state because I know it fairly well. I cannot tell you what all of the other states are doing, but I will tell you that most all of them are trying to do the same things. But we are not getting any help from Washington.

Not only are we not getting help, they are working against us. All your states are trying to do more with you. We are all trying pre-K education for 4-year-olds. We are all trying to reduce class size in grades K through 3, as we have done, because we know that that eliminates the achievement gap, and we cannot run a system of education in this country that discriminates against one single citizen in America. That is what the governors recognize.

We know that we have to do more in middle schools, and we are putting in reading coaches to make sure that kids who graduate from the eighth grade are ready to go on to high school. We are reforming our high schools. We are doing something pretty neat in North Carolina that I will tell you just briefly about.

We have our “Learn and Earn” high schools. We partner our high schools with our colleges and universities, and you can then go to high school as a ninth grader and stay four years and graduate with a high school degree or you can stay a fifth year, taking college courses along the way, and you will graduate not only with a high school diploma but also with a two-year college degree: associates in arts or associates in science. You can go on from there to get your four-year degree or your doctorate or your PhD, or whatever it is that you want to do, or law school.

You are starting to see these reforms around the country to lower the dropout rate in high school and increase the college-going rate. We have been able to increase ours dramatically in the last few years, and we have been in the top five in the country. I am not here to push North Carolina above other states. If you are out there listening and you want locate a business, we have a great place and a great workforce for you.

But you look at the progress we have been able to make doing that, raising teacher pay. By the way, we are paying our teachers in this country about \$45,000 a year. It needs to be closer to \$60,000, if we are really going to compete. If we are really serious about maintaining our dominance in the world, we are going to have to pay our teachers more.

I just signed a budget last week that raises the biennium teachers pay by 13 percent in North Carolina. We are going to keep doing that. Other governors are doing the same thing, so we are competing against each other, and that is good. But in navigating this sea of change in this

global era, we have to keep in mind that we in this country are in a fight for our lives in our economy and for economic dominance. It is not like it was 10 years ago.

Our competitive edge in this country has always been our creativity and our innovation, and creativity and innovation come from building knowledge and talent and skill. It is difficult to build that knowledge and all that talent and that skill when your population is swimming in a sea of debt. So we have to continue to educate in order to remove the weakness and the vulnerability that leads people to debt to begin with. And our policies in Washington need to reflect that.

Let me give you one quick story, and I will close. I was in Brussels a couple of months ago. I was speaking to the European Union Economic Association, and the way that works is once you have concluded your remarks, then there is a little bit of friendly banter that goes on and some questions and some debate. And one representative from one country was arguing that if we educate our elite, that will take care of the rest of the country, and another representative was arguing that if we educate the lower class and they start working up the ladder, that will not take care of our country. And as luck would have it, they eventually turned to me to settle the dispute, I said that in America we think you are both right. The days are long gone when you could educate just one segment of the population and survive. In this day in time, everybody has to be able to compete. Everybody has to be able to win in the global economy. Everybody has to have their oars in the water, and everybody has to be willing to row.

That is the type of policy Washington needs to reflect. They have to make sure that everybody can participate. Everybody can learn. Everybody can be a good soldier in the world economy, that they have the tools to survive, to compete and to win.

So I want to thank you. Thank you for all that you have done, all that you are doing, all that you are going to continue to do to help the American families. You do so much, and you do it so willingly, and you get nothing out of it, except self-satisfaction, which I find to be a good thing. And I know you do, too. I want to thank you not just for your work but for your patriotism, and I want to underscore that line, patriotism.

In America, it is patriotic to help the weak and the vulnerable, to stand up for people most in need. But keep in mind that the real fight for American values is not only in the mountains of Afghanistan or in the deserts of Iraq. It is in every classroom, university and research facility in this nation, and our American values are found in the integrity of our institutions. They are found in the fairness of our policies, and they are found in the character of our people. So America is great. It is a great country, but America is its greatest when the best help the least. Thank you for what you do. Keep up the good work, and I look forward to working together with you.