



JOIN THE CAMPAIGN TO CHANGE AMERICA




## Renewing the Social Compact

Oct 26, 2007

Des Moines, Iowa

Thank you, Doug, for that generous introduction. It's good to be here in Iowa with all of you today. And it's such an honor to be introduced by you.

We all need role models, and Doug is one in my book. I think role models are people who wake up every morning, work hard and do the right thing to build a better life for themselves and their family.

That's what Doug has done, and that's what lots of hard-working men and women here in Des Moines and all across this country do every day. In America, that should be enough to get ahead. But today, it's barely enough to squeak by.

That is not the way it's supposed to be. I know, because I've experienced the way it is supposed to be in my own life.

I was born in a small town in South Carolina. When I was born, my parents had to borrow \$50 to take me home from the hospital. But when I was growing up, they taught me that if I worked hard and played by the rules, I could be anything I wanted to be. I went to good public schools, where I had teachers who helped me learn to believe in myself. Then I had the chance to go to college, and that has made all the difference in my life.

This didn't happen by accident. It happened because in America, there is a grand social compact – anyone who is willing to work hard and do the right thing should have the opportunity to share in our nation's prosperity. In good times, a rising tide will lift all boats; in tough times, it's all hands on deck to set things right.

Over the course of our history, every generation of Americans has helped to expand the reach of that compact, moving us ever closer to the America of our ideals, where opportunity is truly shared by all. But now, instead of expanding further, our social compact is falling apart.

The statistics say our economy is growing, that the economic tide is rising. But if you look around, only the yachts are rising with it. Everyone else is taking on water. Profits are skyrocketing on Wall Street, but Main Street is drowning under waves of cost and debt.

The truth is our economy is only growing at the top. Forty percent of the economic growth over the past 20 years has gone to the top one percent of American families. Middle-class incomes have stagnated for the past seven years. Families are working longer hours, but finding it harder to get by. And for the 37 million Americans living in poverty, things are only getting worse.

But not everyone is struggling. In corporate America, where a broader sense of social responsibility once held sway, a culture of greed has taken over. Instead of treating their employees fairly, being accountable to their shareholders and contributing to America's prosperity, CEOs are acting like their corporations exist primarily to build their own massive fortunes.

In 1960, the average CEO made 41 times what the average worker made. But in 2005, the average CEO made over 400 times the average worker salary. The share of corporate profits going to CEO pay has doubled since the 1990s. Meanwhile, the value of the minimum wage has plummeted 30 percent since 1979.

What does Washington do while corporate profits climb and the wealth of the very wealthiest grows – all at the expense of the vast majority of hardworking Americans? It circles the wagons around the people who are already doing the best. Instead of protecting the compact of equal opportunity and shared prosperity, Washington protects corporate profits and hoards prosperity.

That is wrong, it is shameful, and it is bad for our economy to boot. As Franklin Roosevelt said, "We have always known that heedless self-interest was bad morals. We know now that it is bad economics."

### HOW YOU CAN TAKE ACTION

#### JOIN THE CAMPAIGN




#### 2 SPREAD THE WORD

#### 3 CONTRIBUTE

#### 4 Grassroots FUNDRAISING TODAY

#### 5 JOIN ONE COHORT VOLUNTEER LOCALLY!



### FROM THE BLOG

[MSNBC Democratic Debate Open Thread Part II](#)

[MSNBC Democratic Debate Open Thread](#)

[Pre-Nevada Debate Open Thread](#)

[My Vote, My Voice: The Entries So Far!](#)

[Setting the Agenda](#)

### UPCOMING EVENTS

**Town Hall Meeting with John Edwards**  
Jan 16, 2008  
Reno, Nevada

**Town Hall Meeting with John Edwards**  
Jan 16, 2008  
Las Vegas, Nevada

Unfortunately, this is no accident. Today, our economy is designed to benefit the wealthy and the powerful because it has been manipulated by the wealthy and the powerful.

The system in Washington is badly broken. It used to be that big business hired lobbyists and lawyers to help them get around the rules. That was bad enough – but today, they hire them to write the rules. And it works, because the politicians who are supposed to make the rules are indebted to the lobbyists that the corporations hire.

The folks at the top tell us that this is how it's supposed to be in the global economy. They tell us that we should accept the fact that we're losing millions of jobs overseas because it'll make us more efficient. They tell us not to worry that middle-class wages are stagnating while corporate profits soar, because those profits will be reinvested. And they tell us not to be concerned that plants like the one in Newton that Doug worked for are closing, because it's just a reallocation of resources.

You don't need a business degree to know that these things hurt the middle class. And America cannot be getting stronger if its middle class is getting weaker.

Enough is enough. We don't need any more doubletalk. We need straight talk. We don't need any more empty promises. We need to restore one promise – the promise of America, and the social compact that built the greatest economy in the world.

Corporations and powerful interests have run roughshod over regular middle-class families here in Iowa and all across America because that social compact has broken down.

As globalization, technology and demographic change have transformed our economy, corporations have adapted to protect their own interests. But Washington has not adapted the social compact to protect the interests of the middle class. Today, we are living in a 21st century economy, but asking our workers to compete with a 20th century set of tools.

We can fix this. We can restore the social compact, just as generations before us have restored it in their time.

But to do that, we have to do two things. First, we need to modernize the compact in the face of today's new economic realities. Instead of relying on a single employer to provide for its workers for life, we need universal health care and universal retirement savings accounts that follow workers from job to job.

Second, to restore the balance of power to the compact, we need to hold corporations accountable for serving the interests of workers and customers, not just corporate insiders, with stronger corporate responsibility laws and consumer protections.

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Updating the social compact with the middle class starts with recognizing that times have changed. We are never going back to the 1950s – we need a new social compact that works in the 21st century.

The first thing we need to do is to make affordable, high-quality health care a part of that compact. This should have been done sixty years ago, when Harry Truman tried to enact universal health care. He was blocked by short-sighted special interests then, just as Senator Clinton was blocked by special interests when she tried to enact her health care plan in 1993.

I say it's time we stood up to those lobbyists and the special interests they work for. Forty-seven million Americans without health insurance is an abomination, and it needs to end. As president, universal health care will be my number one domestic priority.

We also need to adapt the compact to the new, short-term nature of the modern work environment by providing Americans with pensions they can take with them from job to job.

In the past, it was common for someone to stay with the same company for their entire career. And so it made sense for pensions to be connected to employers. Today, the average worker will probably hold jobs with multiple companies throughout the course of his or her career. So if you depend on your employer for retirement security, you're just one layoff away from a crisis.

As president, I will create a new universal retirement account requiring every business to automatically enroll its workers in at least one plan: a traditional pension, a 401(k), or an IRA. Workers will be able to choose to have their contributions deducted automatically from their paychecks, and they will be able to carry these accounts with them from job to job.

I will also help families save for retirement by creating new "Get Ahead" credits that will

#### My Vote, My Voice Deadline

Jan 16, 2008  
National

#### Town Hall Meeting with John Edwards

Jan 17, 2008  
Henderson, Nevada

#### Rally with John Edwards in Los Angeles

Jan 17, 2008  
Los Angeles, Calif.

#### NEWS HEADLINES

##### Reviews Are In: Edwards Hits The Jackpot

##### Edwards Statement In Honor Of The Rev. Dr. Martin Luther King, Jr.'s Birthday

##### Daytona Beach News Journal: Edwards Inspires Confidence

##### New Edwards TV Spots Challenge Media Frame Of Two-Person Race

##### Edwards To Launch "America Rising, Coast To Coast" Tour

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match, dollar-for-dollar, up to \$500 in savings a year. These credits will double what families are able to put away each year.

We also need to ensure that corporations honor the pension promises they've made to workers. We can't allow fundamentally healthy companies to go into bankruptcy just to avoid keeping their promises to employees, or to emerge from bankruptcy with millions for executives and nothing for workers. As president, I'll give workers a claim for lost pensions, just like lost wages.

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To make sure that this compact stays intact, we need to fix the balance of power between big corporations and the American people. The American people created corporations to increase our shared prosperity as a nation. But from the way things are going today, you'd think that the American people were created to serve corporations.

Restoring the balance of power starts with restoring democracy in the workplace.

History has taught us that the best way to fix the unfair treatment of American workers is to strengthen organized labor. Throughout the last century, unions helped build America's strong middle-class. But today, the right to organize is being routinely ignored by businesses who know they will face little or no penalty for doing so.

I believe that if a person can join the Republican or Democratic Party simply by signing his or her name to a card, then any worker in America ought to be able to join a union just as easily.

Restoring the balance of power also means reigning in the culture of corporate greed.

The crisis in corporate governance today is being driven by abuse from insiders. But it has not always been this way. American companies used to have a strong sense of obligation both to their workers and to America's well-being. Henry Ford knew that his company would prosper only if his own workers earned enough to actually buy the Fords they produced.

Of course, there are still some good CEOs out there, one of whom is my great friend and very long-time supporter Jim Sinegal, the founder and CEO of Costco.

Jim was asked why Costco offers better wages and benefits than all of its rivals – especially its most direct competitor, Wal-Mart. He said simply, "You get what you pay for. If you hire good people, pay them good wages and provide good jobs and careers, good things will happen in your business."

We need more people like Jim in corporate America today. Because the success of our own economy, as well as our leadership in the global economy, demands that we uphold the values our country stands for: fair rewards for work, sound business and environmental practices, and fairness to all stakeholders.

Whether it's the workers on the factory floor, service workers in a hospital, or people around the globe looking to America as an example, hard-working people everywhere should see that America's corporate culture reflects the core values that our nation was built upon. They should see that America is about creating long-term, sustainable economic value that its citizens can depend on. Because if we can be an example for the world, we can leverage our strength in the global marketplace to ensure fairness and prosperity not just here at home, but in trading nations everywhere.

To start reforming America's corporate culture, we should increase transparency so that the public can see what corporations are doing. As president, I will enact a new law requiring all businesses to disclose a wealth of new and important information in annual reports to their shareholders, the appropriate government regulator, and to the public. I will also give shareholders new rights and responsibilities so that they can call shareholder meetings, remove directors who are doing bad jobs, and have a say on executive pay.

Today, too many companies in America are putting far too much of their earnings into excessive CEO and executive pay, when this money could be going to increased worker salaries, better benefits, and investments in plant and equipment. As president, I will immediately cap untaxed deferred compensation for executives and strengthen shareholder rights to rein in excessive pay.

And decades of de-regulation in Washington have weakened consumer protection laws, leaving Americans vulnerable to malfeasance and abuse by corporations, banks, and lenders.

Responsible regulation is good for American business, the American economy and American families. As president, I will make sure that the things we bring into our homes won't harm our families, by ensuring the safety of imported food and drugs, strengthening toy and other product safety and protecting families from toxic chemicals.

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The cynics would have you believe that none of what I've talked about here today is possible. They'd say we can't have leaders who will be straight with you anymore. They'd say that an economy based on shared prosperity has gone the way of the Model T.

Well, I'm here to tell you they're wrong. Our nation has gotten off track before. But every time that has happened, the American people stood up and demanded that it be fixed. They demanded that our leaders make the right decisions. And if their leaders didn't, they elected ones who would.

In America today, we need action measured by conviction, not just words. In this election, you face a choice between honest leadership and say anything politics, between conviction and calculation, between strength and compromise.

Let me tell you something: it takes strength to say "no" to the lobbyists and special interests – it's much easier to just go along to get along. But I will never compromise my principles for the sake of politics. I've been saying "no deal" to the big corporations, the special interests, and the lobbyists who work for them my entire life.

John F. Kennedy once said, "The heart of the question is whether all Americans are to be afforded equal rights and equal opportunities, whether we are going to treat our fellow Americans as we want to be treated."

Isn't that the America we want? I believe it is. And we can have it, because throughout our history, one constant has remained: if the American people stand together, if we fight together and if we vote together, we can change this country.

Because no matter how corrupt Washington gets, it cannot change the fact that the strength of this country does not lie with the politicians in Washington. It does not lie with the lobbyists on K Street, or the special interests they work for. It lies with all of you.

We can change this country. Our time is now. So stand with me today. And together, let's fix this country.

Thank you. God bless you.