

THE WHITE HOUSE
Office of the Vice President

September 3, 2009

REMARKS BY THE VICE PRESIDENT
ON THE 200 DAYS OF THE
AMERICAN RECOVERY AND REINVESTMENT ACT

Brookings Institution
Washington, D.C.

THE VICE PRESIDENT: Thank you. (Applause.) It's a pleasure to be back. And I told Strobe in the anteroom that, Mr. Secretary, the many, many times that I've been here, almost always the subject has been foreign policy. And I hope I have an opportunity to come back and discuss some of those areas at a later date. But today, I want to talk about the economy, specifically the Recovery Act.

President Obama and I, when we entered office, we were in the midst of what I refer to as the Great Recession. It seemed that every day that we woke up from the day we were sworn in, there was a new revelation to be added to the economic parade of horrors that -- some of which we had anticipated.

Americans were seeing their savings decimated by losses in the stock market, watching it tank. Housing values were collapsing. People were losing their savings, as well as their homes. Major banks -- it's hard to remember this, even though it's only been eight months ago -- major banks were on the verge of failure, closure. People were talking about shuttering the doors. It was actually a serious discussion among economists being brought in from the outside. During the interim period between the election and being sworn in, there was discussion by some very serious economists about a bank holiday maybe being necessary.

We were -- they were on the verge of failure. Credit was frozen, and businesses couldn't borrow for inventory, much less expand or hire, as a matter of fact, even keep the employment force they had. Credible economists were handicapping the possibility of a true depression.

As Nobel Prize winner Paul Krugman wrote in January 2009, in *The New York Times* -- he said, "Let's not mince words: This looks an awful lot like the beginning of the second Great Depression."

A look at some of the headlines of the time is a reminder of just how precarious our situation was eight months ago: "Financial Sector Can't Be Relied On To Keep U.S. Economy Humming." Headline: "No One Home; Record One In Nine Housing Units Empty, Vacancies House Ripple Effect." Headline: "Economy Strains Under Weight Of Unsold Items." Headline: "Automakers' Bankruptcy Looms." Headline: "Credit Freeze Leaves Thousands Of Student Borrowers Stuck In Default." Headline: "Governments Brace For Hard Times, Some Have Frozen Hiring And Postponed Major Projects." Headline: "New Poor Swell Lines Of Food Banks."

In the face of this mounting disaster, we, along with everyone in this room, knew action had to be taken, and we took action in three areas: First, we had to stabilize the financial system. We took the unpopular but necessary step of rescuing the banks. And now, although there's a long way to go, eight out of 10 of the largest financial institutions in America -- including Goldman, Morgan Stanley, American Express, as well as 16 smaller banks, have repaid the government in full, and I might add, at a \$4 billion profit for the taxpayer.

Second, along with the Fed, we took action stabilizing the housing market, allowing responsible homeowners to stay in their homes, and we're beginning to see the results of that. We just learned that new housing starts rose 10 percent in July, for the fourth straight month increase. Are we there yet? No. But we're moving.

Two hundred days ago, President Obama signed into law the third piece of our economic plan: the American Recovery and Reinvestment Act. And today there's a growing consensus: The Recovery Act is, in fact, working. Don't just take my word for it. Analysts from Moody's to IHS Global Insight, to the Economic Policy Institute and others all estimate the Recovery Act has created or saved between 500,000 to 750,000 jobs. As a matter of fact, some notable economists suggest the number is as high as a million.

Economists at Goldman Sachs believe that the package added 2.2 percentage points to real GDP growth in the second quarter of 2009, and estimate that it will add 3.3 percentage current -- points to the current quarter.

Mark Zandi, a highly respected economist and former campaign aide for John McCain, wrote in a recent analysis, and I quote: "The fiscal stimulus is providing the fodder for better sales. Lower payroll taxes -- lower payroll tax withholding, checks to Social Security recipients, and more financial help to unemployed workers are buoying household incomes... and housing tax credit has boosted home sales. It is no coincidence," the quote goes on, "that the recession is ending just when the stimulus is providing maximum economic benefit." End of quote.

As Australia's Prime Minister, Kevin Rudd, said a couple of weeks ago, and I quote: "This is a case study in bringing the world back from the brink, and it was American leadership from President Obama that was the key." End of quote.

You know, it all adds up to this -- in my view, at least: The Recovery Act has played a significant role in changing the trajectory of our economy, and changing the conversation about the economy in this country. Instead of talking about the beginning of a depression, we're talking about the end of a recession -- eight months after taking office.

But the Recovery Act still has its critics. And one of the criticisms is that it's a grab bag of too many different programs. But the fact is the Recovery Act is a multifaceted piece of legislation. It doesn't reflect a lack of design; that was the design. That was its intended design. Our economy is so complex and so wounded that reinvigorating one segment alone -- or using one tool alone -- would never -- would never do all that needed to be done.

The Recovery Act is not a single silver bullet. I think of it as silver buckshot, as opposed to a single bullet. In 200 days, the President's Recovery and Reinvestment Act isn't just working toward something -- excuse me, isn't just working, it's working towards something; it's working toward a more resilient, more transformative economy.

Folks, this act -- this act was designed to do three things: one -- and it's never -- most people, when you talk about it and the criticism comes, they think it was \$787 billion for highway projects. This was \$787 billion for highway projects. My Republican friends -- as my mother would say, God love them -- forget that they insisted on \$288 billion in tax cuts in this, which is part of it, and as a significant factor, as well as benefit. But people think it to be \$787 billion of public works projects.

But it's made up of three parts: one, to bring relief to those hardest hit by the recession. Now, I know my Republican critics think maybe we shouldn't do that. Maybe that's the difference between being a Democrat and a Republican. I'm not being facetious; it's a legitimate disagreement. But the first part is bring relief to those who were falling into the abyss.

The second was to jumpstart the economy by giving assistance to states, all of which were in desperate economic circumstances. And the third was to reinvest in existing infrastructure and lay a platform for the economic growth and future in energy, education, and health care.

That was what it was intended to do. In broad terms, let me explain how it breaks down: Approximately one-third of the money in the Recovery Act -- \$288 billion -- is in the form of tax cuts or tax incentives. And thus far, we've delivered

more than \$62 billion in tax relief to businesses and to 95 percent of the wage-earners in America. And by design, that will fold out over -- unfold over 18 months. It is not all paid out at once.

There are almost 320,000 new homeowners who took advantage of the First-Time Homebuyers Tax Credit, breathing life back into the housing market. In addition, we've encouraged banks to loan to small businesses. By putting up front \$200 million in loan guarantees, we've been able to leverage for small businesses capital loans -- private capital of \$9.5 billion for many banks who hadn't made a single loan in two and a half years -- helping small businesses stay, and some expand.

Roughly another third of the money in the Recovery Act went to relief for workers, for working Americans who were most badly hit by the recession -- whether it was through the state governments to keep cops, firefighters, and teachers on the job; or allowing states to continue to provide food assistance to people who were in danger of going hungry; or Medicaid for the swelling rolls of people desperately in need of health care; to Pell grants for families to keep their kids in college as they fell below that \$50,000 mark; to extended unemployment benefits, extended COBRA benefits. And over 54 million seniors and veterans have received a one-time check for \$250.

Not only does this give relief to the vulnerable Americans who are in danger of falling into the abyss, it also -- it also has had the economic effect of injecting nearly \$90 billion in the first 200 days into the bloodstream of the American economy, stimulating growth.

I believe this was the right thing to do morally, but that's not what we're about today. It was also the smart thing to do economically.

Roughly the last third of the Recovery Act is about rebuilding our communities and infrastructure, while laying a platform -- a platform for growth in the 21st century.

We've made major investments in modernizing our infrastructure -- highways, bridges, water and sewer systems. This has increased the productivity of the nation's capital stock, and in the process, improved the safety on our highways and the quality of our drinking water for millions of Americans.

We're also investing what everybody knows is necessary to build a 21st century economy. I have people sometimes say, aren't you guys doing too much? You know, Presidents in the past have been able to -- and I've been here for eight of them -- they've been able to take the problems that they have and segregate them -- said, we're going to take these two first. We'll put these other four or six or five aside, and we'll get to them next, because they know the status quo ante

will pertain. But name me one problem that landed on the President's desk that allowed him to say, no, no, we're going to focus on this, and then in three years we'll get to this?

I say to my friends, does anybody think we can lead in the 21st century without a radically altered energy policy? Does anybody think we can sustain our position in the world without a radically altered education system, where we're no longer 17th in the world in the number of college graduates we graduate? Does anybody think we can sustain without radical change in the cost of health care in this country, and bending that curve?

Look, we knew we had to begin to lay the platform. While we were generating economic growth, why not begin to lay a platform for the 21st century?

We know we needed a totally new smart grid. Health information technologies will modernize the delivery of health care, saving -- saving lives and saving money. Expanding broadband to parts of the country that were left behind, bringing the benefits of technology to everyone everywhere, and in the meantime, having a significant increase on -- impact on productivity. High-speed rail: diminishing congestion and increasing efficiency and reducing pollution. Investing in new battery technology -- electric motors for the next generation of vehicles.

When all is said and done, we want to emerge into an economy that isn't built on a bubble, but to rest on a firm foundation of innovative businesses, green energy, and a modernized health care system, providing good jobs in each of those sectors on the way. That's our vision, and that's the vision we're determined to fulfill.

We don't think -- as my grandpop would say -- the Recovery Act is the horse that can carry that sleigh alone, but it is, in a sense, the down payment. That's why, from the beginning, I've held a Cabinet meeting every single week that we've been in session. The joke is, you know, it's my job to hold Cabinet meetings. But I've had the great benefit -- by the way, I'd say, the added benefit -- of getting them all together once a week and watching the synergy among them; watching them work off of one another. I really mean it. It's had -- there have been ancillary benefits to this that have been -- I think, hopefully will be long-lasting in terms of competence of government.

But every week -- with notable exceptions -- I hold a Cabinet meeting. And most of the Cabinet Secretaries attend, and/or their deputies.

For the first 100 days, I was very, very clear with them. I remember when the President -- by the way, never write a memo to the President suggesting that a job be undertaken that you don't want to have. (Laughter.) Don't ever do that. After we passed the Recovery Act, I wrote a long memo to the President -- we

had lunch, and I said, "Boss, I think you should do this." He said, "Good. Do it." (Laughter.) I did not volunteer for this job.

But all kidding aside, when he announced that Biden was going to be the sheriff, well, the truth of the matter was that from the first 100 days, dealing with the Cabinet members on a weekly basis, I made it clear that our focus had to be in the first 100 days, accountability, transparency, and responsiveness. I wanted each of those Cabinet Secretaries to set up systems where they would have a high degree of confidence that as they implemented -- implemented -- what they were in charge of, it would be done effectively and efficiently.

One of -- I'm going to get E.J. in trouble, but he happened to be in the room the day a number of columnists came in to interview me. One of his colleagues said, "Well, what's going to happen, Mr. Vice President, when you plant 10 -- remember this? -- 10 dead trees in Central Park? I said I'm going to have to make sure we plant a hundred good trees in Fairmont Park. But, look, what could have derailed this in the beginning was -- were those stories: millions of dollars wasted on polar bear tanks and millions of -- all the things you -- what everybody was predicting. But in the first hundred days this was the dog that didn't bite.

So I wanted to make sure, as well, that the governors, mayors, and county executives knew this wasn't business as usual. I have now spoken to every single governor -- except one, who's now a former governor -- (laughter) -- and by the way, it wasn't by design. She was going to be on a couple of times and couldn't for other reasons. I've spoken to most of the governors twice. Once a week, I call and speak with five to seven governors, and seven to 12 mayors. I'm now well over a hundred in the numbers of mayors I've talked to, and I answered their specific questions.

And I drove Ed DeSeve, who's sort of the CEO of this operation, behind me, been involved in the federal government before -- crazy when I said, Ed, I want every question they have answered in 24 hours. Pick up the phone and call any of the governors or the mayors I've spoken to; you will find that we've given them an answer in 24 hours. And if we don't have an answer, we call them in 24 hours and tell them why we don't have the answer and when they'll get the answer -- because, again, this was all about establishing credibility at the front end of this that this was going to be done well and differently, with accountability and transparency. Otherwise it had no chance.

In the process, the criticism was legitimate of me that we were moving too slowly to distribute taxpayers' funds in those first hundred days. But I thought we had to set up a system to assure that those taxpayers' funds weren't wasted, undercutting what I truly believed then, believe now, and think we are beginning to prove is an incredibly important element for recovery of this economy over the

next 18 months. And quite frankly, I am very proud of the job the agencies have done and the responsiveness of the Secretaries in each of the departments.

For the second hundred days, I gathered the Cabinet together and I instructed them that I wanted them to be much more aggressive in implementing the program now that they had systems in place. And I take responsibility for mistakes that were made. But I wanted them to put more pace on the ball.

This was also the season -- the season of building. This is the time you make -- you're able to go out there and build highways; you're able to go out there and put sewer systems in the ground; you're able to lay broadband -- because of the season. In a sense, it was the planting season and it was time to get these programs out, up and running, and be on the backs of governors and mayors to make sure that they have let the contracts and that they had an accounting procedure in place where they'd be able to let us know exactly what happened.

So I asked them to set goals. I remember in the meeting -- I will not mention a non-Cabinet member's name, but someone who had been involved in the government a long time, and said, you're going to announce these goals? You're going to actually ask every Cabinet member to tell you precisely what they're going to do in the next 60 days -- excuse me, 100 days, and you're going to announce it? And I just said, yes. And the reason wasn't any nobility. It was the only way to get credibility and accountability.

So we publicly announced the goals, putting ourselves on the line to deliver meaningful results in the second hundred days. And I'm here today to report on the progress of achieving those goals:

We set a goal of having over 1,100 health centers in all 50 states be able to provide expanded care for an additional 300,000 patients. Not only have we met that goal, we've exceeded it by 200,000 patients -- 500,000 new patients are being treated.

We set a goal of funding 135,000 education jobs -- because I heard from every governor, every mayor, every county executive, about the fear of closing down schools, increasing class sizes, laying off tens of thousands of teachers. You may remember the celebrated case in New York where somewhere like 15,000, roughly, got their pink slips. They weren't going to be able to teach in the fall.

So I wanted to make sure this occurred. So we set a goal for 135,000 teachers and support staff whose jobs were otherwise at risk. We've met that goal.

We set a goal of hiring or keeping (sic)* law enforcement officers on the job in places hard hit and hard pressed to maintain their force structure as crime rates begin to go up. We met that goal.

We set a goal of having construction crews working on 98 airport projects and 1,500 highway projects. We exceeded that goal in the second hundred days by 94 airports and 700 highway projects.

And we set a goal of starting to build 200 water sanitary systems and wastewater treatment facilities in rural America. We've met that goal. And now approximately 4.5 million people in the next several months will have clean drinking water that they didn't have before.

We set a goal of starting or speeding up the cleanup work at 20 Superfund sites. How many speakers have you heard over the years talk about the Superfund sites that exist in America? Well, we met that goal. And in some cases, we're taking years off the expected completion date of cleaning up these Superfund sites. We met our goals through the military construction projects and national parks and summer youth jobs and veterans facilities. And not only have we met and achieved these goals, but contrary to what many have heard and contrary to usual practice, we've achieved them ahead of schedule and under budget.

So, look, let me give you an example. The FAA initially committed \$1.1 billion to about 300 airport improvement projects. Now we're going to finish those projects for \$200 million less than originally estimated, and that means the FAA is in a process of being able to fund an additional 60 airport improvements.

We're seeing the same thing in the Department of Defense, where construction contracts are coming in at 12 percent under budget, on average, representing hundreds of millions of dollars in savings. And the same can be said of many of our highway projects. The reason I don't have a number for you -- we have so many projects out there -- I initially, in the first 150 days, had numbers as to what average they were coming in at, but now there's too many. We don't have the accounting for all of them.

The GSA has also seen projects come in ahead of schedule and under budget. Most bids, I'm told, of the GSA are coming in 8 to 10 percent below estimated cost. Recovery Act dollars are going further and working harder than the vast majority of people anticipated. They're the facts.

One hundred days ago, on June the 8th, I stated that we had -- I believed that we had saved or created 150,000 jobs in the first hundred days. And I went on to say -- again, over the objection of some of my more cautious advisors -- I went on to say that we will create another 600,000 jobs in the second hundred days.

On September the 10th, the Council of Economic Advisors plans to report to the nation their projections of jobs created or saved through the development of the Recovery Act. I'm optimistic -- as a matter of fact, I'm confident -- that that report will show that we met or exceed our goal, that goal, as well.

To state the obvious, we will emerge from this great recession. And I believe that is only -- that's necessary but not sufficient. We have to emerge better positioned to lead the world in the 21st century as we did in the 20th century.

Where the last cycle generated billions of dollars -- billions from investments made via high-speed trades, this cycle needs to make real investments in high-speed rail.

In the last cycle, "innovation" meant bundling and selling subprime mortgages. In this one, our innovations will bundle and sell technologies to produce clean, efficient, renewable energy.

Where the benefits of productivity have not grown in the past, from 2000 and 2007, productivity grew 20 percent; yet the middle-income households fell 3 percent, their income. In this cycle, we're determined to make sure that productivity doesn't elude the poor and the middle class. And this cycle must be one in which, once again, American workers get his or her fair share of the wealth they helped produce.

If you look at the Recovery Act as a two-year marathon, we're at the nine-mile mark. We're just approaching the nine-mile mark. Two hundred days in, the Recovery Act is doing more, faster and more efficiently and more effectively than most people expected. Some of the most exciting and transformative initiatives are now just about to get underway.

Throughout the fall, we'll be going to -- we're going to be ramping up the loan guarantees that will help us generate solar, wind, and geothermal energy. We're ramping them up in a significant way. Matter of fact, I'll have an announcement tomorrow on this score.

In just 30 days since the Department of Energy opened their renewable grants program for applications, we've received applications for projects that can produce over a gigawatt of wind energy -- enough power to power half a million homes.

And by the way, buried in all of this is what I think is not going to be able to be measured: What is the leveraging effect of what we are doing? That will remain to be seen. But I believe it will be consequential. This will be energy that's clean, renewable, and doesn't pollute, and begins to wean us off the incredible dependence on foreign oil.

Next month, we're going to release our initial payments -- down payments on the new smart grid, a new superhighway of connectivity that will allow reliable transmission of renewable energy; allow consumers to have real information in real time about how they're consuming their energy and allow them to adjust the ability to decide to turn their dishwasher on at 11 o'clock automatically, because

what is generating also is new manufacturing initiatives -- the people building smart toasters, smart washers, smart dryers.

This is real stuff. That's what I mean by the leveraging effect that's out there. I don't know how to measure that. It's above my pay grade. But I know it's real. I know it's real.

Investment in broadband will ramp up in November, collecting large parts of the country that have been underserved or unserved by the Internet. We already have nearly \$30 billion in applications -- over \$30 billion in requests -- seven times the amount of money we have to distribute. The result will be that rural hospitals can practice telemedicine and get consults from specialists who are hundreds of miles away. Adults can go to a virtual classroom and get their college or graduate degrees at home. Ranchers -- ranchers can in real time -- get real-time pricing information and sell their cattle online -- on online auctions -- earning them more money with less consequence to them.

It's real. These are tangible, real things that thus far have been denied significant segments of the population.

And again, our broadband initiative, which was \$7 billion, isn't going to answer it all. There ain't enough there there to finish it. But once this begins, I believe, as the recovery increases and gets stronger over the next several years, you will see a national commitment that didn't exist before. We're going to connect people from the inner cities and rural America to worlds of opportunity that had been previously worlds away from them.

Later this winter, we're going to start investing in newer, faster, and better rail travel. Now, I know I'm a bit of a hobbyhorse on that. How is it -- the joke in the administration when Rahm and I pushed for money for high-speed rail was, "There goes Biden again -- cops and railroads." (Laughter.) By the way, finally got cops on railroads now.

But all kidding aside, it can be, again, transformative over time. We've already received pre-applications for thousands of miles of new rail, for train corridors that would routinely exceed 150 miles an hour, and for two that are well-planned that would allow travel for new train sets over 240 miles an hour.

Mr. Secretary, I don't have to tell you about transportation. We're going to make additional investments in battery and electric -- excuse me -- batteries and electric drive-train technologies, which we've already made some, that will allow Detroit to produce vehicles so you can get the equivalent of over 200 miles to the gallon. And we're beginning to fund the network needed -- you need gas stations, you need plug-in stations to charge up these vehicles. We're already

beginning to fund them -- hopefully, again, having a leveraging effect, making people realize that this is the future.

This fall, we're going to continue to invest in modernizing our health care system so that doctors and hospitals will be able to have secure access to individual medical records by the press of a button, preventing hundreds of thousands of dollars in medical errors, thousands of unnecessary readmissions, and hundreds of thousands of unnecessary tests.

I'll give you an example of my colleague Tom Carper's driver having chest pains, taking him to an event, pulls into the Delaware hospital down there, Christiana Hospital. He happened to have a particular ailment that, had they known this they would have gone right to deal with his hypertension that was there. Instead, he had several thousand dollars' worth of unnecessary tests done.

A doctor I met with in Chicago at a forum pointed out that he ordered a CAT scan, but because he had electronic recordkeeping in this particular office that he had set up and the hospital he was dealing with, a big orange marker came up saying, "You sure you need this?" -- pointing out that a CAT scan had been done at the request of another doctor just two weeks earlier.

This is real. This is not fiction. This is not make-believe stuff. This is real. It's consequential. Are we going to do it all? No. But we are -- we are, while priming the economy, we're investing in new platforms that I believe other people are going to build off of.

In the first 200 days we were about necessity. The next 200 days will be about possibilities. At the end of the day, these investments are about more than creating jobs -- they're about creating strong communities and a stronger economy. They're about renewing a sense of hope and possibilities.

You know, it's often easy to sit in Washington -- as we do today -- and opine on what is or isn't happening beyond the Capital Beltway. Well, like many of you, over the past two years, I've had the opportunity to travel the byways and the highways of this entire country. I've crisscrossed it on rural highways and interstate highways, in large cities and small towns. I've met with local officials, businesspeople, union workers, community leaders, farmers. The most oft-heard remark -- and I mean this literally -- I heard as we'd go by and in their towns, we'd go by -- and we'd go by a lot -- and they'd say, well, that used to be -- that used to be. This used to be a steel mill. This town used to be the ceramic capital of America. This factory used to -- used to employ 1,200 people. This company used to have their headquarters here. "They used to" was the most oft-heard phrase over the past two years when I was speaking to local officials.

But because of the investments we're beginning to make and investments that's generating in some confidence that's beginning to build, I'm now hearing a

different refrain -- literally, not figuratively. Not everywhere, but I'm beginning to hear the refrain: "This is going to be." This is going to be a factory that makes super-efficient windows. This is going to be a place where we make batteries and drive trains for electric cars and get 220 miles equivalent to a gallon. This is going to be the hub of a new smart grid, harvesting energy from the Great Plains to light up the cities of the Midwest. This abandoned factory, as I just did in Cincinnati, Ohio, this abandoned factory is going to house hundreds of families in adequate, low-cost housing.

This factory is expanding, not closing, because we're building transformers for a new wind farm in central Missouri. This school won't shut down; we're going to be adding two classrooms and they're going to be leading the Race to the Top by taking advantage of the innovative money that's available to us.

These are real stories the Recovery Act is helping to write -- not totally responsible, but helping to write. It's not nearly enough yet, but there will be a lot more of them to come in the days to come. Remember, we're at the nine-mile mark of this marathon.

Two hundred days in, we know there's a great deal more to do. And again, to use my Grandpop's metaphor, the Recovery Act isn't the horse that's carrying the whole sleigh, but it's pulling its weight. We also know that, thanks to the Recovery Act, where we are today is a much better place than we could have possibly been without it. And even more exciting is where I think we're headed.

The road ahead is going to remain very, very bumpy. There's going to be positive economic news and there's going to be negative economic news. But I believe it's going to be the three steps forward to one step back. That's the way recoveries work -- particularly in the last four decades.

We know, we are absolutely confident, we are on the right road to recovery. We're on a road to recovery in a way that we'll be able to sustain growth longer and more reliable, based on having created the circumstances where real jobs, that pay real wages, allow people to live middle-class lives, are growing and not diminishing.

I thank you all for listening, and I yield the floor to the President, as I always do. (Applause.)

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