

GENERAL ALLEN: Well, thank you for that. I'm not the Vice President, but I'll take the applause nonetheless.

Well, good morning, ladies and gentlemen. It's wonderful to have you all with us here at Brookings and let me add my greetings to those of you who are coming in over the Internet. We are grateful for your being with us this morning and for joining us. And it's a great pleasure for me to welcome each of you to the keynote address which will be closing this morning's event, "The Future of the Middle Class."

Before I go on let me offer my sincere thanks to our co-hosts this morning, the Biden Foundation. Mr. Vice President, Ben Harris was really on point this morning in the panel he ran. We are very pleased at the Brookings Institution to partner with the Biden Foundation. And speaking on behalf of the Institution, we want to explore an even deeper relationship as we go forward securing the interests of the middle class, which faces challenges as we've never seen before, challenges that will be with us for many, many years to come. And the panels we had this morning and the terrific panelists who joined us this morning really helped to illuminate many of the challenges we face and the difficulties we'll have to overcome as we seek to protect and expand the middle class of the United States of America.

Now, finding new and innovative ways to ensure the success of our middle class ranks among our top priorities at this institution. And for that reason, I'd also like to extend my special thanks to Richard Reeves for his phenomenal work here in spearheading this new Future of the Middle Class Initiative, as well as Camille Busette, director of Brookings' Race, Prosperity, and Inclusion Initiative, as she works tirelessly to advance the equity and economic prospects of communities struggling to obtain their small piece of the American dream. It's been an honor to work alongside both of you. There's much work to be done and we look forward to doing it together.

Now, in a few moments I'll invite the Vice President to join us on the stage, but I don't think that our Vice President Joe Biden needs any introduction. For his 36 years as a senator from the great state of Delaware to his unwavering leadership as our 47th Vice President, we would be hard-pressed to find another American who more completely embodies the ideals of this great nation.

Vice President Biden is among the finest public servants I have ever known and a true champion of the American people and certainly the middle class. He's a father, patriot, a husband, a true

leader, and to me a dear friend. So please join me this morning in welcoming the former Vice President of the United States, Vice President Joe Biden. (Applause)

VICE PRESIDENT BIDEN: Hi, everybody. How are you? Thank you. If I were smart, I'd leave right now. (Laughter)

It's clear that John, the general, is not Vice President. He had too many stars to be just a mere Vice President. And I feel mildly intimidated speaking before such a group of esteemed economists. It's a little bit like when I'd go into the tank with the general and the chiefs of staff and give them my ideas on national security. But it never stopped there, so it's not going to stop me now. (Laughter)

It's an honor to be here and I mean that sincerely. Look, I want to start off by saying at the Biden Institute we're delighted that Brookings has taken up the mantel, and they have all along, to deal with the middle class. I know for years and years, I look at Alice and some others here, that I've been characterized in Washington as "Middle Class Joe." In Washington it was never meant as a compliment. It meant that I wasn't that sophisticated. But I'm pretty damn sophisticated about the middle class and I'm pretty damn sophisticated about the history of nations who are unable to sustain a middle class and what happens to their prospects short term and long term.

And I think we're at a very, very -- we're at what some might call an inflexion point right now. And the decisions we make, I think, in the next several years are going to say an awful lot about what kind of life our children and grandchildren are going to be leading. And there's no reason why it shouldn't be brighter than the ones we've led.

And I want to thank you, Brookings, again for hosting the event. The Future of the Middle Class is a critical new venture here at Brookings. And in many ways the focus on the work being done both here and at the Biden Institute at the University of Delaware or the Biden Foundation, the forum which Ben -- and I guess, Ben, you had a panel here this morning you just finished chairing -- that Ben oversees, the platform is to allow the most important voices in the nation to discuss the opportunities plight and benefits of the middle class.

We had Alan Krueger write a note on what he called the rigged labor market. We've had several posts on ways to make the middle class more inclusive. Last week Peter Levine from Tufts wrote

a piece on millennials no longer feel like they're part of the middle class. And we've had others, some of you in this room, write notes for us, as well. And I encourage you to take a look at it. I think we made them available here, take a look at them. And they're from disparate groups, left, right, and center. We're not just trying to predetermine the outcome here.

Folks, we're here today for a simple reason: to talk about the middle class. But I often get asked from the start why is it worth talking about the middle class? Why is there today so much being written on it and focused on it? Why the middle class in the first place? And I think it's a fairly honest question to ask.

From where I sit, I think the reason for our social and political stability in no small part has been because we have had a strong, aspiring, and growing middle class. I think it accounts for much of our stability over the last 100 years. Americans are more connected when they share economic circumstances, when we know that the other man or woman is facing the same struggles and has the same opportunities for success as we do.

And I think a strong middle class breeds opportunity. We're starting to see more of that, proof of that, in studies, that opportunity in communities that allow for people to move up the economic ladder are the ones with the largest economic prosperity. And look, you know, when the middle class does well, everybody does very, very well. The wealthy do very well and the poor have some light, a chance. They look at it like maybe me, there may be a way.

But today, you know, there's a lot of sort of cynicism out there. And when the middle class does well, American companies that rely on tens of millions of customers to be able to buy their products, they do very well. It feeds a virtuous cycle. And I know you all know this, but since this is being taped I want to make sure every who doesn't see it, understands it. You've forgotten more about this subject than many of us know. But, you know, it is a self-fulfilling prophecy, if jobs increase, everything gets better and everyone wins.

But if we have a weak middle class, we become a fractured country. I want to take you through the historical analysis that's been over the last two years by a number of brilliant folks, including some of you in this room, to demonstrate how democracies die, how things change in a fundamental way when opportunity seems to no longer be within reach. When opportunity fades, people feel left out. They

either drop out or they fight for radical changes, and that's what we're starting to see now, a younger generation that's questioning the very essence of our capitalist system. And it's the lack of hope, the lack of opportunity that's driving so much of what's happening today.

America is all about possibilities. I've spent more time with Xi Jinping than any world leader. I've had 25 hours of private dinners with him, just he and I and an interpreter, because his predecessor and my boss felt we should get to know one another. So I traveled 17,000 miles with him in China and 7,000 miles here. And here's a bright guy and he is not unafraid to ask questions, some of the most revealing questions that I have ever had a world leader ask me.

But we were in Chengdu, a town that was, I think, only 6-, 7-, 8 million people, now 22 million people on the Tibetan plateau. And he turned to me in the middle of dinner -- and this is literal, not figurative -- he turned to me and he said can you define America for me? I said yes, I can, in one word, "possibilities." Possibilities. That's why we're viewed by so many of you who are studying here from other countries as the ugly Americans. We've always thought anything is possible. Anything is possible. That's the way you were all raised, anything is possible in America.

And that seems to me the one defining feature that separates us from almost every other country. Every generation believed that there's something better waiting for their kids in the next generation. But when people start to think that their kids aren't going to do as well, things began to erode.

You realize 54 percent of the American people no longer think a college education is worth it? Did you ever think you'd live to see that, no matter how young you are? We're in a situation where you have a majority of people don't view themselves as being the middle class. People stopped believing in the American dream, they stopped believing in the impossible, the nature of this country, in my -- I can't prove this from economic terms, but I believe with every fiber in my being it changes the nature of who we are.

When that dream lives, anything is possible, whether it means digging out of tough times or getting stronger in good times. But it's all built on the premise that our kids are going to do better than we were going to do, than we're doing.

And, you know, a lot of this hope and optimism was based on a basic bargain that

Democrats and Republicans subscribe to, at least since the New Deal. And that was if you were part of an enterprise, you contributed to that enterprise, that was successful, you got to share in the profits. You got to share in the success. But that is not true anymore. Factually, that is not true anymore. The bargain has been broken.

A lot of you have argued it's been broken for different reasons, and you're all right in my view, probably. The reason I say that is there's many reasons why it's been broken. It's not merely globalization, digitalization, artificial intelligence. It's a secured tax code, it's the whole range of other things that are out there, decisions we made or failed to make as the world economy is changing because we are going through a fourth Industrial Revolution.

Like every single revolution we've gone through economically from back in the days of the Luddites roaming the Midlands of England smashing the machinery, it's upset the social structure. And it's taken somewhere between a decade to five decades for governments to catch up. The gap between productivity and income has never been greater. Workers are delivering more and they're getting a lot less. I won't give you the statistics, which are in my speech, but you know the numbers. Productivity matched wage increases up until about '75 or '76. Then it all began to shift. There's no correlation now between productivity and wages.

Folks in the middle class are in trouble. It's not just their perception. They are in trouble. Now it's all about taking care of the folks at the top.

By the way, do any of you remember the day we decided that the only people who were job creators were stockholders? Raise your hand. When the hell did that happen? No, and I'm being deadly earnest. I'm being deadly earnest.

I have a cartoon by Mike Melnick has seen it in my office. It's a guy dressed in -- it's a bandit dressed in a black turtleneck sweater, a big rotund guy. It was in *The New Yorker*, you may have seen it. And he has black beret on and black mask and he's being interrogated and there's a great, big bag of money on the table. He looks at the interrogator and says, "How was I supposed to know he was a job creator?" (Laughter)

But I'm being serious. When did this all change? It's been subtle, but it's changed.

So I won't give you the statistics, you know them. Over the last five years -- actually,

that's longer, since 2012, the stock buybacks of companies, tell me the increased productivity that's come from that. Tell me. Show me some data. It's all about taking care of the shareholder.

And they're good folks, man. Couldn't do it without a shareholder. Couldn't do it without them investing. But very little has gone into the pocket of workers and even less into investment in things like research, development, and worker training.

When I was doing the Recovery Act for the President, I kept wondering here we're spending all this time and money trying to figure out how to invest in research and development, and it dawned on me, why the hell aren't companies doing any of it? Well, there are some reasons why they're not doing it. There's no product to be sold. No customer for a while. But when you look at it a little further you think what in the hell's going on?

Look, while it can be argued that in a macroeconomic level globalization, automation, and technological changes, Moore's Law, they've all been successful, but it's left a lot of people behind. A lot of people are fearing the future now. A lot of people are uncertain about whether they can maintain their quality of life.

My staff told me not to do this, but I'll give you an anecdote. (Laughter) I was home -- this is in case anybody's watching this on television because you all understand it, but it's hard to translate sometimes. I was home with a guy I grew up with in Claymont, Delaware, a little steel town. We went to the same Catholic grade school together and he went on to the public school and I went on to a Catholic high school. And he didn't go to college and he's a good guy and I haven't seen him anyway for a while.

And I saw him at Christmastime. He walked up to me and he goes, Joey. He grabs my cheek and the Secret Service nearly shot him. (Laughter) But he said -- I said, Ritchie, what you doing? He was an independent trucker. I said you still driving? He said, no, Joey, only guys like you that never worked in your life can continue to work. (Laughter) And he laughed and he said, no, I retired, Joey.

I said how's your son doing? He's a trucker, too. He said he's doing okay now, Joey, but he knows he's in trouble. He knows he's in trouble. I said how's that? Can I help? Can I help? He looks at me and he says, no, Joey. There's going to be no truck drivers in five years over the road.

Whether your predictions are true about automation and self-driving trucks, these folks

aren't stupid. They listen, they understand, and they're scared to death. They're scared to death. This is a man who busted his rear end for a long, long time. But I really mean it, it breaks my heart. And he's worried, can I keep it? Can I take care of the grandkids?

Folks, look, take that guy working on the assembly line making 51 grand. We don't talk about him anymore, by the way, if you notice politically. Not you, we in politics don't. And his wife is a hostess at a nice restaurant, she's making 28. So they're making almost 80 grand and they've got 2 or 3 kids, and they can't make it if they live in Washington or New York or San Francisco.

I don't have to ask any woman in here who has children how much do you pay for daycare in this town for two kids? Twenty-two thousand dollars a year. When's the last time -- raise your hand if you have any kids or grandkids in college. I'll tell you what, I had a good salary. They paid me a lot of money as a -- in relative terms where I come from as a U.S. senator. I had three successful children. They went to great schools. They worked 30 hours a week, both boys did. One went to Georgetown, then to Yale Law School. The other went to Penn, then Syracuse Law School out of loyalty. (Laughter) And my daughter went to Tulane and then graduate school at Penn and graduated with honors.

By borrowing everything I possibly could with the value of my house going up, them working 30 hours a week during school -- one parking cars with Georgetown Valet, the other one working at an electric company in Philadelphia -- they graduated \$141,000 in debt, \$121,000 in debt, and \$103,000 in debt. They're paying it off, they paid it off. Do you wonder why people say, 54 percent of American people think college is not worth it for their kids?

Go back to the state university you graduated from, figure how you'd make it. Does anybody talk about these people anymore? Did you hear any of it in the last campaign?

Folks, when you got two kids, a mortgage payment, a car payment, basically no retirement savings, you can't make it. The problem isn't just that -- it's not just salary, as I said. It's the soaring cost of education, it's the cost of childcare, it's mortgages, it's empty retirement accounts, and no pension for a significant number of them. And they fear they're going to have to look to their kids. Instead of helping their kids, look to their kids for help.

You know, Ben and the economists who work with me, I think I drive them crazy when I

say, you know, the middle class is not a number. You guys and women can give me a number. Is it \$51,215 or \$52,000? It's a value set. It's a value set. It's about being able to own your home and not have to rent it. It's about being able to send your kid to a park and you know they're going to come home safely. It's about being able to send your kid to a school, a public school, that if they do well enough they can go on after high school. And if they qualify to go on after high school you can figure out how to pay for it. IN the meantime, you can take care of your geriatric mom after your dad passed away and you hope your kids will never have to take care of you.

That's not a Joe Bidenism. That's a reality. That's the people I grew up with. That's what people thought for the last three generations. But now it's looking further and further down the road. I don't know anyone of the guys that I grew up with who worked at General Motors who aspired to be a renter. I don't know any.

But look, it's not just paying the bills that worries these folks. My dad used to have an expression. My dad, we moved from Scranton, Pennsylvania. My dad, if you listen to Barack you'd think I climbed out of a coal mine with a lunch bucket, you know, from Scranton, in my hand. (Laughter) But it's not true.

My dad was a white collar worker, a salesperson, who when coal died, everything died in Scranton and there was nobody to sell anything to. And so we moved down to a place that was more prosperous, Southeastern Pennsylvania and Northern Delaware. And after that, every time anyone in our neighborhood would lose a job when there was a recession or get a setback, my dad used to say, Joey -- and he'd say it to all the kids -- remember, a job is about a lot more than a paycheck. A job's about your dignity. It's about your place in the community. It's about being able to look your kid in the eye and say, honey, it's going to be okay. That's what a job is about.

I was asked to keynote, some of you may have been there, last August -- I'm not sure it was August; in the fall -- the Zeit Fest. What's it called, the Zeit Fest that Google has in Arizona? And they had a great idea. They're socially conscious. They're talking about a guaranteed annual wage because of what's going to happen as a consequence of this fourth Industrial Revolution.

And I was the bastard of the family picnic and I said that's not going to work. It may be necessary to help people through, but think about it. What do you value most? You value being looked

at by other people in society as being worthy. It really matters.

Far too many people today can't look at their kids in the eye and say, honey, I know it's going to be okay. And these aren't all poor folk.

So here's what we have to change in my view. I think there are answers. One, the first thing I think we have to do is we have to deal with income inequity. I love Bernie, but I'm not Bernie Sanders. I don't think 500 billionaires are the reason why we're in trouble. I hope my grandkids grow up to be -- don't listen to their parents, who all decided to do something, run the World Food Program, run the -- another will be attorney general, another one run a social organization for at-risk youth, you know. They got all this education and, you know, I should have had a Republican kid. (Laughter) So when they put in the home I'd have a window with a view, you know what I mean? (Laughter) But now there's going to be no view.

But all kidding aside, we have not seen this huge concentration of wealth. And the folks at the top aren't bad guys. I get in trouble in my party when I say wealthy Americans are just as patriotic as poor folks. I found no distinction. I really haven't. But this gap is yawning, it's gaping, and it's having the effect of pulling us apart. You see the politics of it.

And the country's not going to stand for it forever, so we have to deal with the tax code. It's wildly skewed toward taking care of those at the very top. It favors, overwhelmingly favors, investors over workers and it's riddled with unproductive expenditures.

My economics teacher at the University of Delaware taught me the reason for a tax expenditure is to promote a social good, generate people taking risk, increased productivity. Raise your hand if you think that 1 trillion 300 billion-plus dollars in tax expenditure whether even half of it meets that -- well, two-thirds of it meets that criteria.

As I say where I come from, get a life. Look what's happened with the latest tax cut. Once again those at the very top get the biggest breaks and what do we have to show for it? Even our Republican friends are now beginning to admit there's no evidence these tax cuts are being put to work in the economy. No new growth, just more debt. And that puts middle class programs that they rely on and they've worked for at real risk.

Paul Ryan was correct when he did the tax code. What's the first thing he decided we

had to go after? Social Security and Medicare. Now, we need to do something about Social Security and Medicare. That's the only way you can find room to pay for it.

Now, I don't know a whole lot of people in the top one-tenth of 1 percent or the top 1 percent who are relying on Social Security when they retire. I don't know a lot of them. Maybe you guys do. So we need a pro-growth, progressive tax code that treats workers as job creators, as well, not just investors; that gets rid of unprotective loopholes like stepped-up basis; and it raises enough revenue to make sure that the Social Security and Medicare can stay, it still needs adjustments, but can stay; and pay for the things we all acknowledge will grow the country.

Second, we've got to educate our people. My wife who's teaching as I speak, she has her doctorate, two masters degrees and a doctorate, she teaches at a community college full time. She continues to teach 15 credits just like she did all through being Second Lady. She has an expression, she says any country that out-educates us will out-compete us.

That's why in 2014 when the President used -- the thing the President loved most about State of the Union Addresses was to be able to turn and say, "And Joe is going to." (Laughter) You know, I think I'm kidding. He never would tell me what he was going to tell me to do. He thought that was really funny. (Laughter) But you remember in 2014 he said, Joe's going to do a year-long study on jobs in the future.

So I traveled the country meeting with major CEOs. Between Penny Pritzker and I we interviewed over 340 CEOs in the top 500 corporations. We met with all kinds of businesspeople. And the overwhelming message we received from the business community is the same one you've received: we need a better educated workforce. Surprise, surprise, surprise.

We found that by the end of this decade 6 in 10 jobs are going to need some training, some education beyond high school or you're not going to make it. Digitalization, automation, artificial intelligence, Moore's Law, these changes are coming so fast you can't commit yourself to anything other than lifelong learning.

I just did Harvard's commencement and I pointed out if you graduated with a Ph.D. in astrophysics, if you don't go back for education you're obsolete in 10 years. You will be obsolete in 10 years. That's not hyperbole, that's a fact.

Quite simply, 12 years of education is longer sufficient. Do any one of your think that if we were starting from scratch like we did back at the turn of the 20th century and being the first major nation in the world to have universal non-means tested 12 years of education we'd have stopped at 12 years if we were doing it today? Raise your hand if anybody thinks 12 years is enough in the 21st century. We know it's not. So we need widespread access to affordable education.

College, community college, they should be free in my view. There goes that big-spending Biden again, man. We can put every single solitary kid who qualifies -- kid, person; my wife's average age of her students is 29 -- we could put every single qualified student in community college, in college, raising the number from 6- to 9 million, increasing the GDP by two-tenths of 1 percent per year, and we can do it for \$6 billion. Well, how in god's name are we going to pay for that?

If I eliminated stepped-up basis, just that, out of a trillion 300+ billion in tax loopholes, tax expenditures, that's only \$17 billion. Seventeen billion dollars. No evidence that it produces any growth initiatives. It's not inheritance tax.

I didn't know what stepped-up basis was because you may remember when I filed my financial disclosure as Vice President the front page of the Washington Post said it's probable no man has ever assumed the office of Vice President with fewer assets than Joe Biden. (Laughter) My net worth was between 50- and \$155,000, and when I left after 44 years it was still between 50- and \$155,000 because I said I'd never own a stock or a bond for fear of conflict. I would never engage in a business enterprise even those that were legal and appropriate, and I would never accept an honorarium. And so I got the dubious distinction. But I also had absolutely independence my whole career.

But here's the point. You all know what stepped-up basis is. Well, you know, you go out and make a profit, you're about to go and pay capital gains, you're heading to your broker to sell it -- you don't it, now you do it online -- you're hit by a truck, it gets left to your son or daughter. The capital gains you were going to pay six minutes earlier no longer has to be paid. No evidence that that generates greater growth. It's not an inheritance tax. It was due 10 minutes earlier. If you can eliminate that, you can put every single kid in community college for free, cutting in half -- cutting in half -- the cost of a four-year education; increasing productivity. What the hell are we doing?

I believe every state university should be free. We can afford it. It's closer to 40 billion,

but we can afford it out of that 1 trillion 300 and I think it's 48 billion.

Look, we need to make lifelong learning commonplace. From the Ph.D. to the factory worker, education is part of every worker's livelihood and it's necessary as the world continues to change so rapidly. Did you guys stop learning, those of you with Ph.D.'s in here, your doctorate? You're living examples of the power of continuing to learn, continuing to work, continuing to learn more.

The third thing we've got to do is we have to empower workers. Workers have no leverage anymore. And again, this wasn't a plot. This isn't a right wing plot to go on -- although the Chamber of Commerce did declare war on labor's house a while ago and labor has its own problems, organized labor. Labor has to deal with some changes, as well. But just take a look how the deck has been stacked, and I didn't even realize this until a couple years go.

Look at the studies. You used to think that wage stagnation was only driven by globalization and automation, and it is in part driven by that. But now there's a lack of competition and that matters, too, bargaining power for workers. All the power is with the employers and the companies, and they're squeezing the life out of workers because workers have no bargaining power. So we need a more competitive labor market that protects workers, as well.

You know, 40 percent of all the workers in the United States will during their careers have to sign a non-compete clause. Sandwich makers, not a joke. Not a joke. Sandwich makers.

One example, a guy driving the old truck who fills up on the construction site for highway crews in Texas, you sign a non-compete in order to be able to do that. In order to go to another company you've got to travel at least 345 miles to be able to qualify to compete for another job.

Twenty-five percent of workers it's a violation of their work contract if they discuss with a co-worker what they make. Twenty-five percent of all workers, if they discuss with a co-worker what they make. There were 4 million workers who because of false classification making them managers, hourly wages, it cost them \$1.2 trillion in lost wages every year. Did I say trillion? Billion dollars.

Now, guys, tell me, give me an economic reason why a sandwich maker has to sign a non-compete clause. Tell me, other than drive down and keep down wages, you are not allowed to tell the man or woman you work next to what you make without violating the contract. I call it greed. Give me an economic justification for that.

We need to get rid of these abusive non-compete clauses. Let workers know what their fellow employees are being paid. Provide fair pay for people who work overtime. What economic rationale is there for any of those three things?

And you all remain silent. The country remains silent. And you wonder why people think the place is rigged.

We've got to rebuild this nation's infrastructure. You know, there have been 45 speeches in the last year on this platform about that. The infrastructure's falling apart. We're ranked 29th in the world on transportation infrastructure, the United States of America.

Some of you may remember I got in trouble as the Vice President when I landed in LaGuardia and I said this is a Third World airport. (Laughter) There were actual signs saying an escalator, it was in March, I think, said it'll be fixed by the first of the year. The United States of America. The United States of America in the best city in the world, it'll be fixed by the end of the year.

Well, I got in a lot of trouble when I compared it to -- I said if you were asleep and you woke up in a Beijing airport and you work up LaGuardia and asked which one's the Third World airport, everybody knew it. So two weeks later, I had to land in LaGuardia to do an event for the day. (Laughter) I landed and the Air Force Two pilots were joking with me. They said, Mr. Vice President, is it safe to land? I said I can't guarantee it, but you don't have any of those little rockets hidden anywhere in here, do you? Joking.

And so I went and did my event and I came back. And a lot of you have been on Air Force One and Two, and -- well, some of you. (Laughter) Because you've been involved in other administrations. And so I get out of the limo, they pull up, and there's six people standing by the gangway like this. But they all had brown suits on with the fluorescent orange belt around them. Turns out it is the guys, the union women and men, who run the airport.

And I walked up and I figured up, okay, here we go. And the first thing, a guy introduced himself. He said my name's Charlie Smith. He said I just came to say thanks, and he grabbed my hand and he hugged me. He said you're dead right.

What happened? Cuomo, first the mayor got upset, but then he thought, no, this is -- I think we do need to do something. Then the governor, then the state legislature, then they invested \$6

billion in the six airports and they're actually modernizing the airports now.

How the hell do we compete, guys? If I can get your product out of a port in Hong Kong three times faster than I can out of Los Angeles, where the hell are you going to go build your factory? Does anybody know anywhere in America where there's investments being made that you don't want to know where the railhead is, where the highway is, how you get access, what the water availability is, et cetera?

Look, we need roads, we need waterways, we need ports to move our products. We need highways and transit to get workers to and from work. We need lightning-fast broadband to communicate. It's not a luxury. It's an absolute necessity to compete with the rest of the world. We need a massive investment in infrastructure: roads, bridges, airports, broadband. We've been lagging for too many years now, and we can afford it. Again, if you decided to leave -- well, I won't go into the tax code again.

Fifth, I think we've got to get every part of this nation into the game. I spoke out at the Kellogg School about a month ago I guess it was or two months ago, and pointed out that innovation and entrepreneurship are the heart of the American economy, which everybody knows. It's always been that way and it's how we got to the top and why we've been able to stay at the top for so long.

But so many Americans are being left out. Seventy-five percent of all venture capital goes to four cities in the United States of America. Seventy-five percent of all venture capital goes to four cities in the United States of America. Think of the great ideas that never get funded because entrepreneurs live in the wrong city. You can't have ZIP Codes determining the future of the nation in my view. So we need policies that get investment capital to every state in the nation.

During the recession, President Obama and I added parts to the Recovery Act that got small business funding to innovators in forgotten towns and communities and counties. And we need to make that permanent. One idea is the Race to the Top, it gives federal dollars to states that are willing to make their economies friendly to investors.

Folks, I've thought about what's happened to the middle class in America and why so much frustration has grown and why so many Americans have felt left out, why so many Americans feel displaced, and why there's been such a fertile ground for this phony populism that we are living through

now. And it is a phony populism as my friend John McCain would say. It's all about making room for the abuse of power. It's being able to point out that the reason you have a problem is the other. The other's the reason you're not doing well. It's a tactic that can be used by every -- well, we won't characterize it -- (Laughter) -- throughout the last century.

But look, I see a greater and greater concentration of wealth. You guys write about it, you women write about it. And more and more tax benefits going to fewer and fewer people. The rise of monopolies weaken labor. One obstacle after another thrown in labor's way. Too much money -- too much money -- being spent in this country on our political system.

What do you think? Do you think any middle class guy out there thinks if I have a PAC and unlimited, that anybody can put anything in there for me, a super PAC, do you think I really have their interest? What do you think?

When I was thinking of running before I had \$44 million committed to me, another 22 if I had run. And with Mike Donlan here we decided we couldn't possibly accept it. Not because they were bad people offering the money, but I'm out there talking about the middle class and I got four people contributing over \$50 million to my campaign. What do you think, guys? What do you think?

Ask yourself, why are we still giving hedge fund billionaires tax breaks, but we can't find any money to give tax breaks for child care? Why do you think? Even though the studies show if you gave up to \$6,000 in child care tax cuts we'd get about I think it's 700,000 more women back in the labor market, increasing productivity. Why do you think we can't do that? Huh?

Why is a sandwich maker being forced to sign a non-compete clause? How does that happen? Why are low-wage workers reclassified as managers? What possible reason is there where any employee can't tell another employee what they make? Is there any other reason than to depress wages?

And while we're at it, as I said, how do we wake up on day and stop looking at people like my dad who ran an automobile dealership, didn't own it, as a job creator? He sold a hell of a lot of cars, put a lot of people to work. Since when he didn't create jobs and the millions of people like him?

I applaud investors, but do I think they are greater job creators than anyone else who works in that company? No, I don't. How did we get from \$800 billion in tax expenditures in the last year

of Ronald Reagan to over \$1.3 trillion today? As my mother would say, who died and left you boss? How did that happen? What's the rationale behind that? Show me the benefit.

They still argue that protecting things like stepped-up basis makes more sense than putting 3 million more kids in community college. Does anyone believe in this room that there isn't significant room for savings in tax expenditures to pay for healthcare, for education, and rebuilding the nation?

Look at the fundamental choices. Unproductive tax expenditures versus policies that make the middle class better off, what choice are we going to make? Well, I think in large part because of the Supreme Court decision on funding, we know what choice is being made.

And folks, one more thing. How did we get to the place where the people who repair our bridges and our roofs and keep the sewers open in the middle of storms and keep our city water system working, have the traffic lights function, teach our kids, take care of the sick, how did we get to the place where they don't feel respected anymore? What happened there?

You know, you don't need this, but I recommend it if you haven't read it, I recommend it. And I took the first nine pages and I had my staff put it on -- type it out for me and I sent it to my sister to say what do you think, because she runs this foundation for me, implying that I wrote it. She said it sounded just like you. Well, the only part in the beginning sounded just like me. It's not class consciousness. It's class cluelessness. Class cluelessness. And it's understandable.

What's the value we value now and we should? It's been a great equalizer: cognitive capability. Cognitive capability. So we have more egalitarian -- I can tell you, I'll bet you I could pick what -- I never lived in Washington other than as Vice President. But I can tell you where every young Rhodes Scholar and Marshall Scholar works and I can tell you what neighborhood they live in. They're black, they're white, they're gay, they're straight, they're Asian. It's completely merit-based. But no one's talking about home. No one's talking about the neighborhoods they grew up in. I mean it sincerely.

I'll end with another anecdote. My wife is chairman of Save the Children USA. And she was going down to Puerto Rico to thank her workers, their workers, for the efforts being made over the last year. And I had to go down -- didn't have to, I was going down to Florida for a different reason. I was going down to campaign for some Democrats and to make a speech at the University of Miami. And I

was asked by a friend would I go to St. Croix because there's been -- a lot of damage has been done in terms of mostly the power lines coming down, the electricity, the poles down. And I said sure I would.

So I flew for a day and we're going through the island. And if you know St. Croix, it was industrialized. It had a big oil refinery there that's now shut down, but it's the least touristy island of the Virgins. And we're on the east end of the island, pulled into a gas station that had sort of a mom-and-pop grocery store attached to it, like a 1960s 7-Eleven or something. And they're putting up -- you see all the trucks from all over the country being lent to put the poles back up.

And so I get out of the car, get the gas, went in to pay, and I walk out and I walk over to the guy up in the bucket. And there's seven guys around him, all with hard hats on. I yelled up, I said, hey, man. I said, thanks. I was being serious. I said, thanks. Thanks for what you're doing. You're keeping the lights on in the hospital, you're helping a lot of people. And I will not exactly quote what he said, but he looked and said, hey, man, you screwing with me? (Laughter)

Try it, by the way. You think I'm kidding. Next time you see a sanitation worker thank him and watch the look on his face. Watch the look on his or her face.

And I said, no, man. And he lowers the bucket. He said, you kidding, man? I said, no. He said, no one's ever thanked me before. Thank you, man. Thank you, man. Thank you.

Not a joke. If I walked by the sanitation worker and said hello to the CEO my father would kick my butt. You're supposed to say hello to both of them. But not a joke. These people don't think we care a whole lot about them. And you can't function if they can't keep these sewers open. You can't function if you don't have someone programming the lights, the traffic lights.

So, folks, look, one more thing. How did we get to a place where people who, like the people allow us to every single day have all the amenities we have, sort of become, you know, something else out there? I think if we make the right decisions I believe we'll not only revitalize the middle class, but we'll build a much more inclusive middle class. It has to be more inclusive and bring everyone along: women, black men, Hispanics. There's room to do this. It's not rocket science. It's not rocket science. It's a commitment of the head and heart to be able to get this done. It's totally within our capacity to do these things.

You know, I'll conclude by saying notwithstanding my frustration, I am more -- you know,

every time you'd read about me when I was Vice President with the President and I'd be -- they'd refer to Biden as the White House optimist, like I was and my Grandfather Finnegan would say, like I fell off the turnip truck yesterday. I'd been there longer than all of them.

I'm optimistic because I know the American people. I know the journey of this country. Never, ever, ever given a shot have the American people ever let the country down. Never, never, never. Ordinary people. Ordinary people do extraordinary things.

And we've become awful elitist. We don't think ordinary people can do things like programming, code. It's not rocket science, guys.

We did it up in Michigan when Detroit found out they didn't have -- and all the exodus. They didn't have people when the city got back on its feet who could literally turn on the streetlights, run the water system. So we went and we hired some folks to go in to the neighborhoods. They picked 58 women it turns out from the 'hood for a 17-week program, if my memory serves me correctly, to learn how to code. Not one had more than a high school degree, a third only had GEDs. At the end of the training every one of them had a job, the average salary was over \$50,000 a year. They learned to code. It's not a secret. Not joking. The same guy who can throw coal into a blast furnace can learn how to run a photovoltaic machine on the floor of a factory.

So, guys, anything is still possible. We are better positioned than any nation in the world. We have more great research universities in this country than every other country in the world combined. Eisenhower was pretty damn smart. That's the reason for all the initiative that's coming out of this country. Name me some life-changing, altering product that's been found in another country that has China stamped on it or any other country stamped on it.

We have a constant, constant source of employment because of immigration policies. We find ourselves in a position where our workers are three times as productive as workers in China and in Asia. We have the most agile venture capitalists in the world. This is America, man. It sounds corny, but we've got to pick up our heads and look at who the hell we are, begin to walk again for god's sake, instead of walking around like woe is me.

I've met every single major world leader in the last 44 years. It's just the nature of my job. I don't know a single one who wouldn't trade places with America's problems in a heartbeat. So

what the hell are we doing except counting on all of you to wake us all up? More than you ever asked for, but that's how I feel about it.

Thank you. (Applause)