

WASHINGTON, DC - Today, Rep Michael Honda issue the following response to President Bush: "As I listened to President Bush deliver the State of the Union last night, I could not help but compare his reality with the reality back home in San Jose, Milpitas, and the Bay Area in general."

"He talked about the mortgage crisis. Yes, thousands of families in our area risk losing their homes. He talked about Iraq. Yes hundreds of Californians have died in the desert in a war sold to America on false pretenses. He talked about the economy. Yes, the median income in counties like Santa Clara has steadily eroded since 2002 when inflation is factored in. He talked about education. Yes, thousands of children from San Francisco to Gilroy have been left behind, after the President cut education budgets year after year.

And as the list went on, I got more and more upset. Sadly, most of these problems started under this administration's watch, and under Republican controlled Congresses. On Monday, he asked for trust in the American people. But in the past seven years, he squandered the trust Americans placed in his hands.

Squandered Opportunities

Bush and the Republican controlled Congresses inherited something good in 2001: A new, vibrant economy and a nation the rest of the world looked up to. They managed to mess it all up, to be politically correct about it.

Seven years ago President Clinton left a humming economy and a \$5.6 trillion surplus. Today we have a \$3 trillion deficit, a sputtering economy and a growing gap between rich and poor. Most economic gains these past seven years were made by digging into home equities and other borrowing.

Instead of investing on education, or other long-term pillars of economic growth, Bush and the Republican leadership gave tax cuts to the have-mores, ignored the have-nots and forgot the have-somes.

This country's economy is built on the middle class. When you neglect middle class America, you flush prosperity down the toilet. Read my lips: supply-side economics don't work.

The Economy

This is not a figment of my imagination. I hear it at every town hall meeting. I read it in the many constituent letters I receive. And the anecdotes are backed up by evidence.

Since 2002, the median household income in Silicon Valley rose by a mere 2.37 percent. At the same time inflation rose almost 14 percent, savaging those meager gains. Between 1993 and 2001 middle class incomes increased \$6,000. Since President Bush took office, median household incomes have dropped \$1,000.

I commend Speaker Nancy Pelosi, who stood up for all Americans since the Democrats regained control of the Congress this past year. Whether it is through the proposed bi-partisan stimulus package Speaker Pelosi negotiated; or healthcare for 10 million children—which the President repeatedly vetoed-- or strengthening education for all Americans - we're changing our nation's direction.

Education

This Democratic Congress passed the largest expansion of college financial aid since the GI Bill in 1944. We slashed student loan interest rates and right now I'm working on legislation that will help overhaul No Child Left Behind, which the President kept on touting, while underfunding it in a backhanded way.

Through this law, he made demands on our teachers and our schools, but does not provide them with the tools to meet those demands. For example, this year schools needed \$36.9 billion to meet NCLB benchmarks, but he only funded \$23.7 billion. That's almost a \$14 billion shortfall. Iraq, by contrast, costs us \$10 billion A MONTH!

For the cost of one week in Iraq we could pay a full year of college for 400,000 young Americans. Failure in education is failure in long-term economic policy. As an educator of 30 years, this is heart-wrenching to me. When I visit schools throughout my district and the country, I see an ossified system while the new economy around us changes faster and faster every day.

We need a new paradigm in education, and I did not hear it Monday night.

The education of our children IS a national security issue. America's competitiveness in a global economy depends on our education system.

Why aren't we willing to go to war for our children and give them the funds they deserve? I don't want to sound personal, but ask all those families in our district who have been affected by these misguided policies. To them, the education of their children is personal. To those people who are losing their homes, this is personal.

The Mortgage Meltdown

In the last three months of 2007, more than 2,100 homeowners in Santa Clara County received foreclosure notices --that was a 147 percent increase compared with the same period in 2006.This did not have to happen.

In 2003, when several states such as Georgia tried to rein-in predatory lending, the U.S.

Treasury Department stepped in and stopped regulation of a mortgage industry run-amok. This Administration had a chance to prevent this crisis. Instead they actively encouraged it.

We are trying to fix this through provisions in the stimulus package, which will help middle class families in high-cost housing areas such as Silicon Valley and New York. If this package is approved, these families will qualify for Fannie Mae and Freddie Mac Loans, which will help them refinance.

In Santa Clara, the median price for a home is above \$660,000. In some other parts of our county, that number is above \$1 million. Middle class homebuyers are between a rock and hard place; especially if they can't sell or refinance their homes to avoid foreclosure.

We need to protect that key part of the American dream: the house with the white picket fence every young couple imagines.

Iraq

But we need to be aggressive in our policy solutions. We cannot just stay the course, as the President proposes in long term economic policy.

As everyone knows that has been the same formula in Iraq, where he continues to ignore reality.

I don't see how the President claims success in there when our international reputation is in shambles and our forces are stretched thin around the world. He used hysteria to sell Americans a war that has only benefited contractors such as the companies where Rumsfeld and Cheney used to work.

In our district alone, 10 young people between the ages of 18 and 36 have died in Iraq. More than 400 dead are Californians, and more than 3,000 injured have come back to our state.

I am glad violence levels in Iraq have dropped. That is due to the bravery and sacrifice of these women and men in uniform.

But I cannot commend the administration for creating the conditions for a civil war that put these kids in harm's way in the first place. The administration is not succeeding where it counts: pushing the Iraqi government to make political progress and making the hard-won gains of our soldiers worthwhile.

I cannot commend the administration for an expensive, unnecessary war it keeps financing by saying, "no new taxes; charge it to America's grandchildren."

But I am not one to end on a negative note. I hope to see a change this year in the White House. I hope to see a president who can regain the good-will of the world and inspire us.

Conclusion

And this nation needs inspiration.

When I was a young man I spent two years in the Peace Corps, building schools in El Salvador. President John F. Kennedy's call to service inspired me. Those of us who served throughout the world had a stronger positive impact on those Salvadorans and Africans who met us, than all the military adventures we launched, before and after.

This I hope will be the year when America is inspired again; when we pick up ourselves; when we reinvent ourselves. This, I hope, will be the year when America, and our beautiful Valley in California, will inspire the world once more.

Thank you.