

PRESS CONFERENCE WITH MAJORITY LEADER,

STENY H. HOYER

Tuesday, July 13, 2010

10:30 a.m.

Mr. Hoyer. Good morning. Well, we are back, and we meet at 2 p.m. and will consider several bills under suspensions; last votes at 6 p.m.

Wednesday, we will have additional suspension bills, and we will consider the Telework Improvements Act, Representative Sarbanes out of the Oversight and Government Reform Committee; and then, Thursday, we will reconsider H.R. 5114, the Flood Insurance Reform Priorities Act of 2010.

We are scheduled to meet Friday. That will obviously be contingent to some degree on what the Senate does with unemployment insurance and the supplemental, both of which we have sent over to the Senate.

I want to open by observing, again, what was done, and we have had discussions on this, what was done the last week of the session. When we passed a rule for the supplemental, consideration of the supplemental, which included within its framework the budget enforcement resolution, which was voted on, and everybody, every Member knew that the budget enforcement resolution was in there, including the Republicans, who made comment on it.

But let me say that as someone who has served on the Appropriations Committee and is very concerned about budgets, who would have preferred that we adopted a full budget, I believe the budget enforcement resolution was, in fact, a very meaningful

action taken by the Congress. This was not some superficial action without meaning.

First of all, as I am sure all of you know, the budget enforcement resolution set discretionary spending at a figure \$7 billion below the President's request and \$3.2 billion below Senator Conrad's mark out of his committee.

Now, that is the mark that the budget essentially set. For those of you who are very familiar with the budget process, you understand that although the budget that is adopted or presented from the Budget Committee may be more extensive in nature in that it notionally, and what I mean by that is it distributes dollars, defense, domestic, education, health care, judiciary, other objectives, within the framework of its contemplation. And what I mean by that simply, they suggest this is how the money could be spent, and that is how they budget.

Now, when I say they suggest it, for those of you who may be new and not follow the budget process as closely as I know some others do, once that budget is adopted, it then goes to the Appropriations Committee. And the number that is relevant is the number that we include in the budget enforcement resolution. That is the level of discretionary spending.

Thereafter, as I know most of you know, maybe some of you do not, the Appropriations Committee then allocates that number, which is called 302(a) allocation, to a 302(b) allocation, which is a subset to each one of the 12 subcommittees of how much money

they have to consider. That is what the budget does.

Now the budget also can have reconciliation instructions. Obviously, the budget enforcement resolution does not. Sometimes budgets do; sometimes they don't. They become very relevant, as everybody saw last year. The reason they became relevant last year, because if you have a reconciliation provision in a budget, it has a consequence, particularly in the Senate, vis-a-vis the ability to pass something with 50 votes rather than 60 votes.

But the number that the committee has to spend is the controlling number, and if they spend above that, it is subject to a point of order.

In addition to that, the budget enforcement resolution incorporated a number of very important things. Number one, it made the House statutory PAYGO rule compatible with the statutory PAYGO rule, which will mean that both the House and the Senate will be governed by the same number. That makes for simplification and also for greater discipline.

In addition to that, it said, it reiterated the commitment to put on the Floor the product of the commission established by the President to achieve long-term fiscal balance.

And, lastly, it reiterated the Speaker's letter to the committees with an instruction to look at possible elimination, of possibly finding within their jurisdictions fraud, waste, and abuse or items of low priority which could be diminished in terms of spending and to report that back to the Congress.

Now, that is not a budget, but it is a budget enforcement resolution within the House of Representatives that had, and has, consequence. So that for anybody to pretend that we haven't taken action on a budget is incorrect, an action which has the same consequence as a budget would have had.

Now, the difference is, as all of you know, I am sure, first of all, it did not include a 5-year number. That 5-year number has been regularly ignored and avoided by Republicans in the past. And it did not include a deficit number, which is a very high number, regrettably. I say "regrettably" because I would like to see us, as all of you know, get back to balance as quickly as possible.

It does, however, indicate an intention to do exactly that and to, within 5 years, bring the budget deficit within 3 percent of GDP, the operating deficit, not the debt, but the operating deficit, not considering the interest that is being paid on the debt.

So it accomplished all those objectives. It didn't get much play. The Republicans pooh-poohed it, and all voted against it, but I think it was certainly a way to get to where we needed to be in terms of imposing the discipline on spending without running into the political gotcha amendments that somebody voted for a budget of X trillions of dollars or voted for increasing or decreasing taxes, not that anybody would be attacked viciously for decreasing taxes, unless of course it led to deep deficits and

debt, which of course the Republican package did.

The Republican package, of course, has put us in a position where the tax cuts that they adopted they did not make permanent for budgetary reasons. It was a gimmick, which is going to cause us some challenges later on in the session.

Okay, to another subject, well, not another subject, really. On "Fox News Sunday" this weekend, Senator John Kyl, one of the leaders on the Republican side, said, "You should never have to offset costs of tax cuts." Essentially what he meant was that going deeply into debt to cut taxes was acceptable.

Now, somebody at some point in time has to pay that bill. Children and grandchildren are the likely suspects and beneficiaries of this legacy of irresponsibility.

That is what they did. About 35 percent of our deficit that we confront is directly attributable to that philosophy. They cut taxes for the wealthiest in our country. And if we continued those tax cuts, what they would result in is a very substantial advantage to the wealthiest in our country. Those between \$500,000 and a million, 98.7 percent of them, would have their taxes reduced, while 99.4 percent of those between \$200,000 and \$500,000; and those tax cuts for \$200,000 to \$500,000 would be \$7,484, but the people from \$40,000 to \$50,000 would get \$836. Obviously, tax cuts are skewed for the wealthiest in our country. We will be considering that later in the session.

Now, what have Republicans been doing? And I say this in the

context of, I am sure you are going to ask me about the recent poll in the Washington Post. I am not happy about it.

I think Americans are angry. They were angry in 2006. They were angry in 2008. They changed leadership. They are still angry. Their economy is still not working the way it ought to work. We agree with that.

Unfortunately, their anger, which should be focused on not returning to the Bush-Hastert-Boehner-McCain policies, which plunged us into deep debt and resulted in the worst economy in the lifetime of almost every American under 90 years of age; my view is the focus should be on not going back to the Bush Republican failed policies and not to repeat the regulatory neglect.

Wall Street reform, obviously, continues to be opposed by the Republican Party, notwithstanding the fact that the American people support that, believe that is necessary to prevent Wall Street from again putting them in a deep ditch.

They rationalize British Petroleum's negligence in allowing, apparently, under the pressure of quicker results and bigger profits, the failure to properly pursue what regulations would otherwise require them to do.

In health care, and the Republicans to a person wanted to protect the insurance companies rather than the insured; wanted to continue to have insurance companies running health care, as opposed to doctors and patients.

It is a consistent pattern of promoting and protecting

special interests over the public interest.

UI benefits, we hope to be considering, we considered in the House. A poll indicates that 63 percent of Americans, a poll which I am pleased with, agree with the fact that it is better to make sure that people who are unemployed and can't find a job are getting unemployment insurance so they can pay some of their bills, provide for food for their families and themselves, and maintain some participation in our economy to help grow the economy.

The small business lending bill, we passed. It is pending in the Senate. The Senate also has a bill on that. We hope that passes. One of our objectives in this session will be to grow, continue to focus on efforts of growing jobs and growing businesses. Small businesses are one of the best engines for the creation of jobs, and they need capital to do so. I would hope that we could pass that bill soon.

On the supplemental, we passed a supplemental. The Senate, clearly in the face of Republican opposition, felt that it was unable to go forward and so was not able to consider that before we left.

I am hopeful they will consider it in the very near future. It is my opinion that we need to pass legislation, which incorporates the items that were included in our supplemental that we sent, including making sure that our troops have the resources they need in Afghanistan and Iraq as long as they are deployed in

Iraq and Afghanistan.

Oil spill legislation will be coming up in the near future. Transportation and Infrastructure has marked up a bill. There are two markups scheduled for this week, one by the Science Committee, one by the Resources Committee.

Lastly, I mentioned Wall Street reform, but it appears that the Senate now has the requisite number of votes to pass the conference report, which we passed before we left here. I am hopeful that that will pass handily, and the President clearly is going to sign that to try to protect consumers, constrain unreasonable risk-taking that costs our taxpayers a lot of dollars in the short term; although one of the good things is that we do project most of the money that was paid to stabilize the financial community, we believe will, in fact, be paid back, and the taxpayers on the money that is paid back will earn some money, so that is good news.

But the Wall Street Reform Act is absolutely critical, and hopefully the Senate will pass the conference report and send it to the President this week or early next week.

Your turn.

Q Mr. Hoyer, can you react to Robert Gibbs' comments on Sunday that there are enough seats in play for Republicans to take back the House. Do you think he is right?

Mr. Hoyer. Do I think he is right in there are enough seats in play? Probably close. I don't think -- the fact that they are

in play does not by mean by any stretch of the imagination that I think we are going to lose the House. I don't think we are going to lose the House.

Let me tell you why I don't think we are going to lose the House. I mentioned it a little earlier. Americans are upset by the fact that their economy has not come back as quickly as they had hoped or as we had hoped. Frankly, the CBO indicates that we either saved or created almost 3 million jobs by the Recovery Act. Had we not passed the Recovery Act, in my opinion, the economy would be still hemorrhaging jobs, and we would be in much more dire straits than we are today.

Having said that, the American public, I think, over the next few months is going to focus on whether they want to go back to the failed policies of Bush and the Republican Congress, which had such a disastrous result during the first 8 years of this decade, actually first 10 years; the last decade, 9 years or 10 years, depending upon how you count, from 2000 or 2001, had disastrous results.

All predictions that were made for Bush's and the Republicans' economic policies, were wrong, all of them. They resulted in deep debt. They ran a deficit every year they were in place. Unemployment -- or employment was the worst performance since Herbert Hoover, and unemployment was staggering, having lost 3.8 million jobs the last year that that economic policy was in place.

I think the American public, hopefully, are going to reflect on that. We certainly are going to be talking about that. I am going to be talking about that.

Returning to failed policies is not a productive option for this country. In fact, the policies that were pursued in the 1990s under Bill Clinton, unanimously opposed by the Republicans, led to the best economy, biggest job creation, and 4 years of balanced budget.

So I think that democracy works. I think the American public, we are going to make that argument, and they are going to reflect upon what succeeded and what failed. In fact, the policies we pursued succeeded. The policies that the Republicans still talk about returning to were demonstrably failed policies.

Yes, sir.

Q You just mentioned that the stimulus protected the economy and created these jobs. Yet the Members, your Members who are vulnerable, seem to be vulnerable because voters are unhappy that they voted for the stimulus in the first place. So how do you reconcile those, that disconnect?

Mr. Hoyer. Well, I am not sure I agree with your premise?

Q It is one of them. It is one of them.

Mr. Hoyer. It is a complicated analysis.

First of all, many voters do not differentiate between the TARP and the stimulus, which is unfortunate, because they were totally different items.

George Bush asked for \$700 billion for banks that had taken irresponsible risks and said, and Bernanke said and Secretary Paulson said, If we don't do this, they are going to drag the whole economy down. I believed that that was a real risk, and so we did that.

Then President Obama took office at the worst economic time this country has seen since Franklin Roosevelt or since Herbert Hoover. It was absolutely essential that we take action, and almost every economist indicated that, including Martin Feldstein, who was Ronald Reagan's head of his Council of Economic Advisors.

What they said was you needed to replace about a trillion dollars of consumer spending that had been withdrawn from the economy; and if you did not replace that, you stood at risk of falling into a depression. So we did that.

Now, some of the Members you are talking about voted for it; some voted against it. But my view is that it is very difficult, I understand that as a political argument, to say things would have been worse. You know a guy who doesn't have a job or a gal who doesn't have a job and hasn't had a job for 6 months or a year or 18 months says to themselves, Mack, I don't think things could be worse. But, in fact, most economists agree that they would have been substantially worse.

So we have to make that argument and Members in challenged districts have to make the argument, Look, we confronted very dire economic times. We acted, we acted decisively, and it has made a

difference, and it has made a positive difference.

Q On the suspension calendar on Wednesday, there is a -- looks like a new tax extenders bill coming out of the Ways and Means, that is number 5. I wonder what would be in there and if you could talk about what the priorities will be.

Mr. Hoyer. I don't have that in front of me. Let me get it in front of me, and I will come back to you; find out what that tax extenders bill is.

Q On the jobs question --

Mr. Hoyer. Sure, I am going to come back to you, I didn't bring the suspension list with me.

Q On the other end of the spectrum, unemployment really hasn't budged still, right, hovering right under 10 percent. Is there going to be any more jobs legislation? Or is that too politically risky? Or is it even necessary to do any more?

Mr. Hoyer. Well, of course, you know we passed the supplemental and had \$10 billion in there for teachers, as you know. That is jobs legislation.

We had the lending bill that I talked about. We believe that is jobs legislation.

There is other pending legislation in the Senate that we have passed as jobs legislation. So the answer to your question is, jobs continues to be our major focus.

We understand that jobs have been a continuing problem. Jobs, unemployment went down to 9.5 percent the last month,

probably in some respects because people were not looking, because as we know, we had -- although 83,000 new jobs were in the private sector, about 300,000 were laid off from the Census jobs. Not laid off; their jobs were done. They were hired for a temporary job, and the job came to an end.

We still have not created the kinds of jobs that we want to create, and we are going to still work on it. So the answer to your question is that -- are you pointing at somebody, Ed, or are you are pointing at me? Pointing over there, I thought maybe he wanted me to recognize you. He was trying to help you out.

Yes, Ed.

Q Have you spoken to Harry Reid or other Senate leaders about the unemployment insurance extension or the supplemental about what they might be able to pass that you could agree on?

Mr. Hoyer. I talked to Senator Reid on Friday of the week we left. I haven't talked to him since then, and he didn't have a very clear view of what -- obviously, as Members, the funeral -- or the memorial service, not the funeral, the memorial service in Charleston was that day. So the answer is I have not had a very extensive discussion. I do expect to have a conversation with him today about his schedule.

Q Mr. Leader, I know this is redundant, but it is finally coming to fruition, supposedly there is a markup on the D.C. statue bill on Wednesday, where borrowing Frederick Douglas is one of the statues for D.C. Hopefully this will lead to something

else.

How fast will they mark up the bill in House Administration? Will you get it to the floor, and are you assured that it will pass and pass in this session?

Mr. Hoyer. Strike "supposedly." There is a markup on Friday -- excuse me, on Wednesday, in the committee, I am told. My expectation is that it will pass. My expectation is that it will come to the floor relatively soon thereafter.

Now, whether it comes in the next 2 weeks, I am not going to guarantee, but it will come to the floor relatively soon. And my expectation is that it will pass.

Q Mr. Leader you talked about offsetting tax cuts earlier. Under your PAYGO rule, statutory PAYGO, you don't have to offset the middle class tax cuts.

Mr. Hoyer. Right.

Q Those are excluded. Should you look at offsetting some portion of that, and given the nervousness about the --

Mr. Hoyer. I think, in the long term, the answer to that is yes. In the short term, the answer is no. And the reason is, in the short term, the answer is no, we still find ourselves in a real economic slowdown.

While we are picking up and while we have stabilized, we still need to be, as I have said before -- I don't know whether you have been here before-- but you can't stimulate and depress at the same time because if you do, the net effect is zero. What you

want to do is stimulate at this point in time, so you certainly do not want to increase taxes on the middle class, middle-income working Americans, those under \$200,000, individually; \$250,000, a couple. So, in the short term, as you know, in statutory PAYGO, we made a provision that we passed.

Now, on the others, we have limited the timeframe in which they can be done, and of course, we did not provide for upper income, unless they are paid for. And my view is, again, I would reiterate, basically, the answer is tax cuts ought to be paid for.

Now, there are a number of ways to pay for tax cuts: Number one, by other taxes; or, alternatively, by cutting spending. You ought to do one or the other rather than simply increase the deficit. But the Republicans, interestingly enough, are somewhat flexible. I guess we are all flexible from time to time on their premise of whether we ought to pay for things or not pay for things.

Q Is the House going to deal with that this work period?

Mr. Hoyer. It is under discussion. Mr. Levin and Mr. Baucus are having discussions on that, and we will be talking about timing on that.

Q Will you take up the Bush tax cuts before you leave for August?

Mr. Hoyer. That is my answer there. Levin and Baucus are talking, and we haven't determined what the timeframe of that will be.

Q Is the goal before November, or between November and December 31?

Mr. Hoyer. The goal was to get it done before they expire.

Q Of the tax cuts, you actually talk about when you take away money and spending and offsets would actually create a neutral effect on the economy. Well, you are taking away money from the wealthy, from the Bush tax cuts. When you look at all the tax cuts, aren't you in effect creating a net effect on the economy where nothing can actually be helped unless you extend those wealthy tax cuts?

Mr. Hoyer. Let me answer this question this way: Congress will tell you, contrary to what some people say, that the unemployment insurance extension is one of the biggest boosts you can give to the economy. Why do they say that? Because the people who get that money will spend it immediately.

Frankly, the upper income, \$200,000, \$250,000 or above individual is less likely to make any change in his or her spending habits. As a result, the answer to your question is, no. Giving, making sure that there are more dollars in the pockets of middle-income earners pretty much guarantees they are going to spend it on consumer goods that they need, food, clothing, college expenses, et cetera, et cetera, which will have a stimulative effect on the economy. So that is why there is the difference between the two. Okay.

Now, hold on a second. This was, I really don't know a whole

lot about it, but I am told that this is simply a minor, noncontroversial, and was in our jobs bill in extensions to Medicare.

I think this is more a technical fix than it is a substantive.

Q Number 5.

Mr. Hoyer. You are talking about the Medicare, Medicaid, Children's Health Insurance Program.

Q Yes.

Mr. Hoyer. Yes. This was in our jobs bill. It is minor extensions to Medicare. And I would have to look at it to be more extensive than that, but this is a pretty minor technical fix, an extension on timing, I think. That is not a very clear explanation because I, frankly, don't have one or I would give it to you. But I will check it out, but it is on the suspension, which means that it is noncontroversial and probably technical in nature.

Q Thank you, sir.

[Whereupon, at 11:03 a.m., the press conference was concluded.]