PRESS CONFERENCE WITH MAJORITY LEADER

STENY H. HOYER

***

Thursday, October 2, 2008

11:05 a.m.

Mr. Hoyer. Well, hello, everybody. You know, I am somewhat worried that if familiarity breeds contempt, you are going to get contempt from me pretty soon because it seems to me we have been meeting a lot over the last 30 hours. But I am pleased that you are here. Let me go to the schedule, first. This is sort of our pen and pad that wasn't expected to be, so an added bonus for me. I hope it is not too onerous for you. We are going to meet at 12 today. We anticipate getting unanimous consent to consider up to nine bills under suspension of the rules. It is possible some random member may object. We hope not. We think we pretty much have agreement on most of these bills. We will recess subject to the call of the Chair, and vote no earlier than 5 p.m. Obviously, what we have done is Members did not expect to be back. They had to reconfigure their schedules. The Jewish holidays for observant Jewish Members obviously went until sundown yesterday. So rather than try to make them fly back last night on the redeye, we wanted to make sure they had time to get back, which is where the 5 o'clock plus time frame comes. There will be a caucus meeting, Democratic caucus after the votes. Expect that probably sometime around 6 o'clock or 6:30.

And on Friday, we are scheduled to go in at 9 o'clock. My expectation is we will take up a rule to consider the financial recovery package. And then we will take up the financial recovery package. We wanted to, I will say also, do an unemployment

insurance extension, because a number of people will lose or run out of their unemployment insurance, their 13 weeks sometime mid-October. We did not get agreement to do that. So we will have to keep watching that, however. The economic recovery package, clearly the Senate voted yesterday, some three-quarters of the Senate voted to approve a bill and send it to the House.

Essentially, as you know, that bill was the bill that was worked on in a bipartisan fashion over the last 2 weeks, starting 2 weeks ago today when Secretary Paulson came down to talk to us and say that there was a crisis, that we needed to act quickly, and made a proposal, relatively abbreviated proposal. The following Saturday morning that was worked on. We believe we substantially improved that legislation, as you know, substantially improved it by providing for transparency, providing for oversight. There are three essential oversight components. Number one, the existing administration put into an oversight board, the congressionally appointed board by the minority and the majority, and then the Inspector General of the GAO has a responsibility to oversee this program.

In addition, we provided for taxpayer protection in two ways. The first way, we wanted to provide for the purchase of equity so that taxpayers would not only be at risk, but also be in the position and opportunity of making the profits that we think can occur. Warren Buffett has made the comment in the last few days that he thinks done properly, this program could make the taxpayer

money. That is our hope. And I think he is clearly correct that it could do that. And I hope that it does do that. If we buy at the right price and hold and then sell as the assets appreciate, which I expect them to do when the economy stabilizes and we start to come out of this recession, I expect that to be the case.

The second protection we built in was the pay-for protection, otherwise known as the Tanner proposal, in which we require the administration 5 years out to make an assessment as to where we are on the balance sheet. Have we made money? Have we lost money? And if we are down, the proposal is that the administration will send down legislation to establish a fee to be paid by the financial industry at large which would cover the costs of the program. I think that is appropriate, again because what we are doing is stabilizing the financial markets, which will have a positive impact on every community bank, local bank, local financial institution throughout the country, as well as of course large banks.

I make the analogy this is a little bit like a hurricane. At the eye of the storm, we have a few square miles in Manhattan called Wall Street. Obviously, that is the epicenter of the storm. But the storm is like Katrina, or like Ike, very broad, and its damage will be visited all over the country if it gets worse. And that is why we are trying to pass this bill. The bill, in addition, addresses the issue of homeowners. Part of the assets we will be buying will be either mortgages themselves,

which may be less, or mortgage-backed securities, which may be the greater number, as well as equity positions in enterprises. And by the way, there will be no voting participation.

Everybody has agreed if we buy equity, it will be preferred or at warrants, no common shares, no voting participation. The companies are going to have to run themselves. We are not going to get the government in the business of running private enterprises. In any event, there is a provision in the bill which urges the Secretary to pursue what is euphemistically known as forbearance. It simply means trying to let mortgage holders get a workout, where they can stretch out their obligation, freeze their present payment, stay in their homes.

Obviously, the reason for that is it is not only the homeowner who is devastated by losing their home, and their family is devastated, but also their neighbor, their next-door neighbor to the right, to the left, across the street. Obviously, a foreclosed home brings down value of homes in the neighborhood. So this not only stabilizes individuals at risk, but also neighborhoods, communities as well. What has happened, we think, in the last 72 hours in particular, is that people have seen, as a result of the failure to pass the bill on Monday, a precipitous slide, nose dive one might put it out, of about 800 points, which adversely affected pensions, 401(k)s, and is adversely going to affect credit card interest rates, loans to buy cars or homes, home values, small business owners being unable to get credit to

operate on, and therefore jobs at risk, payrolls at risk, and resulting in potential layoffs or job losses.

The effort here is to protect Main Street, to protect every working family in this country, to protect people who are going to need appliances and maybe borrow money to get a new refrigerator that breaks down, or a new washing machine that breaks down, or a new car when it breaks down. Clearly, if credit is not available, they won't be able to do that. And if Wall Street goes down in disarray and a credit crunch happens, that will be the effect on average people. So we are trying to protect taxpayers, increase accountability, limits on compensation for participating CEOs.

Clearly, no taxpayer wants to invest, put their money at risk and then have some executive pay themselves or the company pay their executives exorbitant millions, and then if they leave, pay them some exorbitant millions in a golden parachute. The consumer doesn't feel they have a golden parachute, and they certainly don't feel, nor do they feel they ought to subsidize anybody else's golden parachute.

I mentioned the unemployment insurance. Let me reiterate it. We would very much like to see if we can get agreement with the Republicans on making an extension to the unemployment insurance. We passed a stimulus bill through the House, as you know, last week. Unfortunately, the Senate has not taken it up. There was a lot of discussion about including that stimulus package on the recovery bill. That was not done. Alternatively, and I will end

with this, the Senate chose to put on the recovery bill an extender tax package which adds $107 billion to the debt. It is $148 billion, but about $41 billion is paid for with pay-fors that we sent to them or pay-fors like we sent to them. Everything that they have in the bill we have sent to them over the last 6 or 7 months, but it has all been paid for. We sent them an AMT pay-for. We did not send them the storm or emergency crisis tax things, which we think is truly an emergency. We sent them an extender bill that was paid for. Both personal, corporate, and energy were all paid for. We sent them a rural schools bill that was authorized, but would have been paid for by our calculus.

So that everything we sent them was paid for. I deeply regret that the Senate refused to pass this. This was largely, as I understand it from Senator Reid, the refusal of the Republicans to pay for tax cuts. That refusal, in my opinion, is a forerunner of their refusal to pay, as they did not pay for, their 2001 and 2003 tax cuts, which has led, in my opinion, to the fiscal irresponsibility and regulatory neglect that has certainly been a significant cause of the crisis we confront today and the reason that we have to act today on this -- or tomorrow on this recovery bill. Questions? Yes.

Q Can you explain a little bit more about whether unemployment is still in negotiation? Because tomorrow you are going to get an unemployment figure, which would add, theoretically, political pressure to approve something.

Mr. Hoyer. We are going to continue to discuss it. We would like to try to get it up. And we are going to continue to focus on that. We haven't got an agreement yet?

Q Would it be separate from the bailout or --

Mr. Hoyer. Yes. Which, by the way, one of the suggestions I made, so you will know, is that it be included in this package, the recovery package, as well as the food stamps issue. LIHEAP we took care of in the CR, which was signed. I want to say that I was pleased the President signed the CR.

Q Have you had any indication yet from your discussion with members or from Mr. Blunt with his discussion with Republicans if you are, in fact, picking up votes so far?

Mr. Hoyer. On our side, I think we are not losing substantial votes. You recall that we indicated we would come up with 120 votes, which was a majority of our caucus. In fact, we came up with 140 votes. So we thought we were going to provide a cushion. We were hoping the Republicans would come up with half of their votes, or at least a very significant number. I think they are trying. And we are now assessing where our Members are.

Q Mr. Hoyer, that said, though, I mean when it comes down to the rubber hitting the road on such a crucial vote, isn't it incumbent upon the leaders of both parties to really lean on committee chairs, ranking members, people close to your district? Donna Edwards voted no, Barbara Lee, close to the Speaker's district, voted no, those sorts of Members?

Mr. Hoyer. Lean on. That is not on the lean on me genre, is it?

Q Influence?

Mr. Hoyer. We made it pretty clear, I mean, we haven't made it any secret either on public statements or private statements or in our discussions with Members that we believe this is very important for the purposes of stabilizing the economy, restoring confidence in the markets, and ensuring that average working people in America, or nonworking people in America, just average Joe and Jane are not devastated by a continuing spiraling down of this economy, which has been happening. Almost every adviser I have talked to has indicated that the option of doing nothing is not appropriate. And that if we do nothing, the situation will get worse.

So we need to do things. So if you mean lean on by talking to people and saying, look, we think this is really necessary, I think the answer is yes. If you mean lean on by twisting arms and cracking heads, I don't think -- we didn't do that, and I don't think we are going to do that. But I am going to be working hard to communicate to members that I think this is important to pass.

Q Sir, are you picking up some support and losing some Blue Dogs because of the tax extenders? Can you explain?

Mr. Hoyer. You know, I think the Blue Dogs -- the Blue Dogs have a problem. They are responsible people. That is their whole mantra. They are fiscally responsible. Now, fiscal

responsibility means as well, and that is why 25 of the 44 Blue Dogs voted for the recovery package on Monday, because they believe as tough a vote as it was, and they didn't like the debt that it was incurring; they believed it was necessary to stabilize the economy, which if they didn't do it would be worse.

Now let me give you the stark example. 700 billion was the projected outside cost. Warren Buffett thinks we are going to make money. He thinks it is not going to be any cost, plus he thinks we are going to make a profit on our investment, because after all, we are investing, but we are getting something -- maybe not liquid value that somebody wants to buy right now, but something that obviously has some value. And that value we think will appreciate. But the failure to do the 700 billion resulted in a $1.2 trillion loss of worth in our economy in the course of 120 minutes.

Q So you are not seeing losses from the Blue Dogs?

Mr. Hoyer. So let me conclude, the Blue Dogs, who are fiscally responsible, viewed that as well. So I think they are in a position where they do not like what the Senate has done in adding $107 billion net deficit to this bill. They don't like the fact that we passed the Senate, all of these items, in a paid for fashion. They don't like the fact -- and I don't like the fact that the Senate jammed us and put it on this bill at the end.

Q But you haven't lost --

Mr. Hoyer. And I have said that. But I think that largely

the Blue Dogs who have voted for this package, I think in large part believe that the responsible vote is to continue to do that. Because while the $107 billion of new deficit is not a very happy matter at all, the $1.2 trillion in lost value over that 120 minutes was unacceptable for the American people. Because the people who lost that were a lot of people who have pensions and are relying on them to retire. A lot of people who lost that had investments in some small companies, not big companies. So I think it is going to be minimal.

Q You also --

Mr. Hoyer. Chris?

Q What is going to be minimal, the losses or -- from Blue Dogs? Is that what you mean?

Mr. Hoyer. Yes.

Q You seem to be indicating there are not going to be changes made to this bill when it comes to the House floor. Is that the case?

Mr. Hoyer. At this point in time, we are going to have discussions tonight, but one of the things that everybody has emphasized the need to move this quickly. We had a real bump. It has been relatively stable over the last 2 or 3 days. Now, my view is that one of the reasons it has been relatively stable is because the President, Senator Obama, Senator McCain, the leaders of the House, Republican, Democrat, leaders of the Senate, Republican, Democrat, all said look, this didn't get the requisite

number of votes, we are not stopping working. We said that at the press conference in the Rayburn Room literally minutes after the bill went down.

I think, hopefully, that had some effect in stabilizing the markets and say, look, we didn't get it done today, but we are not leaving, we are not going anywhere, and we are here continuing to work. And hopefully, we can get that done tomorrow. And I think there is a good prospect of getting it done tomorrow.

Q So I am not quite clear, are changes possible then?

Mr. Hoyer. Changes are possible, but I don't think probable. Because if you make changes, you are going to slow this process down. Senator Reid made that point. I am not very sympathetic, necessarily, with making the Senate wait, but I am sympathetic to making the economy wait. That is the problem.

Q Mr. Hoyer, how helpful is it that you now have specific groups like the wind energy people, because of the tax extenders being added onto this, that there are specific groups who have a specific interest in trying to ensure that this pass? Is that going to be helpful in getting more votes or --

Mr. Hoyer. I would presume the answer to your question is yes. It is always -- that is why things are a lot of times added to bills, to get other people on and say you may not like this, that, or the other, but this is a great bill, please pass it. All of us like a number of constituent parts of what the Senate has added on. I don't like the fact that they didn't pay for it. And

that would dissuade me from voting for it. As you know, I voted against the AMT. There were only 30 of us or so that voted against the AMT. But I think this package is too important to make your decision on that basis. So I think that it is helpful to have people, other people say they want constituent parts of it. Yes?

Q If you are not picking up more Democratic support then --

Mr. Hoyer. Is this number two for you?

Q I am sorry.

Mr. Hoyer. Go ahead. You started.

Q Is it up to the Republicans then to pass this?

Mr. Hoyer. Pardon?

Q Is it up to the Republicans then to pass this?

Mr. Hoyer. You know, I was very disappointed, and I think the Republican leaders were very disappointed that they didn't get many more of their members to support what their President asked them to do. I mean, it is, after all, a Republican -- this is a bill promoted by and proposed by a Republican Administration. The Bush Administration proposed the bill. The President went on TV three times asking his Members to vote for it. Mr. Boehner spoke on the floor before me and asked his Members to vote for it. Mr. Blunt worked it. Senator McCain said he was for it. Notwithstanding that, in Mr. Boehner's own State he was the only Republican to vote for it in the State of Ohio. I think he must

have been disappointed by that. Yes, we expect there to be many more Republican votes if we are going to pass this.

Q Mr. Leader, what are the odds this happens tonight?

Mr. Hoyer. I don't think very large. I know there has been some discussion about that, but I don't think it is going to happen tonight.

Q Initially, you said a hundred Republican votes that you said you needed last night. You have been saying all along you need a hundred Republican votes. In your discussions --

Mr. Hoyer. We need a significantly greater number of votes than we got. I don't want to put a number on it. I am not denying that I have put numbers on it, but --

Q But you are backing down?

Mr. Hoyer. On reflection, I have decided that the safer course and the more appropriate course is to say we need a significantly greater number of Republicans.

Q But if you hear --

Mr. Hoyer. I don't want to put -- in other words, I don't want to put an arbitrary number on it. All of you guys are pretty good at math. We got 140. I am hopeful we will be in that ballpark.

Q If Republicans are not confident --

Mr. Hoyer. But we may lose people. And I have informed the Republican leadership that that may be the case. Because frankly, the things that were added on and the way they were added on

essentially appeal to Republicans. That does not mean that there aren't Democrats for energy, tax credits. It does not mean there are not Democrats for R&D investment or the personal tax credits that are involved in this bill, or that we are not for rural schools or not for fixing the AMT. But all of these things we have paid for when we acted on them in the House of Representatives.

Q How do you focus on those Members who are maybe hard hit by upended mortgages in districts like Pastor and Sheila Jackson Lee and Peter DeFazio, all of those folks that are really saying I am not going to go for this? What is the pitch to Marcy Kaptur, to that group of Democrats in case the Republicans don't deliver the numbers that you hope that they deliver?

Mr. Hoyer. Well, I will tell you this, that I am going to be pretty confident that we have sufficient votes to pass this before we put it on the floor.

Q Are there still discussions going on regarding the foreclosure component of the bill? You said --

Mr. Hoyer. There are discussions going on. Obviously, we made substantial suggestions about that, including bankruptcy --

Q Right.

Mr. Hoyer. -- the bankruptcy extent. We didn't have any Republican support for that in the Senate or the House. And in fact, the hypothesis was that we would lose votes in the Senate and the House on those. So Barney Frank, who is a very strong

proponent of homeowners, you know we have the HOPE project now that just went into effect yesterday, we hope that has a substantial impact on a lot of people and helps them stay in their homes by -- it is a voluntary program, as you know, so the lender has to -- but the lender gets something in return. He brings down to 85 percent of market value, refinances the homeowner, he gets Federal insurance, and he has got a much more secure status. But he had to mark down the value of the loan.

So we will see whether that works. But we have a forbearance clause in this bill. We think it is a strong indication, and we have discussed it with the Secretary, that we need to have, as the owner of these mortgages or mortgage-backed securities, an impact on giving people the opportunity to work out their mortgage, people who are trying to pay, who want to pay. I mean people abscond, they are going to lose their home and they ought to be foreclosed upon. But people who are struggling to meet an obligation that escalated very substantially as a result of an ARM that they didn't realize the full ramifications of, we want to try to help people like that, which we think helps communities. So we have done that. But the bankruptcy, we pushed it pretty hard. We couldn't get the support for it.

Q On the forbearance, how do you enforce that? Isn't that up to banks?

Mr. Hoyer. No, if we are the owner? If we are the owner?

Q Oh, I see. If you are the owner --

Mr. Hoyer. Part of it is, you know, part of what we are going to do -- there are a number of different components of this, as you know. But one part of it is the purchase of assets --

Q Right.

Mr. Hoyer. -- which are illiquid, which are essentially either mortgages themselves or securitized bonds backed up by mortgages. If we are the owner, we can go in and forbear.

Q Would you consider additional help for homeowners if it were to get on some of the recalcitrant Democrats, say, in the Congressional Black Caucus, either stronger provisions on --

Mr. Hoyer. One of the things that Jim Clyburn has talked about is that in the extenders package, we extend the $1,000 credit for nonitemizers, which he felt was very important. So I think that is one step that has, in fact, been taken. Have we gone as far as some people would like? No, we haven't. I told you the vote problems with that. We didn't get support on the Republican side for that. So --

Staff. Last question.

Q Mr. Hoyer, there has been an avalanche of calls on this. Do you have a breakdown on how it is leaning, for or against?

Mr. Hoyer. I don't have it throughout. My staff told me this morning that our calls prior to Monday were running six to one against. Our calls since Monday have run three to one against. My belief is the reason the calls have substantially reduced -- now, that is a cut in half of the opposition calls --

the polls reflect -- yesterday I saw a poll, I don't know whether it was USA Today or which it was, 46 against, 45 for. Pretty evenly divided. Sounds like the Members of Congress.

Q What do you attribute the change to?

Mr. Hoyer. What I attribute the change is that I think people saw on Monday that it had a direct impact on them. I think they saw their pension plans go down. I think they had their local businesses say, you know, John or Jane, I am not sure I can extend you that credit, or their employer saying, you know, if we are not able to borrow money for our operating expenses on a rolling basis to even out, you know, in business you sell a lot and you got a little flush, and then you have a bad month, and how you even that out is by having a line of credit. And almost every small business has a line of credit to try to even out its operations. And if it can't get a line of credit, I am sure they have told their employees we are not sure we can stay in business.

So I think what has happened is when we said this is about Main Street, I think they said, yeah, right. It is all about bailing out Wall Street. But I think when Wall Street went bad on Monday, I think the ripple effect or the wind started to whip up of this hurricane, and it was felt all over this country. So I think that people now believe -- the majority of people, the significant majority, almost two-thirds of the people, three-quarters of the people, 72 percent I think say we need to act. And they are not sure what we need to do. That puts them in

exactly the same position as Members of Congress. Lyndon Johnson once said -- I don't know whether I mentioned that here before, but maybe I have -- a great quote I love, Lyndon Johnson -- Lyndon Johnson said it is not difficult to do what is right. It is difficult to know what is right. And I think here we are trying to do what we think most people say will have a positive effect on stabilizing the markets and returning confidence to the markets. I don't think any Member, including me, can say we guarantee this will work.

Paulson doesn't say he can guarantee this will work. What most people say they can guarantee, if we do nothing the situation will get a lot worse for all Americans. Thank you very much.

Q Mr. Hoyer, Mr. Reid raised the possibility of a lame duck?

Mr. Hoyer. No, I don't think he raised the possibility of a lame duck, Chris.

Q Said they were going to be there and --

Mr. Hoyer. No, he is going to be in -- I think he is going to schedule voting the week of the 17th. I talked to him about it yesterday. His purpose is to try to deal with all of the bills that Coburn has put a hold on one more time. You have one Member of the United States Senate -- this is the way the United States Senate runs. You have got bills over there totally noncontroversial. Under their system, they allow one Member in this greatest of all deliberative bodies that I heard about last

night, in this greatest of all democracies, one Member holding up some 99 bills. Go figure. Thank you.

[Whereupon, at 11:34 a.m., the press conference was concluded.]