

From Politico.com October 5, 2009

http://www.politico.com/blogs/glenthrush/1009/Pelosi_skeptical_about_Afgan_surge_McCrystals_role.html

Pelosi On Economics

Speaker Nancy Pelosi, in an expansive sit-down interview with Charlie Rose:

Charlie Rose:

Has the stimulus bill at this point done what was expected of it?

Nancy Pelosi:

The stimulus bill has done what the president said has created and saved jobs. Absent the stimulus bill, we will be in much worse shape than we are now. The fact that we lost over 200,000 jobs last month is terrible, but it's about a third of what we lost at a similar time next year.

Charlie Rose:

So are predicting maybe 750,000 more?

Nancy Pelosi:

But job creation --

Charlie Rose:

In this year?

Nancy Pelosi:

Job creation is what --

Charlie Rose:

The stimulus bill was intended to do?

Nancy Pelosi:

And it has done that, and it has saved jobs. It would be much worse without it. Let me just go back to -- I told you what happened on Inauguration Day. One hundred days later, the House and the Senate, on the very same day, 100th day of the president in office, passed his budget bill, the budget which was a statement of our national value, a great budget that the president had sent us, his budget. We put together a bill that honored his principles to lower taxes, to reduce the deficit, to create jobs, to turn our economy round, and had three pillars to do that. Investments in education, in healthcare, and in energy and climate change. We have passed two of those bills, the energy bill and the education bill, and now we're working on the third. And the Senate is moving in that direction as well. This is about a new green revolution with the education and the innovation to match. And that innovation is a part of our healthcare as well, so this is about a new direction, a green revolution, industrial, technological, and now green revolution because we cannot just build on past economics. We have to create new economies, new opportunities.

Charlie Rose:

And all of this should have been put in the stimulus bill because you need to do both things. You need to accomplish this bill in terms of sustainable economy, so you take the stimulus money, it

creates jobs, at the same time, you do it in these three areas, you add money in these three areas, because that's part of changing the American economy to make it more competitive over the long run?

Nancy Pelosi:

We did get a running start in the stimulus package on some of it.

Charlie Rose:

If you look in hindsight, isn't there ways you could have created this bill, the stimulus bill, to produce more jobs? Because jobs is the one issue that our people argue that is going to be a rallying cry for the Republican Party in the elections coming up in 2010.

Nancy Pelosi:

Well, let's put it this way. We have reduced the number of jobs that are being lost. That's simply not good enough. But what I'm saying, this had a positive impact, and the -- it's not -- now more of the money is being spent out and it was -- it's a time release capsule, over time it spills out. Some people think the bill should have been larger. I thought it had to be fiscally sound. We just couldn't endless money. We have to have a top line on it, and then the best possible investments for job creation and more jobs will come from this stimulus bill.

Charlie Rose:

You're saying we can't have another stimulus now because of the impact on the economy. But we will do things like extend unemployment benefits. What else?

Nancy Pelosi:

Unemployment benefits and food stamps, believe it or not, are the biggest stimulus to the economy. Economists will tell you that nothing does more to inject demand into the economic, because the money is spent right away. Inject demand into the economy, which helps to create jobs while you're doing the right thing by these -- we have to have cobra for out of work workers as well. All of that is very positive in terms of the economy. There are economists on the right and left who should tell me they have another stimulus.

Charlie Rose:

You say what to them?

Nancy Pelosi:

The appetite -- first we want to pass the healthcare bill, which we believe is a jobs bill. It will create jobs, keeping the American people healthy. And that's really important as well. Just think, we will have tens of millions of more people with access to health insurance and therefore healthcare. It's a real bonanza for the insurance companies, by the way. That's why we insist that they have competition, too. It's a real bonanza for the pharmaceutical companies. That's why we think they should give more back to the budgeting on this bill. But that's a job of -- the energy bill is -- excuse me, is the health bill is the job creator. That's why the president had one of his three pillars. The debate over whether we should have another recovery package, stimulus if you will, is one that I'm not sure the American people are ready for. We still haven't seen the benefits of why we did the tarp funding, remember through one year ago almost?

Charlie Rose:

Do you worry about the deficit? I mean --

Nancy Pelosi:
Terribly.

Charlie Rose:
And what are you prepared to do to give voice to your concerns?

Nancy Pelosi:
What we have done and what we are doing on deficit reduction -- and this is a very big issue for us. And our mantra in the Democratic Party has been no new deficit spending. Pay as you go. For 30 years some of our members have been singing this song. George -- Congressman George Miller, chairman from California, he had this passed in the 1982 midterm convention. Pay as you go. And we had passed it -- when I became speaker, the first day, we passed a rule in the House that we couldn't pass bills unless they were pay as you go complicit. They complied with that, and now we're trying to get it to be the law of the land. We passed it in the House. The president supports it. We want the Senate to follow suit, and we assume they will soon. So in any event, in terms of constraining the enthusiasm of Congress to add anything to the deficit, that can't happen in terms of the pay as you go. In addition to that, the president's investments in his budget are investments that take down costs. For example, we passed the education bill. Two years ago we passed an education bill, the biggest assistance to higher -- kids for higher education of anything since the GI bill in 1944, until now. The bill we just passed about three weeks ago goes beyond that, the biggest assistance for education leading up to higher education. And you know what we did? We did it in a way that changed the way the government does student loans, and we were able to redo it in a way that gave back the treasury \$10 billion. We just have to do things in a different way and see what we can do to return money to the treasury.

Charlie Rose:
Speaking of the return of money, there are some people that think that because -- government had to buy necessity from the previous administration and this administration, especially in the financial sector, and in the auto sector, had to take a percentage of ownership of those -- in those financial sectors and the auto company, that somehow, especially in the financial sectors, some of those -- some that will pay back with a profit. Do you believe that?

Nancy Pelosi:
Oh, yes, some will. Some of it will pay back with a profit. I'm not certain that all of it will, but we are already seeing that, that some have that will pay back with a profit. And we said in the bill when we passed the tarp bill last year, we said if it does not, if the taxpayer is not made whole, there will be a fee on those institutions that benefited from it to make the taxpayer whole.

Charlie Rose:
Other people who are alarmed about sort of government intervention entering the private sector are asking about exit strategies, so that this is not a transformation of the American economy or the American system, that down the road there is an exit strategy so that you will not have government ownership of different sectors of the American economy.

Nancy Pelosi:

We all agree with that.

Charlie Rose:
What is the exit strategy?

Nancy Pelosi:
I was in Michigan this weekend and talked to people there about the auto industry and the investments that we have made there, the lifeline that we have sent is a life line for them to be viable, not like support. And so while we have a stake in those companies, financially, we have a stake as a country, but a stake financially, we have to let the private sector -- we're not in the business of running businesses. That's not where we should be. And no matter what --

Charlie Rose:
But you are now running auto companies, aren't you?

Nancy Pelosi:
We are funding them because the auto industry is part of the manufacturing and industrial base of our country. That's a national security issue that we have a strong industrial and manufacturing base. It's about jobs for our workers; it's about advancements in technology. What we're saying to them, innovate, innovate, innovate. Let's be competitive and prevail in the world marketplace. And that's the opportunity -- by opportunity, tax credits, grants, whatever it is for innovation; that is another way we're weighing in with them. But we are not there to stay and in terms of running companies, that's not -- we want free market, marketplace solutions to these things, and competition is key to that and notification is central to that innovation. And in terms of the -- in terms of the financial sector, the same is true.

Charlie Rose:
Do you believe -- Paul Volcker was here at this table within the last week. Roger Altman was here several months ago. They both believe -- Roger, especially -- that we may have to in terms of the performance of this economy, and because of the obligations we'll to have meet, add a value added tax. Does a value add tax have any appeal to you?

Nancy Pelosi:
I would say put everything on the table and subject it to the scrutiny that it deserves. The situation that we are in is as follows: take the auto industry. You make a car and it has about \$2,000 worth of healthcare benefits in it. You send it overseas, and the whole value of that car is taxed as it goes into another country, including the healthcare benefit. They get a tax off of that and they use that money to pay the tax -- the healthcare for their own workers, so their cars coming in our country don't have a healthcare component cost. So --

Charlie Rose:
They have a competitive advantage.

Nancy Pelosi:
They have a competitive advantage. Somewhere along the way a value added tax plays into -- of course, we want to take down the healthcare cost. That's one part of it. But in the scheme of things, I think it's fair to look at a value added tax as well. Some --

Charlie Rose:
Sooner rather than later?

Nancy Pelosi:
Well, what we will see is, as we are finishing the healthcare bill and our budget and start with the recovery, the budget, all the initiatives that we have, they have a oneness to them. They're all connected.

Charlie Rose:
Right.

Nancy Pelosi:
And they are part of the president's plan to take the country in his new direction. As we're doing that, we are looking at the tax fairness, should we lower corporate rates. And in that context, we would look like at these other things. Some of them sooner rather than later, whether we're talking net operating loss from this depreciation, some issues that we need which we think could be job creators very quickly, but also, how we look at our tax code in terms of fairness and simplification.

Charlie Rose:
It needs an overhaul.

Nancy Pelosi:
Well, it may. We have to subject it to scrutiny.

Charlie Rose:
The president has said -- the president is on the record, there will be no increase in middle class taxes.

Nancy Pelosi:
That's absolutely correct.

Charlie Rose:
Whatever the financial obligation is, there will be no increase in middle class taxes.

Nancy Pelosi:
Absolutely. That is absolutely correct.