

THE BROOKINGS INSTITUTION

ADDRESSING THE NATION'S FISCAL CRISIS:
A CONVERSATION WITH SENATOR PATTY MURRAY (D-WA)

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Introduction:

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United States Senate

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PROCEEDINGS

MR. HASKINS: We're glad to have you here for this interesting event. You may know that we have had a project here since 2004 on the budget deficit. Unfortunately, none of us can vote or introduce bills, so we're always glad to have someone who actually can do both those things, not to mention Chairman of the Committee to come here and tell us about the deficit and what their plans are. So we're very pleased to be doing that.

Here's a brief overview of the event. I'm going to begin with a brief introduction of Senator Murray, then the Senator's going to give her talk, then I'm going to ask her a question, then the audience is going to have a chance to ask her one or if we're lucky, two questions. And then we're going to go to a distinguished panel that I'll introduce at the appropriate time and the audience will have much more time to ask questions of the panel. So let me first say, the talk today is going to be in part about the so-called, cliff or slope or whatever you want to call it, that there are a lot of things coming due by January 1st.

So just in case there might be one or two people out there who don't know exactly what it is, it includes the Bush tax cuts, it includes unemployment compensation extension, it includes the payroll tax holiday, it includes the \$1.2 trillion sequester, and a number of other items. Many

of you are probably familiar with the expression in Washington that, I don't have a dog in this fight. There's nobody in Washington that doesn't have a dog in this fight, so this is really a big deal. And Senator Murray will tell you the rest. Senator Murray?

SENATOR MURRAY: Thank you very much. Well Ron, thank you so much for that introduction. I am so glad to be here today to discuss this issue with so many of you who have been working on this for a very long time. And I want to thank the Budgeting for National Priorities Project at Brookings for hosting us here today, as well as the great members of the panel that you're going to be hearing from shortly, and all of you for taking time to be a part of this discussion. As all of you know, last August I was asked by Majority Leader Reid to co-chair the Joint Select Committee on Deficit Reduction or the supercommittee as it was commonly called.

This certainly wasn't the most sought after job in Congress as you may imagine. It was probably just a notch below the Chair of the DSCC, but I agreed to do it because I thought it represented a few important opportunities. The opportunity to avoid the pain of sequestration that would be triggered if no deal was made of course, to pass a responsible long-term deficit reduction plan with the simple majority guaranteed vote in the house, no ability for it to be filibustered in the

Senate which is no small deal these days. And also after years of partisan rancor culminating in a truly ugly and absolutely unnecessary debt ceiling battle, the opportunity to finally show the American people their government wasn't broken and that we could come together when we needed to.

Well, as everyone in this room knows, the supercommittee was not successful and we couldn't come to a bipartisan deal. And the reasons for that, the lessons learned from those four-months of intense bipartisan talks are absolutely critical as we face those exact same issues heading into the end of the year and the so call, fiscal cliff because if we want a different outcome, if we want to come together around a balanced and bipartisan deficit reduction deal the American people expect and deserve, something is going to have to change.

So today, I want to talk about the vision, values, and priorities that drive my approach to tackling our budget challenges. And I'm going to contrast that with what I see as the short-sided and deeply flawed vision that has been dominating the Republican Party. I will run through how these contrasting visions played out in the specifics of the supercommittee negotiations and the recent budget debates, and then I will lay out how I see a path forward as we now head towards the end of this year. Now, my approach to this issue starts with my own family. It

starts with a story that probably isn't so different from stories told by families across the country.

I was born and raised in the small town of Bothell, Washington in a big loving family. My dad ran a 5 and 10 cent store on Main Street and everyone in our family helped out at the store. My family was certainly not rich, but we never felt deprived in any way. But when I turned 15, things started to change. My dad, who was a World War Two veteran, was diagnosed with multiple sclerosis. In a few short years, his illness got so bad he couldn't work anymore. My mom, who had stayed home to raise a family, had to take care of him, but she also needed a job so she could support our family.

She found some work but it didn't pay enough to support me and my six brothers and sisters and a husband with growing medical bills. Without warning, my family had fallen on hard times. But thankfully, we lived in a country where the government didn't just say, tough luck. My dad was a veteran, so he got some help from the VA for some of his medical care. For several months my family had to rely on food stamps. It wasn't much, but it put food on the table so we could get by. To get a better paying job, my mom needed some training.

Fortunately, at the time there was a federal program that helped her attend Lake Washington Vocational School where she got a

two-year degree in accounting and eventually, a better job. And my brothers and sisters and I were all able to go to college through federal grants and student loans. Like millions of Americans, we got by with a little bit of luck, we pulled through with a lot of hard work, and while I'd like to say that we were strong enough to make it on our own, I don't think that's really true.

I know that the support we got from our government was the difference between seven kids who might not have graduated from high school or college, and the seven adults that we come to be; all college graduates, all working hard, all paying taxes, and all now giving back to our own communities. So this is the primary prism that I view our nation's budget through and it's what guides me as I work in the Senate to impact the choices that we make. Not that government can or should solve every problem. Of course, it shouldn't and it can't.

But that we are a nation that has always come together to stand with families like mine, to invest in our people, in our communities, in our future, and to build the most robust middle-class the world has ever seen. That a budget is not just numbers on a page, that despite what you may think if you listened in to some of the debates that we've been having recently, the word budget is not just a synonym for deficit reduction, that it is not just about charts and graphs and trajectories we often hear about.

Those are important too.

But that a budget tells a story of what kind of nation we are and the kind of nation we want to be. And that it is a statement of our values and our priorities and our vision, or at least that's what it ought to be. These ideas led to some very clear goals as I went into the supercommittee. First, I thought everything needed to be on the table when we started. This didn't mean members were supposed to check their values at the door, but it did mean we had the best chance of success if members didn't rule out any changes to entire swaths of the federal budget before we even began.

Second, I felt very strongly that any deal has to be balanced and include both spending cuts and new revenue. The middle-class and vulnerable Americans had already sacrificed so much. They lost their homes or the value of their home, they lost their jobs, they lost their life savings, and they should not be called on to continue bearing the burden of deficit reduction alone. Third, I wanted to make sure we didn't let the very real need to tackle our deficit and debt cause us to cut off the most critical investments in our families and our future or set aside the values and priorities that have made America great.

Fourth, I wanted to do a big deal; a grand bargain. I was willing to consider a small deal to avoid the pain of sequestration, but I

thought it should be a last resort. I wanted us to truly put our country on track to tackle the debt and deficit, not simply continue lurching from crisis to crisis and I was willing to make the tough compromises that were required to get there.

But unfortunately, while there are many Republicans who share those goals, who see the value of a government that works for the middle-class families, their party has been dominated by an extreme ideological strain that allows itself only to think in terms of cutting and shrinking and eliminating and never in terms of investing or growing or fairness. They have a vision for our country in which families like mine would not have gotten a hand up; we would have been left to fend for ourselves.

A vision best articulated by one of their ideological leaders, Grover Norquist, who said, I'm not in favor of abolishing the government, I just want to shrink it down to the size where we can drown it in the bathtub. Grover Norquist, by the way, was kind enough to wish me luck on the supercommittee by telling reporters that the lady from Washington doesn't do budgets. Well, he has elicited a pledge from almost every single Republican member of Congress to never under any circumstance raise taxes by even a penny, despite the fact that the wealthiest Americans are paying the lowest rates in generations. Despite the fact

that the wealthiest Americans are today, paying the lowest rates in generations and the federal government is taking in the lowest level of revenue in decades.

Unfortunately, far too many Republicans have latched onto this deeply damaging ideology. They pay lip service to deficit reduction, but what they actually seem to be concerned about is cutting taxes for the rich and starving programs that help middle-class families and the most vulnerable Americans. If Republicans really thought the deficit was the most pressing issue, you wouldn't have seen their presidential nominees say he would reject a deal to cut \$10 in spending for every \$1 in tax increases. You wouldn't have seen them do everything possible to protect the Bush tax cuts for the rich. You would have seen far more interest among their leaders in Congress in compromising with Democrats to get the grand bargain that everyone in this room understands we need. And you would not see their single-minded focus on slashing non-defense discretionary spending, which only makes up 16 percent of the federal budget, is already shrinking and provides critical support for our families and investments in our future. So it was with very different visions and priorities that the two sides came together in our supercommittee. I understood it would be difficult, but I knew Democrats were ready to compromise and open to the concessions a balanced and bipartisan deal

would require and I was hopeful that the Republicans were as well.

The first day that the supercommittee met as a group, we went around the table and we each talked about what we wanted to accomplish. We shared some coffee and runny eggs and our hopes for the coming months. Democrats discussed our priorities and our willingness to put everything on the table to get a balanced deal. We discussed our desire to continue working to cut spending responsibly; we talked about our willingness to tackle entitlements and to make sure they were strengthened in a way that ensured they would be there for our children and our grandchildren.

We highlighted the need to responsibly reduce defense spending while making sure that our national security needs were addressed. We laid out our belief that in a fragile economy with millions of Americans out of work, it made sense to invest in the short-term while putting our nation on a path to long-term debt and deficit reduction. And of course, we talked about the need for a balanced approach that included revenue. Republicans opened in a very different way. One said that defense cuts were off the table and indicated that instead of trying to go big, the group should focus on doing just the opposite. He wanted us to go small.

Republicans pushed for us to focus on the so-called low

hanging fruit from prior negotiations before working on any of the tougher issues, meaning that they wanted to start by locking in and agreeing to all of the spending cuts that were identified as potentially working in a larger deal, but none of the revenue increases that would have actually made such a deal possible. This was a tactic that we had seen before, and of course we were not going to agree to an approach that would lead to an all cuts unbalanced deal.

So it wasn't a great start, but my hope was that this was just a negotiating position, not a hard line. We continued our bipartisan conversations, we traded offers and ideas, we had our staffs draft and analyze potential language. There were times when I thought we were very close. But looking back at the offers from the other side that represented the greatest attempts at compromise, it's clear that while we were close on the spending side, Republicans hadn't even left their corner when it came to revenue.

The biggest offer Democrats put forward was an attempt at a grand bargain. This proposal built on the \$1 trillion in cuts in the Budget Control Act with an additional \$1.3 trillion in cuts to spending and changes to entitlement programs, as well as \$1.3 trillion in new revenue. And it included a short-term investment in jobs to give our economy a much needed boost. To be honest, it was a painful offer. It included

compromise on entitlements that personally, I wasn't absolutely comfortable with, it had deep concessions on the spending side. But I knew that the only way a deal was possible was if both sides were willing to accept some pain, and I was willing to do that for a balanced and fair deal.

But our balanced proposal stood in sharp contrast to the offer Republican would hang their hats on when it all ended; the Toomey Plan. This was their attempt at acting like they were putting revenue on the table and offering a compromise, while in fact, it was doing the exact opposite. The Toomey Plan was small. It included about \$700 billion in spending cuts, which was less than what the Democrats had offered, around \$300 billion in new government fees, and \$300 billion in what they were calling, new revenue.

It's important to note that many of those numbers were fuzzy and it's unclear exactly how CB would have actually scored a lot of that. But I want to unpack that last number a bit because the Republicans were trying to do here is not unique to the Toomey Plan. We have seen this over and over in their budget proposals. The Toomey Plan would permanently cut the top tax rate for the wealthiest Americans from the 35 percent it is now and scheduled to increase to 39.6 on January 1st, down to 28 percent which would add trillions more to the deficit. It gets even

worse.

The Toomey Plan claims this lost revenue would be offset by closing loopholes and ending deductions and further, there would be \$300 billion in extra revenue once this was all said and done. But while the plan is explicit about giving the rich the biggest tax cut since the Great Depression, it is painfully vague when it comes to where that revenue is going to be found to offset that. In fact, it ignored that part completely. It simply assumes Congress will be able to get that done through tax reform.

Well, there was some analysis done on a proposal that was similar to Toomey's, and what they found was that in order to pay for the tax cuts for the rich, we would've had to slash to the bone the personal, independent exemptions, almost all itemized deductions including the most popular ones we all know, home mortgages, charitable donations, state and local taxes, child tax credit, college tuition tax credit, almost every other tax credit. So to spell out the obvious, under the Toomey Plan the richest Americans would get a huge tax cut while the middle-class would lose the tax benefits that matter to them the most.

In an analysis of a similar plan, it was estimated that someone making over \$1 million a year would see an average tax cut of over \$31,700. In fact, anyone making over 200,000 would get a tax cut. But for anyone making less than that, the middle-class, the poor, the cuts

and rates didn't make up for the exemptions and deductions lost. For example, someone earning \$55,000 would see an average increase of almost \$1,000. So not only is it deeply unfair to ask the middle-class to foot the bill for another deficit busting tax cut for the rich, but the Toomey Plan would lock them in with no guarantee that the revenue would ever be found to pay for them.

There's nothing responsible about that in my book. In fact, I find it offensive. You know, I was actually reminded of the Toomey Plan when I saw the Ryan Budget this year. Ryan's budget cuts taxes for the rich even deeper than Toomey's; down to a top rate of 25 percent and uses the same parlor trick to raise revenue that Toomey does. Ryan however, needed the Congressional Budget Office to score his plan as a deficit reducer, not the deficit buster that it actually was, so he simply directed the CBO to score his plan, assuming it would raise 19 percent of GDP. Well, that's quite an assumption. Wish we could assume all of our problems away like that. Former Reagan advisor Bruce Bartlett, slammed Ryan's tax plan in a column in the *Fiscal Times*, writing "it offers only the sugar of rate reductions without telling us what the medicine of base broadening will be." And I should add, Republican presidential nominee Mitt Romney's plan does something similar. It cuts rates for the rich while refusing to name what deductions would be closed to pay for it.

So the Toomey plan was a gimmick. It was a bait and switch. It was not a step in our direction. It was a leap towards the Tea Party and away from a deal. Democrats were willing to match the Republicans dollar for dollar on the spending side, and more.

We went even beyond the Toomey plan when it came to tackling entitlements. We had backing from our leadership and our party to make a big deal. We jumped right into the middle of the ring, but Republicans refused to move an inch in our direction on revenue. They actually tried to use Deficit Reduction Committee to cut taxes for the rich even further. And they were so focused on how their extreme base would react that they simply could not summon the will to leave their partisan corner.

Why is this? Why is the modern Republican Party so opposed to allowing the rich to pay just a little bit more in taxes to help solve the debt and deficit problem of this country that they would prefer no deal at all? After all, it wasn't always this way. President Reagan raised taxes 11 times. President George H.W. Bush famously raised taxes to rein in the deficit. This really shouldn't be controversial. And outside today's Republican Party, it isn't because if you believe that the deficit and debt are major problems that need to be addressed, as Democrats do and as Republicans claim to, then you can't simply ignore revenues at a time

when, at 15.4 percent of GDP, they are the lowest in 60 years. Poll after poll has shown the American people overwhelmingly want to reduce the deficit with a combination of cuts and revenue. Every single bipartisan group that has made progress in the area, from Simpson-Bowles to Domenici-Rivlin and others, were able to come together because their plans were balanced.

And let's be clear, we don't want to increase revenue for the sake of increasing revenue. Of course not. But as a nation we need to pay for the services and programs the American people want. We need to rein in the deficit and debt, and we need to do it in a responsible way.

Democrats understand this and Congressional Republicans should too because all of this is coming to a head once again. Unlike last year, the consequences of gridlock could start to be felt immediately. Millions of jobs could be lost through the automatic cuts, programs that families depend on would be slashed irresponsibly across the board, and middle class tax cuts would expire.

And once again, if Republicans won't work with us on a balanced approach, we are not going to get a deal because I feel very strongly that we simply cannot allow middle class families and the most vulnerable Americans to bear this burden alone. It is just not fair.

So, if we can't get a good deal, a balanced deal that calls on

the wealthy to pay their fair share, then I will absolutely continue this debate into 2013 rather than lock in a long-term deal this year that throws middle class families under the bus, and I think my party and the American people will support that.

I hope it doesn't come to that.

I think we have some good reasons to think a deal can happen before the end of this year. I know Democrats are willing to compromise; we just need a partner. Thankfully I'm seeing some encouraging signs from Republicans who are sick and tired of being boxed in by the most extreme elements of their base, who don't like being responsible for continued manufactured crises that hurt our economy and destroy our nation's faith in its government and who are concerned about the impact of sequestration.

In the privacy of backrooms and in small gangs, Republicans are far more willing to discuss the need for revenue, and there are some Republicans passionate about national defense and willing to make some tough choices on revenue to protect the Pentagon. In fact, some of the productive conversations that my Republican colleagues have been having have led Grover Norquist to decry their "impure thoughts" when it comes to taxes. Well, I hope these impure thoughts continue. If Norquist is mad, and I mean that in the angry sense of that word, then we must be

on the right track because the only way that we can get a balanced and bipartisan deal is if responsible Republicans can persuade their leadership to stand up to the most extreme elements of their base and come to the table with real compromises.

I also think many Republicans are starting to realize something very important. On January 1st if we have not gotten a deal, Grover Norquist and his pledge are no longer relevant to this conversation. A name, by the way, that I heard repeatedly by Republicans over and over in the Super Committee will no longer be a part of this debate. We will have a new fiscal and political reality.

If the Bush tax cuts expire, every proposal will be a tax cut proposal, and the pledge will no longer keep Republicans boxed in and unable to compromise. If middle class families start seeing some money coming out of their paychecks next year, are Republicans really going to stand up and fight for new tax cuts for the rich? Are they going to continue opposing the Democrat's middle class tax cut once the slate is wiped clean? I think they know that that would be an untenable position and I hope this pushes them to come to the table with real revenue now before being forced to the table if we don't get to a deal by the new year because, you know what, we really shouldn't wait. It's not good for the economy, it's not good for the markets, and most importantly, not good for our taxpayers

and small businesses across America.

So, when it comes to the expiring Bush tax cuts, I agree with President Obama, let's extend them for the 98 percent of workers and 97 percent of small business owners, Democrats and Republicans agree should have their tax cuts and then have a real debate about the tax cuts for the wealthiest Americans that we disagree on.

You know, before August, we are going to have a vote to do that, exactly, in the Senate. Senate Republicans have indicated that they're going to make an effort to extend all of the Bush tax cuts including those for the rich. I challenge them to do something different, to be honest about what they really want and allow everyone to clearly state their position on this issue. I challenge them to offer an amendment to our middle class tax cut that would simply extend the tax cuts they're fighting for, the tax cuts for the rich, not a political amendment offered simply to give their members a way out of voting against a middle class tax cut, a real amendment. If they do this, all of the Bush tax cuts would be up for a clean, honest extension vote and the American people would know where everyone stands.

Any Senator who supports extending tax cuts for the middle class can vote for our bill. Any Senator who supports extending tax cuts for the rich can vote for the Republican amendment. And any Senator

who supports extending all the tax cuts can vote for both.

That would give everyone the opportunity to vote for exactly what they want and it would make sure that the political gimmicks don't get in the way of delivering results for the 98 percent of workers both sides agree should have their tax cuts extended.

If Republicans don't do this, if they continue playing political games with this vote and only offer an amendment to kill this bill, then they will have proven conclusively they don't care about certainty, they care about extending those tax cuts for the rich and they will use every bit of leverage they have to do it.

If we are really going to address these issues, we have to cut through the political smokescreens. It's time to put our cards on the table, offer real choices, and have a debate that is worthy of the Senate.

Holding the middle class tax cuts hostage may be a smart tactical move if the goal is to protect the rich. But it's not good policy, it's not good politics, and Democrats are going to keep reminding the American people why middle class tax cuts aren't being extended immediately, even though both sides say they want them to be.

You know, I've also heard the claim made that we need to extend all the tax cuts to give us time to reform the tax code. Well, we absolutely need to reform the tax code. It is badly broken and I'm certainly

willing to discuss a fast track process for getting that done, but there's absolutely no reason, not one, that we need to extend the tax cuts for the rich as a precondition for reforming the tax code. And when we do get to work on this, Republicans are going to have to accept that tax reform is not going to be a backdoor way for them to sneak through more tax cuts for the rich and it's going to have to raise revenue to help rein in the deficit and debt.

Now, in addition to the expiration of the Bush tax cuts, we also face a \$1.2 trillion in automatic spending cuts. As you all remember, sequestration was included in the Bipartisan Budget Control Act to give both sides an incentive to compromise, but Republicans weren't willing to offer any concessions to get to a deal.

And now they want to have their cake and eat it too. They want all the deficit reduction but without any of the bipartisan compromise of shared sacrifice. You know what, if Democrats were willing to accept a wildly imbalanced deficit reduction plan to avoid the automatic cuts, we would have done that back in the Super Committee. We didn't then, we will not now.

So, anyone who tells you sequestration is going to simply disappear because both sides want to avoid it, is either fooling themselves or trying to fool you. It is going to have to be replaced and that

replacement is going to have to be a balanced plan.

We are also not going to allow just the defense cuts to be replaced without addressing the domestic spending cuts that would be devastating to the middle class. None of the automatic cuts are good policy. They were packaged together in a bipartisan fashion to get both sides to the table and they will be replaced or not as a package.

Here in DC, the defense cuts get most of the attention, but across America all the automatic cuts would be deeply damaging to our families and our communities. That is exactly why I've been working across the aisle with Senator McCain on legislation calling for an analysis of the impact of sequestration across both defense and non-defense spending and I'm hopeful that that information will help us bring the same spirit of bipartisanship to a balanced and bipartisan approach to replace those automatic cuts because once again, I will not agree to a deal that throws middle class families under the bus and forces them to bear this burden alone.

Unless Republicans end their commitment to protecting the rich above all else, our country is going to have to face the consequence of Republican intransigence.

This is about more than tackling about our debt and deficit, it is about our nation. We cannot ignore this great challenge. We need to

rein in the debt, but it is not all that defines our budget. Our budget and our nation will be defined by the scientists who come out of our schools, by the businesses that we create, by our communities, our universities, our research, our development, our innovation, and we will be defined by the opportunities we afford to every one of our families and workers, by the fairness of our society, and how we treat the most vulnerable among us.

When I go back home to Washington State, my constituents don't come up and say they want the federal government to spend 18 percent of GDP or 20 percent or 25 percent -- they tell me they want a strong school system for their kids, they want them to go to college if they want to, they want good jobs in their communities, safe roads, they want their government to be there for them when they need support getting back on their feet. In other words, they want government to do what it did for my family, what it's done for millions of families for generations. They do want us to tackle our debt and deficit, they certainly don't want us to hand the bill to our kids.

But they want it done in a balanced and fair way that doesn't leave the middle class holding the bag alone. Those are the priorities that I will be pushing for when we vote on the tax cuts next week and in the weeks and months and years ahead. I believe that they reflect the

American values that have carried our nation forward for generations and the vision that will continue our great nation's leadership into the 21st century and beyond.

I know that Democrats are ready to go to work. We want to make a deal; we are ready to compromise. I'm personally willing to talk to anyone from either party who wants to solve this problem and as soon as Republicans decide to work with us, I'm confident we can get to a balanced and bipartisan deal that the American people expect and deserve.

Thank you.

(Applause)

MR. HASKINS: So, Senator, thank you. I don't think anybody will accuse you of a lack of clarity in this presentation except on one point, perhaps, and that is on entitlements. You say Democrats are ready to deal. Can you give us any indication of the kind of deal Democrats have put on the table and what specific entitlements would be changed and how? And do you think a majority of Democrats would support it?

SENATOR MURRAY: Well, in fact, as I indicated, on the Super Committee, Democrats did put a package forward that did include changes to entitlements to assure that they were there beyond one

generation. I have a granddaughter; I don't want just Medicare to be there for my daughter, I want it to be there for my granddaughter. I understand that and am willing to make decisions to make sure we have long-term security for Medicare and Medicaid and our entitlement programs.

But that is in the context of a balanced approach. The reason that those changes and suggestions were not accepted is for one reason alone and that's because the Republicans wouldn't put any revenue on the table to help meet that deal and compromise.

MR. HASKINS: Now we have time for one or two audience questions -- not statements, questions. Just make a clear question and short. Yes, over here.

SPEAKER: My question -- my basic question is, wouldn't it make the negotiations a lot easier -- make it easier to get on with going big and the grand bargain if there were some more money to work with right now that could be generated without any increase in the national debt.

Now, in one minute flat, I can sharpen up that question to be as precise as I think it should be.

MR. HASKINS: Well, we don't want to take a minute with it. Just give us the essence of it.

SPEAKER: Is that all right?

MR. HASKINS: Not a minute, no. Give us the essence of it,

you have an idea.

SPEAKER: Okay. The essence of it is, as many of us know, during the '30s there were many prominent economists who argued that to fight the Great Depression, we should reintroduce the Lincoln era Greenbacks. Greenbacks are a means of exchange, which do not increase the national debt at all.

It's a complicated subject, there's a lot of history, there have been many times and places in the history where our paper standard, fiat money, greenbacks have been used very successfully and with very limited inflation. In fact, in one case the least level of inflation ever in our country's history for a period of 52 years. There's a lot more I could say, but it was a major debate, a grand debate, if you will, of the '30s and my question is, shouldn't we be reopening that grand debate as well as pursuing the grand bargain?

MR. HASKINS: Good luck with that one.

SENATOR MURRAY: Well, fortunately we're at the Brookings Institute and you have a wonderful panel of experts who will come after me who can probably address that better than I, but I can tell you this, I sat on the Super Committee. Everyone wants a magic answer. Everyone wants a miracle to occur. Everyone wants to pull something that looks good, sounds good, but in reality CBO doesn't score it as

something that will reduce our debt and deficit.

We have to come forward with a plan that will reduce our debt and deficit. The Democrats on the committee did that, but where we didn't get any compromise was on revenue on the table.

MR. HASKINS: Right here, quickly.

SPEAKER: Thank you, Senator, good to see you again. My question is the issue of jobs and outsourcing. If you remember, when I lived in Seattle near you, it was during the Clinton Administration that there was a proposal that was passed for NAFTA and GATT that still continues where they're outsourcing jobs and it has not changed in both Houses, whether you're Democrats or Republicans, have endorsed this and continue with the outsourcing of jobs, which eliminates jobs in this country.

What do you think, or what position do you take, how will this change the economy? Will this create jobs in America if we delete or eliminate NAFTA and GATT? Because that is very important in terms of the loss of jobs for Americans here that are going overseas for lower salary and organization production.

SENATOR MURRAY: Well, we're not here today to debate trade policy, but I can tell you that every Democrat strongly believes that we should be making things here in this country and creating jobs and

showing the world that we can be strong in the future, and that takes a lot more than trade agreements, it takes training and education for our workforce, it means making sure that people have the skills we need to manufacture and build here in this country, and I can tell you standing here, if all of our deficit and debt reduction comes out of that small portion of the budget, 16 percent, and eliminates education and training, we will not be able to manufacture and build things here in this country.

MR. HASKINS: Senator, thank you --

SENATOR MURRAY: I know we're out of time. I do just want to say this to you and to all your audience.

MR. HASKINS: Sure, go ahead.

SENATOR MURRAY: I believe that we can get a good deal. I believe it will take leadership; it will take compromise. There are good people working at this at every level and I am, again, willing to work with anyone who comes to the table and is willing to bring real revenue and a balanced approach to solve this really important generational challenge for our country.

MR. HASKINS: Senator, thank you very much. Appreciate you coming.

(Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

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Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

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