

THE BROOKINGS INSTITUTION

STRENGTHENING THE FINANCIAL SECURITY OF  
AMERICA'S WORKING FAMILIES:  
A CONVERSATION WITH DEMOCRATIC LEADER NANCY PELOSI

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PARTICIPANTS:

**Featured Speaker:**

THE HONORABLE NANCY PELOSI (D-CA)  
Democratic Leader  
U.S. House of Representatives

**Introduction and Moderator:**

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## P R O C E E D I N G S

MR. DIONNE: Welcome. Welcome everyone here today. This is a very exciting day. I'm E.J. Dionne. I'm a senior fellow here at Brookings. And as you know, Brookings likes to be in the middle of the great debates in our country. And this is going to be a year I think of really fundamental debates about the future, about what happens to growth and is it shared. And we might actually get around to arguing about what should our government spend money on and how are we going to pay for it.

We've had crises rather than having real arguments about that the last few years. And it's a real honor for me to introduce (inaudible) who will join us today. She has proudly represented California's 12<sup>th</sup> district for the past 27 years. I'll continue with the introduction but I just want to say a couple of things. First of all, please silence your cell phones. Tweet up a storm if you want, but silence your cell phones. To tweet it's #PelosiAtBrookings. And also, we will be circulating cards for you to ask your questions. And I'm going to try to ask as many of them as I can of the leader. I want to thank all the folks at Brookings who have worked very hard to put this together, as well as Speaker Pelosi's staff.

So Nancy Pelosi has proudly represented California's 12<sup>th</sup> district for 27 years. She has led the House Democrats for over a decade, was the first woman in American history to serve as Speaker of the House. She over (inaudible) and Affordable Care Act, the American Recovery and Reinvestment Act and quite a lot of other legislation, as well.

As you will hear from her remarks, throughout her legislative career, she's been an advocate of clean energy, government transparency and accountability to increase educational opportunities, yes, healthcare and American job creation. It is such a pleasure to welcome Nancy Pelosi to Brookings. Thank you so much for joining us

today. (Applause)

MS. PELOSI: Good morning, everyone. Thank you all for being here. It's really an honor to be here with members and honored guests of Brookings Institution. Thank you, E.J., for your kind words of introduction, for your leadership in so many ways. And congratulations as a Senior Fellow at Brookings with a Chair named for W. Averell Harriman. How lovely.

For almost a hundred years Brookings has been the first word in forward-looking public policy. This institution and your President, Strobe Talbott and your fellows have been a strong and steady intellectual resource to public, private and non-profit policymakers across the country. Together we can reach toward greater possibilities for all Americans in our discussion, an America where every working family has opportunity, prosperity, and security. Beginning this year, this New Year in a new Congress, we have both an opportunity and a responsibility to reflect on our progress toward that America and refocus and renew our efforts for it.

Reflecting on our progress; six years ago in January, President Obama stood on the steps of the Capitol as he took the oath of office and issued a call for swift bold action now, not only to create new jobs, but to lay a foundation for growth. One week and one day later, the House Democrats passed the American Reinvestment and Recovery Act, one of the biggest public investments in our nation's history.

The Recovery Act saved or created 3.5 to 4 million new jobs, rebuilding our infrastructure and reinvesting in energy innovation, reducing taxes for working families, turning a tide of the worst economic recession since the Great Depression. Sixty-four days later on the same day in the House and the Senate, quite remarkable, the Democratic Congress followed up by passing the President's budget, a plan for growth and opportunity based on three pillars; investments in healthcare, in education and innovation and in energy.

Our aims were clear; create jobs, reduce the deficit, invest in a stronger future for every American family. Believing that healthcare must be a right for all Americans, not just a privilege, for a few, we passed the Affordable Care Act. Even if there were no other reason to pass the Affordable Care Act, if every American were happy with his or her own health insurance and healthcare, we still would've had to pass the Bill because the cost of healthcare in America was unsustainable, unsustainable to individuals, to families, to businesses, large and small, to governments, local, state, and at the national level.

Importantly, as documented by the Council of Economic Advisers, the Affordable Care Act is helping to drive down healthcare costs growth, and to historic lows. Today, the Affordable Care Act has delivered new-found health security to 16 million Americans and extended the life of the Medicare Trust Fund by 13 years.

Next, education and innovation. Recognizing that education has been the indispensable ladder to achieve the American dream, the Democratic Caucus acted to strengthen early childhood education, deepen our commitment to vulnerable students and dramatically expand access to affordable college education. We passed a G.I. Bill for the 21st century for our veterans and their families as part of the largest increase in veteran funding in our history, making historic investments in education, healthcare and economic opportunities.

In terms of American innovation, we substantially bolstered our investments, fueling basic research and driving forward innovative energy technologies. I'll expand on this in a moment. Knowing that our reliance on foreign fossil fuels was unhealthy for our economy, our national security and the air our children breath, Democrats acted to make America energy-independent by increasing domestic energy production, and we increased energy efficiency and more than doubled clean energy production.

Solar power is up by 10-fold and wind is up by three-fold. In terms of wind, America is number one in the world. This progress is critically important as we address the climate crises.

Knowing that the only way for the economy to fully recover, we must recognize that the middle-class are the real job creators in America. In a consumer economy, when workers have the wages and confidence to spend, they generate demand, and this in turn creates jobs. It's about bigger paychecks. I said I'd talk about three connections. This is an important connection about America's economy.

The success of the middle-class is the more important engine of economic growth and of meaningful deficit reduction. This understanding is consistent with middle-class economics, which the President articulated in his State-of-the-Union Address last month and the budget he released yesterday. Democrats' commitment to middle-class economics stands in sharp contrast to the Republicans' relentless trickle-down agenda, the agenda that drove our economy into a ditch. Republicans economic agenda included massive unpaid tax cuts for the rich, two unpaid for wars and a doctrine of no regulation, no supervision of Wall Street. It is this radical agenda that precipitated the financial melt-down and shattered our economy.

How bad was it? On the night of Thursday, September 18, 2008, the Secretary of the Treasury came to the Capitol for an emergency meeting with congressional leaders to inform us of the severity of the melt-down. When I asked the Chairman of the Fed, at the time Ben Bernanke, what he thought of what the treasury secretary was telling us, he told the leaders if we do not act immediately, we will not have an economy by Monday. This was Thursday evening. That's where we were September 18, 2008.

In order to stop the melt-down of America's financial institutions, it was necessary for us to pass the Troubled Asset Relief Program, TARP, supported largely by

Democrats, and later we enacted historic consumer Wall Street reforms with Dodd Frank regulations.

Far from creating growth, Republican priorities drove an economic catastrophe that destroyed jobs, destroyed the jobs, the savings and the security of millions upon millions of America's working families. And now, Republicans want to take us back to the same failed policies of trickle-down and laissez faire -- laissez, laissez, laissez, laissez, laissez, laissez, laissez, laissez faire, including repealing Dodd Frank. In their obsession with trickle-down economics, Republicans fail to see the connection between the purchasing power of the middle-class and the success of America's economy.

Six years after the deepest recession since the Great Depression, the fruits of Democratic efforts on the economy are clear: 11.2 million new private-sector jobs created in 58 months, the longest uninterrupted stretch of private-sector growth in our history. We've provided a lifeline to save the auto industry and more than a million jobs, as part of that. Unemployment rate down from around 10 percent to 5.6 percent. Deficit cut by two-thirds, from \$1.4 trillion to \$483 billion this year.

Stock market has gone from under 7,000 to over 17,000. Manufacturing exports are rising. We've seen reading scores go up, high school graduation rates go up, more young people attending college than ever. 16 million previously uninsured Americas now have affordable dependable healthcare. And again, we extended the life of the Medicare Trust Fund by 13 years, to name a few accomplishments.

However, even with all of this progress, working families are still being squeezed. The reason our economy has not had a full recovery is because of stagnant wages. It bears repeating that in a consumer economy, the middle-class are the job creators. We must expand the purchasing power of families, ensure that working men and women enjoy the bounty of their unprecedented productivity; bigger paychecks, better infrastructure, more manufacturing in the United States. We must focus like a

laser on strengthening the financial security of America's working families.

Once again, there is a need for swift bold action to reignite the middle-class engine of our prosperity. In order to succeed, we must have a healthy respect for another connection, the connection between the public and private sectors. Private enterprise is the heart of the economy generating wealth and jobs. However, in order for the private sector to succeed, the public sector must act to secure the conditions in which the private sector can continue to flourish.

When the public sector is doing its job investing in strong education, building infrastructure, maintaining the courts, ensuring public safety, et cetera, it performs tasks that the private sector cannot perform itself. Public sector accomplishments, however, that leave the private sector and infinitely better shape, better equipped to deliver jobs and opportunity for all Americans must happen. Congress must grasp, again, the importance of ambitious goals build into a budget for the future, a budget which should be a statement of our values. What is important to us should be how we allocate our resources.

This is the third connection I want to highlight; the undeniable connection between the investments we make today and the success of our country tomorrow. Today, I believe we must make big bold commitments in four areas: Research and innovation, back to that, education, infrastructure and investments in working families through the tax code.

Innovation is the invigorator of our economy. Research creates jobs, launches entire new industries and gives us the miraculous power to cure. However, according to the American Academy of Arts and Sciences, the report they just put out within the past couple of weeks, the United States has dropped to 10th place, 10th place in national R&D investment as a percentage of GDP; 10th place, the United States of America.

As the report makes clear, unless basically research becomes a higher government priority than it has been in recent decades, the potential for fundamental scientific breakthroughs and future technological advances will be severely constrained. The report calls for increasing our nation's total research investment to at least 3.3 percent of GDP. We must meet that need to reduce the deficit of innovation. The President and Congress must work together to establish a sustainable growth rate and federal basic research.

In terms of education, we know to achieve equality of opportunity we must have a quality of education. We will always have an opportunity gap so long as we have an education gap. Today it is clear that one of the most important ways to address the education gap, education and equality, from early childhood all the way to lifetime learning is with the power of technology, especially broadband. Broadband access has more benefits than just enhanced computer skills. It opens the door to a whole new host of new teaching applications and tools, enriching the student and supporting the teacher.

As recently as 2012, only 37 percent of our nation's schools had enough broadband for digital learning, placing 40 million kids on the wrong side of the digital divide. Totally unacceptable. We must meet the needs to reduce the deficits of opportunity ensuring that every child in every ZIP code has the high-speed broadband they need to learn, to explore and to thrive. We must act to close the opportunity gap in education because we cannot afford to leave anyone behind. And by the way, nothing returns more money to the Treasury than investments in education.

In terms of infrastructure, the American Society of Civil Engineers last assessment of our nation's infrastructure rated America D+, D+. After years of disrepair and underinvestment, we have a, according to the American Society of Civil Engineers, \$3.6 trillion -- trillion -- that's with a TR -- trillion dollar deficit in America's infrastructure. What we know is that no maintenance is the most expensive maintenance.



Modern infrastructure is essential for our country. It promotes commerce, moving products to and from market. It improves the quality of life by moving people to and from work and school more quickly. It is good for the quality of our air and our water. It works to connect all of our communities to the promise of the internet with broadband. We must meet the need to reduce the deficit in infrastructure and to do so in an updated and green way.

Over the years we have proven that policies that leverage private-sector capital and expertise with government oversight are successful ways to create better, more sustainable communities. We should learn from these examples and expand opportunities for public/private partnerships. We should be putting people to work building roads, bridges, mass transit, water systems, broadband, achieve bigger paychecks and better infrastructure, and this is a strong priority in the President's budget.

In order to fund these investments that will create jobs and reduce the deficit, we must use the tax code and eliminate special interest tax expenditures that increase the deficit. They are spending tax expenditures, these loopholes. As we close special interest loopholes, we can reduce the corporate rate and produce more revenue. We can have tax reform that ensures that all Americans pay their fair share. The economic security of America's working families must be our priority.

Part of these reforms must include making permanent and improving the earned-income tax credit and the child tax credit, policies that are set to expire in 2017, initiatives with bipartisan support that strengthen the budgets of working families. And we did this with President Bush in his stimulus package. This had bipartisan support. If these policies are allowed to expire, these reforms, nearly 16 million Americans, including eight million children, will be pushed into or pushed deeper into poverty. We must also, in that regard, strengthen the childcare development tax credit, which is in the President's budget.

To further help families, the (inaudible) ranking member on the Budget Committee, Chris Van Hollen has put several bold proposals on the table. These proposals include a CEO Employee Paycheck Fairness Act, a Savers Bonus to support retirement, repealing the Dual Career Penalty, instituting a .1 percent financial transactions fee and provisions restoring respect for hard work in the tax code. They're being reviewed by our members.

With Tax Reform for the middle-class, we can put more money into the pockets of working families and, again, ignite the engine of middle-class consumer demand that drives growth and opportunity for everyone. A strong middle-class is the bedrock of our prosperity. It is the backbone of our Democracy. This is the understanding that animates each of the connections I have outlined today, the connection between public action and private success, the connection between growing paychecks and reducing the deficit, the connection between our investments today and our success tomorrow.

For us to achieve a bright and durable future for our country, we must embrace the fact that the financial security of our working families is both a measure and the engine of our nation's success. It's a simple truth; when the middle-class succeeds, America succeeds. Our recognition of that truth guides Democrats action in orchestrating the recovery and (inaudible) laser focus, again, on the purchasing power of working families that our economy needs today.

We must achieve bigger paychecks, better infrastructure, invest in education and innovation, and manufacture more products in the United States. Only by laying a firm foundation for growth, which the President talked about in his Inaugural address, based on ambitious goals for our future can we secure and maintain a vibrant middle-class. Only by focusing on working families can we reignite the American dream and step into a new era of American prosperity. Thank you. I offer the opportunity to be

with you this morning. I look forward to your questions. Thank you so much. (Applause)

MR. DIONNE: I just want to say that we apologize for the state of that microphone, but it was actually a setup to show that you'll allow no obstacle to silence your voice, so welcome this morning.

I am very tempted to ask you about the impact on the middle-class of what is clearly one of the most important news stories in the country right now. I refer to Pete Carroll's decision to call a pass at the end of the Super Bowl. It is clear that this has done wonders for the morale of the middle-class in my native New England, but you can pass on that issue if you'd like.

MS. PELOSI: I see by the paper, it was the offense coach who called the pass, but Pete took responsibility as a good leader.

MR. DIONNE: Just know that you can be reassured that no decision you ever made will be as second-guessed as that one. I wanted to start big with the President's budget. I think you can make a case that it's his most aggressive effort to influence the direction of the public debate in some ways since he took office. And he's made this effort at a moment when Republicans controlled both Houses, and then you have Congressman Van Hollen's proposals that are also out there. How are you going to balance a desire to put forward what Democrats would do, if they could, if they controlled both Houses again, and how you will influence the outcome of what will inevitably, if we're going to have a budget at all, be inevitably some compromise between the President, the Democrats and this particular Republican Congress?

MS. PELOSI: Well, first of all, when we talked about what we would do, we talked about what we have done. And now we have to go forward because other things need to be done. But I believe that the President's budget does have within it many areas of common ground. Infrastructure has never been a partisan issue. We've always been able to put forth strong infrastructure legislation until the President

suggested, and then of course it became a little bit different -- but I do think that the urgency is there. The opportunity is there as public/private partnerships. And again, it's an issue that has usually been nonpartisan; not even bipartisan; nonpartisan.

In terms of some of those issues I talked about in the Tax code relating to children and the rest, those were priorities we put forth with President Bush in his stimulus one. He wanted to just use the tax code, and he was very accepting of proposals that we had for low-income tax credit, the child tax credit and the rest. So these have been issues that Republicans, in addition to President Bush, have supported.

The issues that relate to sequestration, this is probably the fundamental point in the budget that the President put forth, that he would do away with sequestration, which is (inaudible). Anyway, we'll do away with it. And that is something that has appealed to Republicans. Now, I'm not here to speak for them but I'm just saying, in the past, they have been --

MR. DIONNE: That would actually be interesting.

MS. PELOSI: -- would do away with sequestration where we have caps that we need to get away with if we're going to have growth. They want to do that on the defense side -- obviously we all support a strong national defense -- but also remove the caps on the domestic side, as well. So whether it's the overarching nature of it, which is to do away with sequestration, there probably could be common ground, whether it is building infrastructure of America, investing in education. These kinds of issues really shouldn't have any partisan aspect to them.

So I think that, while the President has staked out a very strong budget, which I do believe is a statement of our national values of what we care about, there is a distinction between his budget and the Republican budget in terms of Social Security, Medicare, all those things. But on the other hand, there is plenty of common ground to find some solution.

And as I've said in the opening day in Congress, the pride we take in our issues and knowledge we have of them, the commitment we have, we also have to have humility about finding common ground where we can find it.

MR. DIONNE: In your remarks you stressed the pride you and Democrats take at what you accomplished, particularly in the first two years, notably the Affordable Care Act, the Recovery Act, otherwise known as the Stimulus, the auto rescue. Yet, these programs have never captured broad popular support, at least in the polls. Democrats have argued over and over that without the Recovery Act, the recovery might not have happened or would've been infinitely slower. The Affordable Care Act has covered an awful lot of Americans, yet, he still have not grabbed the public, the kind of majority support you would hope for. Why?

MS. PELOSI: But it wasn't messaged properly. But I have to say, it's interesting to me to see all of our Republican colleagues who speak out against the Recovery package show up at every ribbon cutting and every groundbreaking, 15,000 projects. The statistics are staggered in terms of roads and mass transit and all the things that came from that. And again, our fault that we haven't communicated.

I think there was a reluctance to -- people wanted to make sure the public knew that reducing the deficit was a very high priority for us, and therefore, the jobs would come with the Bill but not to boast of what the investments were early on. We should've messaged it differently as we should've messaged the Affordable Care Act differently.

MR. DIONNE: Again, on this point about the deficit, one of the striking things about what the President did, and in general what Democrats are doing now, is that they seem much less captive to the deficit today. It's almost as if that debate took hold so quickly that the things that needed to be done to get the economy moving were kind of pushed off the agenda. Can you talk about where the deficit is now relative to the

desire to just get the country moving and deal with the long-term in the long-term?

MS. PELOSI: Well, in order to reduce the deficit, which is really important to all of us, you have to have growth. I mean you can talk about cutting investments and you can talk about raising revenue. And all of that should be on the table, but you must have growth. And you can't have false economies. And anybody who thinks that by cutting education they're going to reduce the deficit is dead wrong because nothing brings more money to the treasury to reduce the deficit than the education of the American people from as early as childhood, K through 12, higher education, post grad, lifetime learning for a trained workforce.

So you have to make a case to the America people about why certain investments are about the future and reduce the deficit. And from the day the President took office till now, the deficit has gone down two-thirds, \$1.4 trillion for what is at \$485 billion; still too high. We want to take it down. But I think the public is understanding that growth and bigger paychecks for the consumer, for working-class families to inject demand into the economy to create jobs that brings revenue to the Treasury.

And so, 70 percent of the deficit has been reduced since the President took office. It isn't any less a priority to reduce it further, but there is a recognition more clearly that growth, job creation is an important part of it, not just by cutting investments, as we go forward.

MR. DIONNE: I just want to remind everybody that there are cards in the room and I should start getting them soon, so please submit your questions. Again, I also want to invite people to tweet if they wish, #PelosiAtBrookings.

I could play a kind of psychological game and ask you what was the first thing that came to your mind when Congressman Paul Ryan talked about envy economics. But more generally, I'd love to know how do you react to that argument? I mean he made an interesting juxtaposition where, on the one hand he talked about rising

in equality, and then he talked about democratic economics as envy economics.

MS. PELOSI: We don't have time to go completely into the Republican budget, but it is not a statement of values that most people would identify with when it comes to how we invest in the future and the rest. But let me just say, that really is so wrong. When I saw it I thought, stale, yesterday. That isn't what this is about. Nobody begrudges people's success. People recognize that when people take risks and succeed, it creates wealth, it creates jobs and that's a good thing. What the concern is, is that we don't want that to happen at the exploitation of the worker. So God bless everyone for their success. God bless everyone for their success but not again at the exploitation.

Now, I don't paint everybody with the same brush, but what we saw on Wall Street leading up to 2008, what we saw on Wall Street, that was just not right. Now, again, not everyone on Wall Street should be painted with the same brush. But we saw a situation where people on Main Street were seeing the value of their homes or even their ability to keep a home, the education of their children, the stability of their jobs, their savings were all diminished because of what happened on Wall Street.

And when we passed the TARP, people said, "Oh, you just did that for Wall Street, not for Main Street." No. We did it for our economy. It's probably the toughest vote I ever asked members to take. And they've paid a price for it because, again, not something clearly explained to the American people what the connection was between that TARP, bailing out the banks and lifting up our economy.

That was interesting because (inaudible) on that score, because this was a big deal and not something that we should go back to. But again, I want to go back to the laissez laissez theory. And by the way, even Adam Smith wrote a different book. What was his book called? The Theory of Principles?

MR. DIONNE: Of Moral Sentiments.

MS. PELOSI: -- of Moral Sentiments. I wish he had written one book; Wealth of Nations and The Theory of Moral Principles all in one book because he talks about the responsibility of people to each other in the other book. So when I say laissez faire, we all believe in the free markets. That's what our capitalist system is about. But it's not about laissez, laissez, laissez faire that nobody -- there's no cop on the beat and look what happened; a meltdown where the Chairman of the Fed, an expert on the Great Depression, Ben Bernanke, an expert on the Great Depression, tells us there will be no economy by Monday. Stunning. Stunning.

And, so, when Paul Ryan says that, I want to quote to him -- chairman of the Standard Oil of New Jersey a few decades ago, Chairman Abrahams, he talked about stakeholder capitalism, capitalism where decisions are made by management that took into consideration, shareholders of course, workers, customers and the community at large. And at that time, the CEO was making about 30 times what the workers were making; 30 times. Productivity would rise, CEO pay would rise, workers' wages would rise.

When we moved to something called shareholder capitalism where none of those other considerations of community at large, the customers, the workers were part of the decision, shareholder capitalism, it went to 300 times CEO pay versus worker pay. As I say, a right angle going in the wrong direction, so it's not about economics envy. We just don't want a rising tide to lift all yachts; we want it to lift all boats. So God bless you for what you have, but let's all share in the prosperity of our country because the productivity of the American worker contributes to that. And so, I think that's cute but it's not a fact. It's just not a fact. Everybody wants to succeed and they don't begrudge other people's success unless it's pressuring them under their heel.

MR. DIONNE: I think one of the headlines of the event is "Leader Pelosi Urges Congressman Ryan to Read all of Adam Smith."



MS. PELOSI: It's a beautiful book, Adam Smith's other book; both of them, actually.

MR. DIONNE: I've got some great questions here, which I am about to get to. I want to ask one more question. Maybe I'll ask it in two halves, so I'll sneak in two questions. The first is, when you look at a lot of polling, there are two things that come out, I think, on public attitudes. On the one hand, there is a lot of skepticism about the way the economy is working, a belief, that laissez laissez to the (inaudible) power of faire doesn't work by itself, so there's a lot of general support for Democratic ideas on the economy. On the other side, there is a lot of skepticism about government itself and that government itself can't really fix that.

And the reason I want to link it to the second question is that, Democrats -- and this goes back to your days campaigning for your dad in Baltimore -- always counted on the support of working-class people of all colors; white, black, Latino. Democrats have had a particular problem with white working-class people. It seems to me some of it may relate to the first half of my question. So I want to ask you; how did Democrats, especially -- I've got the White House (inaudible) minority in Congress -- restore some faith that government can actually succeed in doing some of these things? And how do they win back more of these white working-class voters?

MS. PELOSI: Well, I would add one other ingredient to your question. Because what happened in 2008 scarred people. It scarred people. And they have, in terms of the confidence they need, to have consumer confidence to invest. I'm not particularly interested in whether it's Democrats or Republicans. We just want a policy that works for America's working families. And I think, because of that scarring them, people are feeling more optimistic about what's happening in the economy now, but the scarring has had them hesitate to think it's going to last or that something else couldn't happen. And that's not necessarily only government. That's the private sector as well,

when they see people trying to repeal The Volcker Act, Dodd Frank and some other things. So it's part of the debate, as well.

In terms of the role of government, that's been a debate in our country since we were founded. It's always been what is the role of government. How much do we need? How much do we need at the federal level? Does it work? And that's the lively legitimate debate of our country.

What I would say different about the Republicans now is, it's not about the degree of government. I'm not talking about Republicans at large in the country. I'm talking about the Republicans in Congress, are not supportive of governance; governance. So it's not a place of where you were on the spectrum. They're off the chart. They don't support governance. They don't believe in governance. They don't believe in science and they don't believe in Barack Obama. So you have a trifecta going about being opposed to everything that is proposed.

And in their messaging with their analyst money and all the rest of that, that has affected the thinking of people. But also, we haven't, again, messaged what we're doing. And quite frankly, not putting in perspective the rollout of the Healthcare Act was not a good thing. People say, "Oh, it doesn't work," but the system works and 16 million people are insured. It's like your refrigerator is keeping your food cold. The light's not going on but the food is cold. And so, yes, that's an issue that we have to address.

You know as well as I that many of the people that you are describing had social issues that took a little path away from the Democrats whether it was guns -- the three G's: guns, God, and gays. But a lot of that is diminishing. And so I maintain, whatever it is about the social issues, if you have a strong economic agenda that gives hope to people that they can get good paying jobs, good paying jobs and give them that confidence, then that is the winning argument and that's one that we won't make the differentiation.

Now, believe me, and I mean this from the bottom of my heart; if the Republicans would come around to places where we could come together on these, elections wouldn't be so important. But as long as they intend to engage in trickle down laissez, laissez, laissez -- I said once to the press in my press conference, they make Adam Smith look like a piker. They said, "What's a piker?" So about that saying, it must be a generational thing. But this is so far beyond what our responsibility is in order to protect our middle-class and all that that involves.

So some of it was cultural issues that took people away from us. Some of it is that, even though everything is improving, they still have that scar from '08 and they're not ready to fully embrace what is happening. They see government having played a role in what happened in '08 either by omission or by passing TARP, which they didn't like but we had to do it. But that was a better pill. Probably the worse pill I ever had to ask people to vote for in terms of the public not having a clear understanding of it, and we supported President Bush in that. We supported President Bush but the Republicans abandoned him, so it was overwhelmingly a Democratic vote to pass the TARP. Can you imagine that?

But we worked closely with President Bush, whether it was PEPFAR for aids drugs, whether it was the Voting Rights Act the president signed, whether it was issues that related, as I said earlier, to how tax credits and the rest, whether it was an energy bill -- one of the biggest energy bills in the history of the country, we passed. He wanted nuclear, I wanted renewable. We have one of the great bills ever. And so we did a number of things including, as I've said, the TARP, with him. And I only wish that the Republican leadership and the Congress would give the same respect to President Obama and try to find common ground on issues.

MR. DIONNE: Thank you. And if I mispronounce anyone's name, I apologize. Thank you for some good questions I already have. Rachel Karas from

Inside Health Policy asks, "What do you believe is the Democrats' best defense against piecemeal attacks on the Affordable Care Act by the GOP? What will the Democratic strategy be in the face of the King-Burwell Supreme Court lawsuit, presumably, if the government loses?"

MS. PELOSI: Well, in terms of the second part of the question, some of you may know -- I know some of our friends in the press who asked me this so many times who are here today, when the case was before the court originally, I said we're going to win. I was wrong. I said it would be 6/3. It was 5/4. But I did say we'd have the chief. I do believe that I have confidence about what would happen with the court.

What the case is, is that they're saying that we can't give subsidies. Do you all know what this case is? We can't give subsidies to those who are not in a state marketplace. If they're in a federal marketplace in states where they don't have a plan in their states, then that was not covered by the Bill. I don't see how that's a constitutional issue. I think, for the same reason they approved, the decision was what it was before it will be this time.

To your first part of the question, how we (inaudible) the piecemeal, this bill has won this. You can't say we're going to eliminate discrimination against people on the basis of preexisting medical conditions but then not say we're going to have a mandate. It all goes together because you have to bring down the cost. And that's, as I said earlier, one of the main reasons to have the Bill, even if we have no other reason, was to bring down the cost.

And so when the Republicans say, well I'm against discrimination on basis of preexisting conditions and women, and I don't want lifetime caps and I don't want annual caps, well you can't say that unless you have the oneness, the integrity, the integral relationship of the different parts to the Bill. So it's almost silly for them to say that without having the mandate, which is essential to the Bill. And that's just the case

we'll have to make.

Now, endless money came in. Foreign brimstone, carpet bombing, scorched earth, shock and awe, death panels, abortion, and you name it, things that had absolutely nothing to do with the Bill. And that really poisoned the well, and we didn't have an antidote out there early enough. And I may write a book about this subject and the whole messaging thing, so -- I may. I don't have time right now, but I may write a book about it. But, in fact, as President Lincoln said -- and we have it in his book in his own handwriting, "Public sentiment is everything. Public sentiment is everything." So you can't assume the public will understand this is in their interest or this or that. The public is wise, but they have to know. God bless the public.

Our country is so strong because of the wisdom of the American people, the productivity, the energy, the ingenuity, the optimism of the American people. But you can't allow the other side with endless money, anti-government idea logs at the time insurance companies who didn't want the Bill to pass but now have become team players in it, to define what the legislation was about. But it's so exciting. It really is.

We talked about Lincoln; let's talk about our founders. Healthier life, liberty, liberty to pursue your happiness. Imagine, in our founding documents, life, liberty, pursuit of happiness. And that's what this Bill enables people to have, a healthier life, to pursue their happiness without being job-locked because a child is bipolar, so they can be free to be self-employed, start a business, be engaged in the arts, change jobs, have mobility to pursue their happiness. It's a great Bill and it brings down costs, lifts aspirations, brings down costs, and you can't take pieces of it.

Now, any bill we pass can be subjected to scrutiny to say, how can we do this better, that better in the implementation. And, of course, we're always, always open to that, but not something that totally takes the heart of it and undermines it. It's too important. This is as important as Medicare, Medicaid, Affordable Care and access for all

Americans. It's a great thing. Very proud of it.

MR. DIONNE: I'm told we have five minutes left. And I have one question I want to close with. So what I'm going to do is combine two people's questions here and then ask you my last question, which is actually a personal question, personal for me.

This is from Athena Jones of CNN, who very wisely is on top of today's news. So the first question is, "Will you weigh in on the vaccination debate? Should they be required?" And the second is, "Working families of the Department of Homeland Security could be affected by congressional inaction because of the immigration fight that the Republicans want to have. Are you concerned this funding battle will go down to the Wire? Will there be another CR?"

And I also just wanted to ask -- and I apologize for the other questions we couldn't get to. Steve Loman in the audience said, "What messages did you take from the 2014 election?" So vaccination, Homeland Security and 2014.

MS. PELOSI: Okay. On the vaccination issue, while I'm sympathetic to the concerns and I've met many, many hours and tried to facilitate conversations with families who have had concerns about vaccines and how it affects their children, be it autism or otherwise, it's a public health issue. And the fact is that children should be vaccinated; now, it could be a generational thing. When I was a little girl, people had polio and it was a vaccine, miraculous power to prevent spread of disease. And I think that, again, I support the public health decisions, the call for children to be vaccinated.

On a separate note, we should do everything we can to find out what the causes of some of the diseases that affect our children are. And that's why, in the '90s, I worked with four people: Senator Specter, Democrat, and John Porter, two Republicans, John Porter and Specter, Republican at the time, Tom Harkin and I on my side in the House to double the funding for the National Institutes of Health, and what that meant to

invention and discovery and, of course, the CDC and what that means in terms of prevention and public health. It's really important to our country.

So I would say I'm sympathetic to the concerns, but let's address it another way. But the public health requires that we have the vaccination. And what was the second one?

MR. DIONNE: The DHS --

MS. PELOSI: Oh, my friends. In December the Republicans said we're going to pass a bill, which was a terrible bill, the (inaudible). I didn't know if that was like a donut and a croissant combined or something. In New York, that's what they stand in line to buy, my kids tell me. But in any event, they passed this Bill. I won't even go into that. Let's just say what it didn't do. It didn't fund Homeland Security for the year. It kicked the can and the speaker said, well, we're going to do it, we're going to just do it.

And it was like a thing for his -- I don't want to say right wing because that's a legitimate place to be, is radical over the edge people. That's December. January, Paris, Je suis Charlie. The whole world is galvanized around the issue of Homeland Security in each person's country, except in the hermetically sealed chamber of the House of Representatives where we just aren't doing it. This is so dangerous to our security that we would be frivolous with this is really a dereliction of duty. And, and you have to understand it. Again, part of our messaging problem is we don't want to be fear mongers. And if you tell it the way it is, your hair is on fire and you go running out the room. It is so bad in terms of what it prevents Homeland Security from doing in terms of hiring people and the rest.

And what are we? The whole world is -- you would think that the Paris incident would've said, "Okay. Okay. We've made our point. Now we're going to the next place." So what's the next place? The next place is we're not doing Homeland Security unless they can get their anti-immigrant and anti-immigration legislation in it.

And when I leave here a little bit later today, I'll go to a press conference to call out some of the statements that they're making about immigrants. This isn't who we are. We're a nation of immigrants, by and large, with all the respect and love for our Native American brothers and sisters. But it's more of the same from there.

And by the way, you're concerned about the deficit? The immigration bill reduces the deficit by, what, \$158 billion in the first 10 years and then \$700 billion over a 20-year period. So if you want to reduce the deficit, pass the Senate-passed bipartisan bill. And by the way, the Senate sees this differently than the House Republicans in terms of immigration, so it's hard to see what's going to happen.

But what we have now is they're taking the President to court over one thing or another that relates to immigration. They're not passing a Homeland Security bill. No wonder the American people have doubts about the effectiveness of government. But since we're identified more in terms of private solutions than maybe they identify it with us.

But this on Homeland Security, support and defend, that's the oath of office that we take to support and defend constitution, and therefore the American people and all that's in the constitution. And again, their negative attitudes toward immigrants is driving their attitude toward the Homeland Security bill. It's just plain wrong. And again, if you want to make any distinction -- I mean you have Republican former securities of Homeland Security writing and saying don't do this. Again, don't paint all the Republicans with this same brush, but this is what's driving the agenda in the House, among the House Democrats, not even the Senate Republicans, the House Republicans. So I'm glad you asked about that. Was there a third part to the question? Oh, yes, elections. Oh, yes.

As far as the House is concerned, where there wasn't a senator gubernatorial race, we did just fine. In my state of California, they came after us big



because we had five tough races. They came after us big. They had a new leader on the Republican side. It was in California. They were going to show me and take away the seats we won in the last election. Not only did we win them all, but we added one more. And that's because we really just had the field to ourselves. It wasn't they're trying to take out a senator or a governor. You know what I mean?

Where they brought in that big enormous endless money -- and they brought in a lot in California, but I'm talking endless in those other places to win the senate and win some of the state houses, it did hurt us in the House races. Equivalent to the senate, we didn't lose as many. They lost six. That's would've been 30 for us. It's no consolation. Don't get me wrong. But the fact is that you have to -- public sentiment is everything. You have to give people a reason to register and a reason to vote. They didn't see that reason. Shame on us for not making it clear. As I said, at the risk of not being a fear monger, you try to (inaudible)

Now, I'll close with this. I think I have to. This is the 50th anniversary --

MR. DIONNE: I still want to ask my one question, if I may.

MS. PELOSI: Oh, okay. It's up to you.

MR. DIONNE: Can I throw in my last question, and then you can do the closing as part of it?

MS. PELOSI: Okay.

MR. DIONNE: And it is a personal question because there is sort of the image of Nancy Pelosi, the San Francisco liberal, that parity. And yet, people who know you and have watched you know there are two aspects of you that don't get talked about much. One is the deep importance of family to you; mother, grandmother, and how family has been so much part of your life. The other is God and religion. And you spoke earlier about the loss of votes because of the social issues.

And, you know, I've not only heard you quote about Pope Francis, which

is very popular among liberals these days, I've heard you quote Pope Benedict, which was not as popular among liberals. And I kind of wanted you to square the person you think you are with this public image that some have, because I think those aspects of your life would come as a surprise to people who have a certain view of you in their heads. And I just wanted to put that on the table before we finish.

MS. PELOSI: All right. I'm so happy that my college roommate at Trinity College Washington, D.C., Rita Meyer is here.

MR. DIONNE: Welcome.

MS. PELOSI: Yes. We've been friends for many, many years. And here is the thing. Pope Benedict's first encyclical was called God is Love. And in the encyclical he quotes Saint Augustine. And Saint Augustine said that any government that does not exist to promote justice is just a bunch of thieves, words to that effect. And this is Saint Augustine 17 centuries ago but in God is Love, Benedict quotes him. And Benedict was a beautiful writer and thinker. And his speeches here were so fabulous. So then Benedict goes on to say, sometimes it's hard to define justice, but when you try to do so, you must avoid the blinding blaze, or words to that affect, or special interest and money. Is that beautiful?

So when I say that on the floor, my Republican colleagues are not happy about that, my quoting Benedict in that way. But that's really what we have to do. We have to get money in terms of special interest weighing in on government and legislation, money controlling elections in a way that destroys any confidence the public has that their vote counts for anything. And so you have family. I have five children. When my baby was brought home, Alexandra, whom many of you know, a journalist. When I took her home from the hospital, our oldest child, Nancy, that week was turning six.

So when I our colleagues on the floor started talking about what they know about family planning and the rest, I think I have very strong credentials. In fact,

one day, since we're speaking of popes, when we're having this debate on family planning, whether it's domestic or international, one of the Republicans got up and said, "Nancy Pelosi thinks she knows more about having babies than the Pope." Yes. This is like 20 years ago. Yes, I think the Pope would agree.

So it is a strange debate that we had because, the fact is, is that family, yes, is very important. And the Catholic Church is very important to me. And I love Francis and I'm glad that he's named for Saint Francis, who is a patron saint of San Francisco. And his song of Saint Francis, Make Me an Instrument of Thy Peace is the anthem of our city. Republicans don't like when I say that either, but that is what -- those values are part of who I am, but raised in Baltimore where we were devoutly Catholic, fiercely patriotic Americans, proud of our Italian American heritage and, in our case, staunchly Democratic. We saw that as a connection and that's who I am.

The reason they have a different image is because people spent nearly \$100 million in the campaign of like '10 to describe me to the public. And since I wasn't really a known quantity, some of that took. But I said to my colleague, if you are effective, you are a target. So understand that. And I accept that mantle, said she immodestly. And then just back to the 50th anniversary, 50th anniversary of the Voting Rights Act. Mind you, the court has undone some of it, mind you the Republican Congress have not chosen to accept bipartisan modest bill to correct that. But also, mind you that, when President Bush was President, we passed the Voting Rights Act. We were in the minority, but we worked with them in a bipartisan way to pass the Voting Rights Act. And I think it's really important because I think I have it here so that you don't think I'm making this up.

The Voting Rights Act Reauthorization, July 13, 2006, 390 to 33 in the House; bipartisan, 192 Republicans voted for it. And in the Senate, unanimous; the Voting Rights Act. But we can't get it passed a simple version passed to correct the

courts now. It's the 50th anniversary since the Voting Rights Act. It was in the summer when it was signed originally, in August, by President Lyndon Johnson, and it's really important.

But with it, again, you have to give people -- look; a third of the people voted in the last election, one-third of the people, those eligible to vote voted. So there's something wrong with our not getting out those other people. They didn't see a reason to vote. They see the influence of money and politics, which we must reduce, and that's a whole other session. But also, one more time, I will close with this.

MR. DIONNE: I interrupted your close.

MS. PELOSI: Okay. But I intended to have this as a close but you took us to this path, so I can't ignore this. We have Selma coming up and we're all going to Selma again. It's fabulous and there's the movie and the 50th anniversary and all of that.

Reverend Martin Luther King said he had a dream that his children would not be judged -- he used the word "dream" and would not be judged by the color of their skin, but the content of their character. And that just haunts me all the time when we talk about budget, when we talk about children, children in economically disadvantaged areas. Their families are working two jobs because they make a minimum wage, which is not a living wage. They don't have time to even have dinner with their children, to mentor their children, to read to them, to listen to them read back to their parents. Their neighbors are in the same boat, so the community is not there.

So when we talk about judging people by the content of their character, we have to judge our country by the content of our character. If we are not recognizing that these children are worthy of everything -- they are the heirs of America's future. And when you see what your children have, the love, the opportunity, the this or that, and you see that disparity -- even I talked about it in terms of technology, that opportunity gap and education gap.

So the character of our country should be judged as to how we invest in these children. And when people ask me what's the most important three issues facing the Congress, I always say the same thing; our children, our children, our children, their health, their education, the economic security of their families, a clean safe environment in which they can thrive, a world at peace in which they can reach their aspirations.

But if you have a budget that does not enable bigger paychecks, ending education gaps, all of those kinds of initiatives that help a child's character grow with confidence and with judgment, with example of their parents' hardworking but not able to meet the needs of their children, although people tried very, very hard.

So I think that, as we observe the 50th anniversary, we have to think of Martin Luther King and examine our own consciousness about what we are doing for the character of our country to meet the needs of kids so they can be judged by the content of their character, it's a pretty exciting opportunity. It's the inspiration that we have. It's the inspiration we had at our Issues conference in Philadelphia and it's what unites us. And I don't think there's any partisan aspect to investing in America. As President Kennedy said, they're our greatest resource and our best hope for the future.

Thank you all for the opportunity to be with you today.

MR. DIONNE: Thank you.

MS. PELOSI: Thank you. (Applause)

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