

NATIONAL PRESS CLUB LUNCHEON ADDRESS BY REPRESENTATIVE NANCY PELOSI(D-CA), HOUSE MINORITY LEADER, AND SENATOR RICHARD DURBIN (D-IL), SENATE MINORITY WHIP

TOPIC: THE STATE OF THE UNION

MODERATOR: JONATHAN SALANT, PRESIDENT OF THE NATIONAL PRESS CLUB

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MR. SALANT: (Strikes gavel.) Good afternoon. Welcome to the National Press Club. I'm Jonathan Salant, a reporter for Bloomberg News and president of the National Press Club.

I'd like to welcome club members and those of you -- and the guests in the audience, and those of you watching today on C-SPAN. Please hold your applause during the speech, so we have time for as many questions as possible.

For our broadcast, audience, I'd like to explain if you do hear applause, it is from the guests and members of the general public who attend our luncheons, not from the working press. (Laughter.)

The video archive of today's luncheon is provided by ConnectLive and is available to National Press Club members through our website at [www.press.org](http://www.press.org). Press Club members may also get free transcripts of our luncheons at our website. Nonmembers may buy transcripts, audiotapes and videotapes by calling 888-343-1940. For more information about joining the Press Club, please call us at area code 202, 662-7511.

Before introducing our head table, I'd like to remind us of future speakers. On January -- on February 2nd, Secretary Donald Rumsfeld of the Defense Department will be our guest. And on February 7th, the Honorable Douglas Wilder, mayor of Richmond, Virginia, and former governor of the Commonwealth of Virginia, will discuss "Confronting the Issue of Slavery: The Unexplored Chapter of American History."

If you have any questions for our speaker, please write them on the cards provided at your table and pass them up to me. I will ask as many as time permits.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. Please hold your applause until all of the guests are introduced.

From your right, Adam Belmar, senior producer with ABC's "This Week with George Stephanopoulos"; Naftali Bendavid, deputy bureau chief of The Chicago Tribune; John Allen (sp), the Senate reporter for The Hill; Marc Sandalow, the bureau chief of The San Francisco Chronicle; Mayor John Spring, of Quincy, Illinois, and a guest of Senator Durbin; Kathy Kiely, reporter with USA Today; John Hughes of Bloomberg News and chair of the National Press Club Speakers Committee; Samantha Young from Stephens Media Group and the Speakers Committee member who organized today's luncheon. And Samantha, thank you very much.

Mayor Antonio Villaraigosa of Los Angeles, California, the mayor of Los Angeles and a guest of Representative Pelosi; Dori Meinert of Copley News Service and the Springfield State Journal Register, the hometown newspaper of Senator Durbin; Lynn Sweet, the Washington bureau chief of The Chicago Sun Times; Laura Litvan, congressional reporter for Bloomberg News; and Bart Jansen, the Washington correspondent for the Portland Press Herald and the Maine Sunday Telegram. (Applause.)

Will Rogers once said, "I am not a member of any political party, I am a Democrat."

Former Senate Majority Leader Trent Lott said that trying to keep his party in line was like "herding cats."

Put both of those comments together and you get an idea of what it's like to be a Democratic congressional leader these days.

Representative Nancy Pelosi and Senator Richard Durbin have the twin tasks of trying to keep a united Democratic front in the face of Republican control of the White House and Congress, while at the same time offering a compelling program to entice voters to elect their party's candidates this fall.

While congressional Republicans usually stick to the party line, some Democrats have crossed party lines to back the war in Iraq, to approve a prescription drug program that other Democrats said favored the drug industry, and to approve a series of tax cuts that other Democrats said favored the rich.

But recently, Democrats have found a key they can all sign in. They held together and blocked President George W. Bush's proposal to privatize Social Security, and they have come up with an ethics package to address the scandal involving Republican lobbyist Jack Abramoff.

When you hear the Republicans rail against San Francisco Democrats, they're talking in part about Congresswoman Pelosi, who represents "the City by the Bay." In 2002, she became the first woman to ever head a political party caucus in Congress when House Democrats elected her as their leader to succeed Dick Gephardt. She has worked to bring the caucus together, and in 2005, Democrats had their largest party unity score in 50 years. In what she refers to as a "night job," Congresswoman Pelosi has been traveling around the country trying to elect enough Democrats this fall to take back the House.

Senator Durbin of Illinois became majority whip in 2005, following the defeat of Democratic Leader Tom Daschle and the subsequent elevation of Harry Reid to the leader's post. Senator Durbin is the first Illinois lawmaker to make it into the Senate leadership since the late Everett Dirksen. He's been out front delivering the Democratic message on judges, on intelligence, and on other issues, pitting his party against the Republicans. Having lost his father to lung cancer, he has crusaded against tobacco use, helping to ban smoking on domestic airline flights and fighting for federal regulation of tobacco. Senator Durbin is no stranger to controversial remarks. He took to the Senate floor to apologize last year after he expressed his revulsion at reports that Americans were torturing prisoners at Guantanamo Bay. He said that the tactics reminded him of the Nazis and the Soviet gulags.

Congressional Quarterly calls him, quote, "the Democrats' main messenger in the Senate," unquote. And today Senator Durbin has graciously agreed to step in for Minority Leader Reid, who originally was scheduled to appear today but withdrew, citing a conflict.

President Bush plans to deliver his State of the Union address next week, but Senator Durbin and Congresswoman Pelosi get to go first. Here's the Democratic view of the state of the union.

REP. PELOSI: Thank you very much, Jonathan.

Good afternoon. Thank you all for being here. Jonathan, congratulations to you on your election as president of the National Press Club. And you may all applaud. (Applause.)

I'm very honored that the mayor of Los Angeles, Mayor Antonio Villaraigosa, is with us today. Thank you, Mr. Mayor. We're honored by your presence. Mayor Villaraigosa will be making the response to the president on Tuesday in Spanish.

And I also want to join Senator Durbin in welcoming Mayor Spring here from Illinois. The Conference of Mayors is meeting now. How fortunate we are. I want to acknowledge one other

mayor, a former mayor, my brother, former mayor of Baltimore, Thomas D'Alesandro, who is here. (Applause.)

And as any leader must, and with great pleasure, I want to acknowledge the chair of our Democratic Caucus in the House, Congressman Jim Clyburn of South Carolina. Jim Clyburn. Jim? (Applause.) And one of the co-chairs of our 30-something group, our young members of Congress, the great leader Kendrick Meek, Congressman Kendrick Meek from Florida. Kendrick Meek. (Applause.)

Thank you all for being here.

It's a pleasure to be back at the National Press Club for what has become a pre-State of the Union tradition. Next week, as we all know, President Bush will once again come before Congress and report on the state of the union. We will be told that the state of our union is strong. And if our measure is the optimism, entrepreneurial spirit and talent of the American people, our strength is boundless. But on key policies, from health care costs to energy prices, to tuition, to the budget deficit, to national security, the policies we have seen from the Republicans in power do not match the priorities of the American people. And the American people want to know why. They have tough questions and deserve real answers.

For example, I heard from one woman that when she opened her energy bill she thought she would faint. She asked, "What is being done in Washington to reduce the cost of my heating bills and the price of gas at the pump?"

I met a man who was struggling to care for his bed-ridden wife. He told me he was afraid that paying for his wife's costly prescriptions could mean losing their home. He was embarrassed to ask their children for help. He wants to know, "How could Congress pass a law that actually raises the cost of my wife's prescriptions?"

Workers are asking, "Why is Congress making it easier for plants and jobs to move overseas, and harder for me to keep my pension?"

The survivors of Hurricane Katrina, who are still living in tents, trailers and hotel rooms, want to know, "Why wasn't the federal government there for me from day one?"

And all Americans see the heroic sacrifices our soldiers are making and ask, "Is the war in Iraq making Americans safer, our military stronger, and strengthening our ability to fight the war on terror?"

Democrats hear the American people and we have answers which are designed to meet the challenges of the present and of the future. We have laid out a series of specific goals, proposals and time lines that, taken together, chart a clear path to a new era of American security and prosperity.

First and foremost, America must remain preeminent in the world with a strong national security that keeps America safe, and a strong economy that produces good jobs. Nothing is more important than keeping America number one.

For over a year, Democrats have been working with leaders in the business and academic community to put together an aggressive plan to maintain America's leadership and innovation and unleash the next generation of discovery, invention and growth.

This is our Democratic innovation agenda -- our commitment to competitiveness to keep America number one. Nothing less is at stake than America's economic leadership. The dynamic cycle of investment leading to innovation, leading to jobs is what has secured our status as world leader. That status has remained unchallenged until now.

As our competitors copy our blueprint for preeminence with investments in education, long-term research and development, and cutting-edge technologies, we are departing from it.

Our innovation agenda begins with a serious, sustained commitment to America's schools. Nothing could be more important than providing opportunity for our children and to secure America's leadership in the world. In a globalized, knowledge-based economy, America's greatest resource for innovation and economic growth resides within America's classrooms. We pledge to create a new generation of innovators by calling for a qualified teacher in math and science K through 12 classroom, and by issuing a call to action to engineers and scientists to join the ranks of America's teachers.

Along with other Democratic proposals such as the Teach Act and the Strengthen Our Schools Act, we intend to make sure young children have qualified teachers and supportive environments in which to learn.

We recognize that independent -- independent -- scientific research provides the foundation for innovation and future technology. That is why we pledge to double federal funding for basic research and development in the physical sciences. High-speed, always on Broadband, will create millions of good jobs. Our agenda guarantees that every American will have affordable access to Broadband within five years.

We also need to direct America's entrepreneurial spirit and creativity toward one of our greatest national challenges -- the need to free ourselves from our dangerous and unhealthy reliance on foreign oil. Americans agree we should be spending our energy dollars in America's Midwest, not in the Middle East. Is that okay with you, Dick? Mr. Mayor? (Laughter.) Owning innovation and technology can lead America to energy independence. Democrats have proposed the development of clean, sustainable energy alternatives such as bio-based fuels as well as new engine technologies for flexfuels, hybrid and bio-diesel cars and trucks. Our economic future and our national security both demand that we achieve energy independence, and we intend to do it in 10 years.

Essential to our competitiveness is a healthy environment for small businesses, so they can turn entrepreneurial ideas into marketable products and create good jobs. We propose helping small

businesses succeed by providing more financial support and technical assistance, reducing regulation and helping them overcome one of the greatest challenges they face -- the cost of health care.

Taken together, our Democratic innovation agenda -- education, research and development, public-private partnerships, energy independence -- is a decision in favor of the future. But we can't move forward if we have a health care system that is stuck in the past. Health care is not only a competitiveness issue, it is one of necessity for all Americans. It has been reported that in his State of the Union Address, the president's health care proposal will be an expansion of health savings accounts and association health plans.

Let's be clear about what the president may propose. Republicans claim that association health plans make it easier for small businesses to afford health insurance. In reality, AHPs, as they're called, would allow companies to DROP coverage for procedures that today MUST be covered, such as mammography, prostate screenings and mental health services.

Regrettably, AHPs increase the cost for small businesses, strip consumers of rights and protections, and do nothing to reduce the number of Americans without health insurance. In our innovation agenda, Democrats have a plan that would make it easier for small businesses to purchase health care at reduced cost but to do so in a way that protects consumers.

Another of the president's proposals, health savings accounts, are a continuing effort on the part of the Bush administration to leave more Americans to fend for themselves. These provisions are not consumer driven, and they defy the principle of insurance, which is to spread the risk.

Any health care initiative should be measured by whether it, A, increases access to health care; B, slows the growth of health care cost; and C, does not increase the deficit. By all three of these measures, the president's proposals fail. They may try to sell them as good health care, but in reality they are bad medicine. Health savings accounts and association health plans are brought to you by the same people who brought you the confusing special-interest-driven Medicare prescription drug bill. These ideas should go the way of President Bush's privatization of Social Security.

One of the factors most responsible for the rising cost of health care is the rising cost of prescription drugs. Democrats insist on the federal government having the authority to negotiate with drug companies for lower prices. Right now we have a prescription drug plan that caters to the pharmaceutical industry and adds cost and confusion for anyone else. We must replace this misguided Republican prescription drug plan with one that is clear, fair, and puts seniors first.

Putting the needs of seniors first also means protecting Social Security and then going further, providing real plans for pension security and increasing personal saving through the AmeriSave proposal that we have put forth in the House -- the Democrats in the House.

Meeting all of these challenges to keep America number one requires two additional commitments to the American people -- a responsible budget and honest government. Next week when Congress returns, the first bill we will vote on is the Republican budget.

Regardless of what the president may say on Tuesday night, the Republican budget is an alarming story. It includes policies that increase the deficit by nearly \$300 billion, heaping mountains of debt on our children. It increases the cost of student loans while cutting taxes for wealthiest Americans. It cuts funding for basic research vital to creating jobs. It cuts funding for health care for our children.

Why, the American people ask us, are we considering a budget that is so out of step with our values and our priorities? The answer is, the Republican culture of corruption that has permeated the White House and the Capitol. How many times have you heard of a special-interest provision that was slipped into a bill, quote, "in the dark of night," a thousand-page bill that no one was given time to read before voting on it? That's because Republicans are doing the bidding of special-interest lobbyists who have purchased access to the legislative process.

The American people pay the price of corruption. That's why we have a confusing Medicare prescription drug bill that actually raises the cost of prescription drugs for middle-income seniors. That's why we have an energy bill that gives huge tax breaks to oil and gas companies that are making record profits while Americans pay record energy prices. And that's why we have legislation loaded up with special interest earmarks and bridges to nowhere that increase the deficit.

Last week, House and Senate Democrats stood together as we announced our plan to turn the most closed, corrupt Congress in history into the most open, honest Congress in history. This is our promise, and we have put it in writing. Next week, when Congress reconvenes, we will demand a vote on these reforms so we can put power back where it belongs -- in the hands of the American people; in the hands of families who are struggling with the cost of health care and their energy bill; parents and students worried about the cost of college; workers worried about their jobs and pensions, residents of the Gulf Coast who are desperate to rebuild their communities and restore their lives; and our men and women in uniform, and our veterans, who expect the protection they need when they go into harm's way, and the benefits they've earned when they return home.

Only with honest leadership and open government can we build a future worthy of the vision of our Founding Fathers, the sacrifices of our men and women in uniform, and the aspirations of our children. Only then will the policies of Washington reflect the priorities of the American people, and only then will the state of our union be as strong as the American people.

Thank you. (Applause.)

I now have the privilege of introducing the deputy leader of the Democrats in the United States Senate. He will talk about security in many forms for our country. He's a former colleague in the House and a friend to many of us still in the House of Representatives. The distinguished gentleman from Illinois, Senator Richard Durbin.

(Applause.)

SEN. DURBIN: Thank you to Nancy Pelosi and to the National Press Club. It is an honor to be here. Nancy has done a wonderful job rallying her House caucus behind good policies. I hope in 2006 the American people will give her an opportunity to convert those good policies into good law.

I also want to acknowledge several people who are here. Many of you have heard about or read a book entitled, "Ten Minutes To Normal," written by Karen Hughes, in which she explains the title of the book came about on an Amtrak train as it pulled into Normal, Illinois.

I would like you all to meet the mayor of Normal, Illinois, Christopher Koos. Thank you for being with us. (Applause.)

And my special guest at the head table is John Spring, who is the mayor of Quincy, Illinois. Quincy sits on the Mississippi River. Beautiful little town.

A little more than a decade ago, Quincy was severely flooded. There was an amazing, amazing outpouring of community support and a well-coordinated response from James Lee Witt of FEMA that proved that natural disasters do not have to overwhelm us.

My topic is, as Nancy has indicated, to discuss with you today the vision that the Democrats for American -- I'd like to address it from the aspect of security, security in many different ways.

For the last five years, with one brief interlude of enlightenment in the Senate, the Republicans have controlled the House, the Senate and the White House. Since September 11th, 2001, virtually every speech given by President Bush has focused on one theme: security.

But today, nearly five months after the Katrina catastrophe, more than 1,000 days after the invasion of Iraq, and one week after another taped threat from Osama bin Laden, Americans are asking a basic question: Are we as secure at home and abroad as we need to be, as we deserve to be?

Looking at the record, I'm afraid the answer, unfortunately, in many aspects, is no. I think it's time that President Bush works with Democrats and Republicans in Congress to address our real challenges to America's security. Together, there's nothing Americans cannot do. We ask the president to use those challenges to unite our nation.

The needs are great. On national security, Osama bin Laden sadly is still at large, and his deadly franchise is moving across the world. Al Qaeda is resurging in Afghanistan.

There was no Iraq-al Qaeda connection before our invasion. Sadly, there is one now. Iraq has become a training ground for a new generation of terrorists.

The war in Iraq has diverted resources away from the war on terror and, in many ways, damaged America's standing in the world. It has limited our options to deal with other threats, clear threats to our security, like the growing nuclear threats from both Iran and North Korea. And it's stretched the finest military force in the world dangerously thin.



Two new reports came out yesterday that underscore this. The first was from a retired Army officer under a contract with the Pentagon. He warned that the Army is in a race against time to adjust to its dramatically increased tempo of operations, or risk breaking the force in forms of catastrophic decline in recruitment and reenlistment. The other report, from former Secretary of State Madeleine Albright, former Defense Secretary William Perry, warned that the strains on our armed forces must be relieved soon, or they will have highly corrosive and potentially long-term effects on the force.

Secretary Rumsfeld was quoted in this morning's paper saying that our troops are battle-hardened. America is justifiably proud of the strength and the commitment of our men and women in uniform, but the Iraq war has taken its toll, and we owe it to these brave soldiers not to ignore the reality of their sacrifice or the challenges we face in keeping our military strong.

Is our homeland security as strong as it should be? Sadly, again the answer is no. Last October the 9/11 commission released its final report card on the status of its recommendations to protect America from terrorism. This highly regarded commission, this bipartisan commission issued a report card that contained five Fs, 12 Ds, nine Cs, and only one A-minus. I would have hated to bring that home to my parents in East St. Louis, Illinois. "Dismal" is how the commission member Jim Thompson, our former Republican governor in Illinois, described it.

More than four years after 9/11, security personnel in America's nuclear plants remain ill-equipped and untrained to deter terrorist attacks. There are still 3,000 chemical plants in America where a terrorist attack could threaten more than 10,000 people and in many cases up to a million people. The chemical industry still remains largely self-regulated when it comes to terrorism. To quote a Georgia Pacific security official, security at a 7/11 after midnight is better than that at a plant with a 90-ton tank of chlorine. Only a small fraction of the cargo that comes into America's ports or loaded into America's commercial airliners is inspected.

Firefighters, police officers, emergency health care workers still can't communicate with one another in times of crisis, whether it's a terrorist attack or a natural disaster. Do you recall that chilling video that came from 9/11, taken by a French group that was following one of the fire departments in New York? Do you recall, as the videotape ran on the ground floor of the World Trade Center when these leaders of the firefighters had no clue of what was going on in that building, still sending those brave firefighters up the stairs unaware of what was happening? This administration has not addressed that issue, the most basic issue of communication between first responders.

This administration still continues to call for cuts in programs to help communities hire new police officers and new firefighters. Each mayor in this room and most people across the country understand these men and women are truly our first line of defense. This administration continues to ignore the reality that homeland security starts with hometown security.

Why have so many homeland security vulnerabilities been neglected? In the words of the commission co-chair, Governor Tom Kean, he said, and I quote, "It's not a priority for the government." He went on to say, "God help us if we have another attack."

Is our health care system as secure today as it should be? I invite you to do what I have done for the past six or eight years: Ask any business leader, large or small, anyplace in America, ask any labor leader, ask any member of a family concerned about health care coverage whether this is an issue, and they'll tell you it is the most important issue.

A record 46 million Americans without health insurance -- five million more than when this president took office. Health care spending now consuming 16 percent of our nation's total economic output, a record figure. Health care costs rising more than twice as fast as inflation, and nearly three times faster than wages, and medical bills are the reason for one-half of the personal bankruptcies filed in America. Is our economic security as strong as it should be? Corporate profits are up dramatically. But real wages for American workers have declined for four years in a row. The average monthly employment growth in America since 2001 has averaged just one-seventh of the average monthly jobs gain between 1945 and 2000. And that doesn't take into account the announcement last week by Ford Motor Company that they were cutting 30,000 American jobs.

Now, people are also putting a lifetime in their jobs and then losing their pensions to mergers and bankruptcies and corporate sleight of hand. Energy costs are skyrocketing. The president says the economic recovery is strong, yet the number of Americans and the number of American children in poverty has increased every year for the past four years. And America is \$2 trillion deeper in debt with this administration. Our government has borrowed more money from foreign creditors under President Bush than all of our previous presidents in the history of the United States combined. We're mortgaging our children's future to China and Japan and Saudi Arabia.

The administration must know the challenges facing America, but their priorities are much different. Along with Republican leaders in Congress, they've used their one-party control to reward their friends and contributors and advance a very narrow political agenda. Too often, they've treated America's urgent security challenges not as problems to be solved but as opportunities for special interests, and let me give you an illustration that Congressman Pelosi alluded to.

The new Medicare prescription drug fiasco -- it's called Medicare, Part D, and apparently the D stands for disaster. The Medicare prescription drug benefit was hailed at the time -- two years ago -- two years ago -- as the crown jewel in the Republican health care reform agenda. Instead, it has become a costly, complicated mess that wastes tens of billions of dollars in handouts to pharmaceutical companies and insurance companies, two of the most profitable sectors of the American economy. A month after the bill passed, the Republican leader in charge of writing the legislation to the House began negotiating for a new job. He ended up earning \$2 million a year as the Washington point person for the pharmaceutical industry.

Almost a dozen other high-placed government officials who helped push this disastrous prescription drug benefit through Congress also cashed in their chips for big jobs working for the pharmaceutical industry. Is it any wonder that Americans are cynical about a Washington dominated by Jack Abramoff, the notorious K Street Project and these revolving-door scandals? If we are truly focused on ending the culture of corruption in Washington, our first bill in the

House and Senate should repair the glaring problems in the Medicare prescription drug program, not reward some new special interest group.

Next week, President Bush will speak to America about the state of our union, and the week after, present his budget. The president really faces a choice in his budget. He can continue a tax policy unfair to working families and rewarding the wealthiest corporations and individuals. He can continue to protect his unique place in American history as the first president to ever call for a tax cut in the midst of a war. But how can he continue to ask for so much sacrifice from our soldiers and families and so little from those of us safe at home?

It's time for the president to change directions. It's time for him to work with both parties in Congress to meet our real security challenges at home and abroad. When it comes to national security, we know that asking questions is not what undermines our troops' morale. What undermines troop morale is being sent into a war without a plan to win, and without adequate armor or equipment. More than 550,000 U.S. servicemembers have served in Iraq; more than 16,400 wounded; more than 7,000 have suffered amputations, traumatic brain and spinal injury. Many of them will require a lifetime of care. And more than 2,200 of America's servicemen and women have died in Iraq. They have given to us their lives.

Ninety of those fallen heroes come from my state of Illinois, cities and towns like Albion and Aurora, Chicago, Rock Island, Crystal Lake, Paris, Zion, Naperville, Bloomington, East Peoria, East Alton and Woodlawn.

Our troops have done everything we have asked of them. We owe it to them and their families to hold our government accountable for a real plan to succeed.

Secretary Rumsfeld said, we go to war with the Army we have. With three years into this war it is inexcusable that we're still sending troops into combat without adequate body armor and equipment. Seventy-nine senators, Democrats and Republicans, have said 2006 must be a year of significant change in Iraq. The president must make it clear to the Iraqis and the world that America will not stay in Iraq indefinitely. The Iraqis must assume responsibility for securing their own borders and protecting their citizens.

On homeland security, the president in his press conference this morning repeated what he has been saying recently. He is telling us that he cannot both lead the nation and follow the law. Democrats have demonstrated time and again since 9/11 that we are prepared to work with this president to make America safe. The Patriot Act was a bipartisan effort, an effort passed in the United States Senate with only one dissenting vote. The reform of the Patriot Act passed unanimously on a bipartisan vote of the Senate Judiciary Committee and was accepted by the full Senate without debate. We can deal with this issue on a bipartisan basis, but when it comes to the Foreign Intelligence Surveillance Act, the president has the responsibility to come forward and tell us if the law needs to be changed. Neither this president nor any president is above the law.

When it comes to health security, unfortunately, instead of learning from the mistakes of the Medicare drug disaster, the president seems determined to repeat them. As Congresswoman Pelosi mentioned, we expect in his State of the Union address to hear about some grand old

schemes. One of them's called the health savings account. For those of you with a good memory, you'll remember it -- the Golden Rule Insurance Company inspired Speaker Newt Gingrich to offer this as the redemption for our health care problems in America. Well, one study of these health savings accounts by an MIT expert concluded that it would actually increase the number of uninsured Americans by 350,000 and cost taxpayers \$25 billion. And like the president's Social Security privatization scheme, health savings accounts leave people with more risk and less security.

Democrats have better ideas. To start with, we believe the Medicare law must be changed to allow the federal government to bargain for lower drug prices on behalf of seniors and people with disabilities. If it's good enough for our veterans and the Veterans Administration, it's good enough for seniors all across America. In Illinois, thanks to the leadership of Governor Blagojevich, our state has made a commitment that we are going to provide basic health insurance for every child in our state. Why can't our nation make that same commitment? We can pass a small business health benefit's plan to give employees of small businesses the same kind of health care that members of Congress enjoy today for much less than what these businesses now pay.

And Democrats support allowing people 55 and older to buy into Medicare, for obvious reasons.

Many of these people forced out of jobs at Ford Motor Company plants and industries across America have nowhere to turn and no health insurance until they reach the age of 65.

After five years of closed-door deal-making, we hope the president will listen less to the people who have written big checks to political campaigns in Washington and more to the people who are working hard just to write checks every week to pay their bills.

We hope to hear the president say in his plan that he will truly keep America safe and secure at home and around the world. Democrats are ready to work with the president to pass that plan. Together, we can do better.

Thank you. (Applause.)

MR. SALANT: Thank you very much.

A reminder: Please, if you have questions for our speakers, fill them out on the cards at your table and pass them up to me. We'll ask as many as time permits.

Congresswoman Pelosi and Senator Durbin, if you'll join me up here, we have a lot of questions for both of you.

First one: How do Democrats win the national security debate in '06? If people believe the Republicans will protect them better, does it matter what your domestic agenda is?

SEN. DURBIN: Do you want to take it first? Go ahead.

REP. PELOSI: Thank you, Jonathan.

I believe that Senator Durbin spelled that out very clearly. First, we have to understand what the facts are. How safe are we in our country, both in terms of our national security and our homeland security? And the report that came out yesterday, that was leaked yesterday from the Department of Defense tells us that whatever we are doing in Iraq or wherever else, we are not strengthening our troops to help us fight other threats.

The report from the 9/11 commission tells us that the -- this -- the Republicans in the House, the Senate and the White House have not addressed the real issues concerning homeland security.

So on the positive side of that, as the assistant leader said, Democrats can do better. And -- but the facts must be made clear. We cannot allow this very important debate to slip into a place where people question our patriotism. We all understand and take very seriously our responsibility to provide for the common defense. We intend to do so, but we intend to have real security, real homeland security, following the lead of the -- and going beyond -- the 9/11 commission, having real support for our troops.

As the senator also mentioned, there was a report that was put out yesterday by Secretary Perry and Secretary Albright and other national security leaders, which talked about the readiness of our troops. So we have to invest in our troops to recruit, to retain and to make sure we're at our full strength.

We -- Democrats are proposing a military second to none; stopping the proliferation of weapons of mass destruction; building diplomatic alliances to help keep the peace and alleviate some of the problems that cause violence in the world, like poverty, which produces a fury of despair; respecting our veterans to increase the morale of those in harm's way now and when they come home; and buying up -- buying up -- the fissile material that is out there on the loose.

It's a simple thing. Senator Nunn and Senator Lugar in a bipartisan way proposed this years ago. And since 9/11 it's become more urgent, but it still has not been done.

So working together, hopefully in a bipartisan way, but not afraid of any debate as to whether we can provide for the common defense. And when we do so, we will protect and defend the American people as we also protect and defend the Constitution of the United States and our civil liberty.

SEN. DURBIN: Thank you very much.

Last week Karl Rove kind of spelled out to the Republican Party leadership their campaign strategy for 2006. It is their intention to use the war and the issue of national security to win the election. I'm troubled by this, first because I will readily concede that every Republican I know, as every Democrat I know, is committed to our nation's national defense, and true patriots. That's not the issue. What is at issue here is whether or not the Republican administration has made America stronger.

Now, I voted against the resolution to go to war. But I said, after doing that, that I'm going to vote for every single penny that this administration asks for for our troops. If it were my son or daughter in uniform over there, that is what I would expect of my senator. And I've done it. Most Democrats have done it.

And yet what do we see? My first visit out to Walter Reed -- a lot of us go these veterans' hospitals, visit with the men and women who have been injured. My first visit, I met a Guardsman from Ohio. And this goes back three years ago. And he said, "Do you know what's going on over there?"

I said, "I don't."

He said, "You know how I lost this leg?"

I said, "How'd you lose it?"

He said, "In a humvee, a thin-skinned canvas humvee, and I lost my leg because of it. We got to do better, Senator."

Well, I can tell you today we are still engaged in this debate about why we're not doing better. It was just days ago that we were involved in this whole debate about body armor and how many Marines' lives could have been saved with the right body armor.

This administration has been given every penny that they've asked for to execute this war, by those who voted for it and against it. And the fact that they've not been able to keep our soldiers safe, I think, is a legitimate issue of national security. It's an issue of morale, it's an issue of retention and recruitment. We owe our soldiers a lot more. And I am not going to back off one inch when it comes to standing as a Democrat for our nation's national security.

MR. SALANT: Speaking of the Iraq war, why did Democrats line up so solidly to support President Bush when he asked Congress for authority to invade Iraq? Don't you think that if the Democrats had strongly opposed the invasion of Iraq, they would now be reaping the political benefits of that opposition?

REP. PELOSI: First of all, let me question the basis of the question. Sixty percent of House Democrats voted against the war resolution. Sixty percent of them did. And I believe that many Democrats today would say that knowing what they know today about the real intelligence involved there, that they would not have supported the war.

But you give it a political tilt, and this isn't about politics. This is about honoring our constitutional responsibility to protect the American people in good faith and without any party positions. There is no party position on the war. People -- as a vote on conscience in terms of the representation of what they know and how -- what their constituents believe about the war. So it wasn't as if we said we know better than you, you should vote this way. People voted their conscience. As I said, 60 percent of House Democrats voted against it. It had nothing to do with politics; everything to do with keeping America safer, making our troops better able to protect us

against any other threats and maintaining stability in the world. Many of us believe that that was not the case.

But I think your larger question speaks to the disagreement that some have as to where we go from here, and all Democrats, I believe, are unified, and Senator Durbin said many Republicans as well, in saying we need answers to what is happening in Iraq, and this year 2006 has to be a year of change.

SEN. DURBIN: When the debate leading up to the Iraqi war occurred, Congresswoman Pelosi and I were both members our respective intelligence committees. And I sat in there for weeks listening to the briefings from this administration about many of the issues that were being debated publicly leading up to the invasion of Iraq, and I couldn't believe what I was hearing in that closed room. What was being portrayed to the American people as a settled fact was in fact hotly debated within this administration, whether it was a question of the existence of weapons of mass destruction, a nuclear program, questions about connections with al Qaeda. I would leave those rooms totally frustrated. I was duty-bound not to repeat a word I had heard in those rooms, and I listened to this national debate that was going on and thought, "It is not a fair characterization of what our people in our government truly believe about the circumstances in that country."

And so I voted against it, as did half of the Democratic members of the Senate Intelligence Committee, and then what did (we ?) find? We found no weapons of mass destruction, no nuclear weapons program and so many other things that we were told did not exist.

So where are we today? The president has driven this bus into a cul-de-sac, and now he challenges all of us to turn it around. It will not be easy. It will take time. On the positive side of the ledger, let me acknowledge this last election was a good election. The Sunnis participated. We have the potential now that the Sunnis and Shi'as and Kurds can really start building a nation, something not rich in their history, but something that they may aspire to, and if they do, they cannot only govern, they protect and defend themselves.

And so in terms of taking political advantage of this moment, I really want to make sure that we have a good outcome: a stable Iraq moving in the right direction towards self-governance and moving towards stability in that region of the world.

MR. SALANT: We have a couple of questions about domestic spying. One questioner wants to know, has the White House succeeding in rebranding the debate over eavesdropping to domestic spying versus terrorism surveillance? Another question, a questioner says, it seems like the only prominent national Democrat who was actually saying the president is breaking law is Howard Dean the national chairman. Do you believe that the president is breaking the law?

SEN. DURBIN: Yesterday I sent a letter to the president -- myself, Senator Feingold, Kennedy and Senator Harry Reid, and we asked the president point-blank: What change in the law do you need to make America safer? I think that's the right question.

I listened to the president this morning and he said that he is -- shouldn't be bound by a law written in 1978 -- the Foreign Intelligence Surveillance Act. Things have changed, technology has changed, we acknowledge that. But we also acknowledge that in 2001, this administration came to us and asked us to amend that same act, and we did with an overwhelming bipartisan vote.

If the president believes there are other areas that we need to move into to protect America, he will have a warm and positive response from members of Congress on both sides of the aisle. But instead, what the president has said is he is not bound by any law. He can say as often as he wants that what he's doing is legal or constitutional, but he can't point to a law that gives him that authority.

When FISA was created in 1978, it was explicit: this was the law that presidents were to turn to when they were to keep America safe from spying, and the like. In fact, the law says for the first 15 days of a war, a president's not bound by that law. It explicitly said this is the law the president must use to guide them. And this law has been ignored by this president, at least in terms of this special project which we know so little about.

So from a viewpoint of whether it is legal or not, as a member of the Senate Judiciary, I want to applaud Republican Chairman Senator Arlen Specter. We are going to have Attorney General Alberto Gonzales before our committee in a few weeks. We'll have a chance to ask questions and draw a conclusion as to whether there is any legal or constitutional basis. I haven't found it.

REP. PELOSI: Let me say that every one of us, every American, wants the president and the Congress to have the best possible intelligence in order to protect and defend the American people, and the law provides for that. The Constitution provides for it, and other laws, including the FISA law, provide for that.

So when the president talks about the law being cumbersome and the rest, the law is very clear about the power of the president. Your question is, why have others not spoken out and said the president is doing something illegal. Well, we just don't know. That's why what Senator Durbin said about having hearings is very important. It's important for the American people to understand what the law is, and it's very important for the Congress, because much of this may be classified, to understand what has taken place in terms of the practices of this administration. And then a judgment can be made as to whether there needs to be adjustments in the law.

We don't want any president, Democrat or Republican, to have unfettered, above-the-law power to spy on the American people. But we want every president and the Congress to have the information they need.

When the senator says that this spells out 15 days, that's a very important point, because the president says in time of war, that doesn't count.

Well, no, the law was very specific: in time of war, 15 days.



You'll hear the administration say nobody wants us to be on the phone listening to al Qaeda; they'll say get off the phone because you don't have a warrant. Nobody is saying that at all. In fact, the president has 72 hours to do whatever he wants, if he has a lead, and then go from there to get the warrants that they need.

The attorney general contends that this is cumbersome. I say: Hire more staff, but obey the Constitution of the United States and obey the law of the land.

And let's not make this a political matter. I don't want it to be a political matter. This is a very serious discussion of the balance between liberty and security. Our Founding Fathers understood it very well. They wrote it into the Constitution. We take an oath to uphold that Constitution.

MR. SALANT: This questioner writes, "Are Democrats really going to stand firm this time, when the renewal of the Patriot Act comes up again, with regard to protecting civil liberties? What provisions in the current law do you feel should be eliminated?"

REP. PELOSI: Well, first let me say this about the Patriot Act. Ninety percent of the Patriot Act is law. So when the president says, "I need the Patriot Act to do my" -- 90 percent of it is law.

The discussion now is about the most controversial 10 percent of it. And these concerns are shared by Democrats and Republicans. If they were not, it would have passed by now.

So let's talk about what, you know -- in other words, what are the things? If they are so controversial, then renew them, but sunset them, so they can be revisited. But don't make them permanent. If they're necessary in this special time, then just sunset them and then, again, as I said, revisit.

So that's important for people to know. Ninety percent of the law is law. That bill that was passed four years ago isn't under consideration. Only 10 percent of it is. And again, in a bipartisan way in the Congress, members have said we need to sunset these provisions.

SEN. DURBIN: I'm really proud to be working with four Republican senators who have stood up on this issue. We have a bipartisan coalition.

As I mentioned to you earlier, when the Patriot Act revision passed the Judiciary Committee, it passed unanimously, unanimously in the Senate Judiciary Committee -- What a miracle that was! -- and then went to the floor, and no one asked for a vote. It passed by a voice vote. We came to an agreement, because this is an area where we should agree, where the government has the power to protect America.

Chairman Sensenbrenner on the House Judiciary Committee saw it differently in conference, made some changes.

We have tried to work on four discrete areas that we think should be addressed on a bipartisan basis, and we believe that people of good will can make the changes to enact this Patriot Act.

Now if Karl Rove's speech last week is an indication that he wants to make this a wedge issue or a fighting issue for the campaign, that's his decision. But for the safety of this country and to acknowledge the fact that both political parties want a safe America, I sincerely hope that we can have a bipartisan resolution of this in the next few weeks.

MR. SALANT: A question about ethics. Why have Democrats in neither house filed any ethics complaints against Republicans who have been named in connection with the Jack Abramoff scandal? Is there an ethics truce in Congress?

REP. PELOSI: Well, speaking from the standpoint of the House of Representatives, there absolutely isn't nor has there ever been an ethics truce.

Just to answer your question, I will say that following the actions taken against Tom DeLay in the Congress about a year -- 15 months ago or so, the Republican majority in the House dismantled the House ethics committee, fired the Republican chairman, purged the committee of Republicans who supported the actions taken against Tom DeLay, fired the staff and rewrote the rules. So for one year the committee had not been in operation until the Republicans finally came to the conclusion it was too hot for them to handle a situation where they had tried to change the ethics process which has always been done in a bipartisan way when you established the rules.

Now the committee is up and functioning, and it is the responsibility of the ethics committee itself to take up these cases. So I believe what you'll see is an anticipation of immediate taking up of these cases regarding Abramoff and whatever other cases that are out there. And if the committee does not act, then I think you will see action taken to bring complaints to the ethics committee.

MR. SALANT: A lot of questions about the Middle East elections and the apparent victory of Hamas, the group that the U.S. government says is a terrorist organization. What does this mean in terms of the Middle East peace process? And should the government meet with the new leaders, assuming they are the winners, of the Palestinian Authority?

SEN. DURBIN: When we had an opportunity to meet with Mr. Abbas and talk about the upcoming election a few weeks ago, he was confident that Hamas would not score the victory that they scored yesterday, which is an indication to me that he was not correctly measuring political sentiment in his own area.

It's a real challenge to us. When as a country we buy into a democratic process, and if we acknowledge at some point that this was a fair and free election, the outcome is troubling. What will we do with a group like Hamas, which has stated that it wants to dedicate its existence to the destruction of Israel? We can't tolerate that. If we are going to really move forward toward peace in the Middle East, it can't be on the premise that Israel will continue to worry about its security and its existence from those governing on the Palestinian side.

I hope it does resolve itself in a peaceful way. I would hope that some leaders of Hamas would renounce some of the statements that have been made by (sic) Israel. But it's a unique challenge

to us now to accept this verdict by the electorate in the Palestine area and to try to chart a course from this point forward that will lead toward peace.

REP. PELOSI: I would just say, as Hamas now has entered the political process, I hope they will leave behind their militant ways, they will renounce violence and they will recognize Israel.

MR. SALANT: Senator Durbin, since you didn't get to answer the question on ethics, a question just for you: Why are the Democrats refusing to filibuster Judge Alito? And what is your position on his confirmation?

SEN. DURBIN: I'll vote no on Judge Alito's confirmation.

And of course one of the first responsibilities of someone in Congress is to learn how to count. And being the whip on the Democratic side, that's what I do. And having made a count, I have come to the conclusion that it is highly unlikely that a filibuster would succeed. We've discussed this at length within our caucus over the last several days. No final decision has been made, but at this point in time I believe that the final vote on Judge Alito will probably be the test vote on our sentiment.

And just to say a word about that. If you have a chance, I'd like to plug Orrin Hatch's books. If you have a chance, read Orrin Hatch's book called "The Square Peg," in which he describes the process that President Clinton followed in filling a vacancy on the Supreme Court when he called Orrin Hatch, the ranking Republican on the Senate Judiciary Committee, and bounced names off of him, whether he would accept this name or that name. And Orrin Hatch suggested two names to President Clinton, one he had heard of and one he hadn't. The one he had not heard of, according to Orrin Hatch, was Judge Ruth Bader Ginsburg, who was proposed by Orrin Hatch as someone who could pass -- the United States Senate would support on both sides of the aisle. What a difference that is and what a contrast it is to what we face today. We are given this nominee without consultation, where we face people who have views that are at least controversial if not extreme in some areas, and where there is a denigration of the whole process of even asking questions in confirmation. This is a lifetime appointment. I think we have a responsibility to ask those important questions.

MR. SALANT: Before I ask the last question, I wanted to give both of you the official National Press Club coffee mug.

SEN. DURBIN: Are you a lobbyist? (Laughter.)

MR. SALANT: These are valued under \$50. (Laughter.) They do not count, and the combined total of that and our certificate of appreciation is less than \$100, so we do meet the guidelines for total gift -- (laughter) --

REP. PELOSI: Thank you, Jonathan.

SEN. DURBIN: I'll check with the Ethics Committee. (Laughter.)

MR. SALANT: Thank you very much.

SEN. DURBIN: Thank you. (Applause.)

MR. SALANT: Last question -- how do you talk to people of faith who might support the Democrats on economic issues, but choose to be very Republican on issues such as gay marriage and abortion?

REP. PELOSI: To speak to people of faith just as we speak to everyone else -- with sincerity and with respect. The Democrats have been known not to wear their religion on their sleeves, but mostly everyone I know in the Congress is motivated by their deep faith and their commitment to the principles that every person is created equal, that there's a speck of divinity in every person and that we all have an obligation to each other to make the future better for our children.

I believe the best way, though, for us to speak to people of faith is in terms of the work that we do, in terms of the budget, for example. The budget is a document, or is supposed to be a statement of our national values, and I think we define those values which we cherish and then show the difference between where we are and where the status quo is. We had the people of faith working on this -- against this budget.

They had events in the Capitol. They were arrested on the steps of the Cannon building. They had prayer services in the churches on Capitol Hill because they said the Bible, the document was an immoral one because it did not meet the needs of the American people which is our responsibility.

So I think we as elected officials, as public officials have to speak about our public responsibilities in a values-based way. Mr. Clyburn is the chair of our -- the values subcommittee in the House for the Democrats, and a large number of our Democrats participate in that. And if you're upset, you know, we say to people, if you speak from the heart about the Bible do it; if you don't, don't. Speak -- be who you are on this. And we speak to people of faith about values. Again, it's about sincerity; it's about respect. And I think that we are making some progress not because only -- because we have reached out, but also because we have differentiated, and they see what is at risk for our children, for our seniors, for God's creation.

I'm fond of saying that Prophet Isaiah said that to meet the needs of God's creation is an act of worship; to ignore those needs is to dishonor the God who made us. Many of us operate in Congress and in public life with that kind of clarion call. Others do so from the standpoint of their faith. All of us believe in the American people. All of us believe that we have a responsibility to, again, respect the spark of divinity in every person.

SEN. DURBIN: I suppose, being a student of history, as many of the people in the room are, I can recall many incidents where people in this town have made very open and public displays of their religion and faith. Sometimes they were genuine. Sometimes they were not.

I have always been skeptical of politicians beating their breasts in public and professing how religious they are. I really believe that the true test is in our actions, who we are and what we do,

and that I think should be the test when it comes to voters. It is so easy to make that speech during the course of a campaign, but the question is, what do you do when you face a critical choice. I've had a lot of my colleagues in Congress and the United States Senate who have talked about the needs of children, disabled children and those children's lives, and yet when the time comes to appropriate more money to the schools so that these children will have the teachers they need to have a chance to go into the mainstream of life, these same senators vote no. I don't understand that.

And when it comes to the basic dignity of individuals, based on race or gender or sexual orientation, my point of view is that we should be against discrimination as a matter of principle and value in America. Isn't that what our nation is about? And those who would use religion or politics to divide us and set us one against the other, I don't think are living up to the values that this country was founded on.

REP. PELOSI: If I just may add, an inspiration to me on this subject is President John F. Kennedy. When was running for president, the question was whether a Catholic should be disqualified from running for president.

That's a different issue than the question, but his response I think applies today. He said -- in Houston -- he went to a ministers conference in Houston, Texas, and he said: The church that I believe in should only be important to me. What is important is the America I believe in.

And I think that's where we take the debate with the American people. What is the America that we believe in and what is the -- again, the -- are the actions that we take to support the statements that we make.

With that, I know this is the end, so I want to thank you for the cup, for the plaque. Just under the wire under the new rules: no gifts. And thank you all for being here.

Thank you. (Applause.)

MR. SALANT: Thank you.

I'd like to thank everybody for coming today. I would also like to thank National Press Club (staff) members Melinda Cooke, Pat Nelson, Jo Anne Booze and Howard Rothman for organizing today's lunch. And thanks to the Press Club for its research.

We're adjourned.

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