

NATIONAL PRESS CLUB LUNCHEON WITH GOVERNOR TOM VILSACK (D-IOWA)

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(Note: This event was fed in progress.)

MR. SALANT: (In progress) -- and it remains to be seen whether there will be a "Vilsack for President" button. What is certain is that Governor Vilsack has become a stalwart in his party. He chaired the Democratic Governors Association in 2004, took over the Democratic Leadership Council a year later. You may have heard of another governor who used to run the DLC and then aspired to higher office; his name was Bill Clinton.

Governor Vilsack has worked to expand children's access to health care and improve education. He is a strong advocate of increased energy production, especially renewable energy, and oversaw an economic development plan to bring high-wage jobs to the state.

The governor has clashed with the Republican legislature. He has been criticized for championing higher taxes, such as those on cigarettes and beer. He drew flack for signing legislation making English the state's official language, though he said the bill had so many

loopholes as to make it meaningless. The legislature overturned his efforts to ban discrimination against gays and lesbians and the courts blocked his line-item veto of a huge tax cut (attached to his?) jobs bill.

A native of Pittsburgh, Governor Vilsack went to college and law school in upstate New York, where he met his wife and then returned to her home state of Iowa. And being from Pittsburgh, he rejoiced when the Steelers won the Super Bowl. That was after he once said he wanted to be buried in a Pittsburgh Pirates shirt. (Laughter.)

Prevented again by running again by term limits, we'll see what is next in store for Governor Vilsack.

Governor, it is a pleasure to welcome you to the National Press Club. (Applause.)

GOV. VILSACK: Thank you very much. Thank you. John, I think I'm supposed to thank you for that introduction suggesting victory in Iowa and comparing me to Bill Clinton. That's kind of a high standard you've set for me, but I certainly appreciate the opportunity to be here at the National Press Club and certainly enjoyed a few minutes to talk to Greg and Angela about the affairs of the day.

I want to thank my two partners -- my partner in life, Christie, for being here, as well as my partner in politics, Ms. Sally Peterson, lieutenant governor of our great state. (Applause.) And I'm also pleased to be joined at the head table with a colleague of mine. Leonard Boswell and I served in the Senate together when he was president of our state Senate, the architect of a great budget bill that helped us turn our finances around. And Congressman, it's good to see you.

I'm here today to talk about my country. And let me first of all say that I'm concerned about my country as a governor. I'm concerned about my country as a citizen of this great land. And I'm also concerned about my country as the father of two children.

Let me create a context for you as to why I'm concerned.

Not too long ago, Christie and I traveled out to the West Coast. We had an opportunity to visit with a number of very fortunate and very successful people from the West Coast, one of whom was an immigrant from India, a country that Christie and I will be traveling to in just a couple of weeks.

I was impressed with this entrepreneur who had been so successful, and I was interested to know why it was that he came to the United States. And I asked him -- I said Robbie (sp), why did you come to the United States? And he said very quietly and very profoundly -- he said: "When I was a child, I was growing up and I would read and hear about this country, where its leaders and its people would say with conviction 'the greatest country on earth.' I wanted to be part of a group of people, of a community, that believed it was indeed the greatest nation on earth. I wanted to know what that felt like. And so I came to this country.

Now contrast that to a recent opportunity that I had to visit with a group of young people -- a focus group that was conducted by Frank Luntz, a Republican pollster. I was invited to participate in this as part of the Renaissance Week. And I watched as these youngsters were asked questions by Frank Luntz, and one of the questions they asked these youngsters -- they were 14 to 20 years of age and there were probably 25 to 30 of them -- is how many of you believe that America is the greatest nation on earth, the number one nation on earth? And I thought to myself well, surely, all of the hands will rise, but only five or six rose. They asked about China and they asked about India. And then the question was asked, how many of you think it's important for this nation to be the number one nation in the world? And not a single hand was raised.

Later that week, I had a chance to read about surveys conducted of American adults and I was shocked to find that 66 percent of the people -- perhaps in this room -- but 66 percent of all American adults do not believe that the next generation of Americans can have it better than we have it -- the first such generation to believe so in the history of our country.

So I'm concerned about my country.

So I began to think, why is it that people feel this way? You know, there's been a lot of talk in my party about working families, but I think what we have is a nation of worried families. Then if you think about it, some of the concerns and some of the anxieties that people have are perfectly understandable.

Our national government tells us that there is a terrorist attack possibly going to happen in our country at some point. Our director of Homeland Security has said on frequent occasions it's not when, but if. We've had circumstances where questions have been raised about the ability of our country to respond to epidemics. The director of Health and Human Services -- secretary of Health and Human Services -- say a pandemic is possible. We had a natural disaster where all of us had the opportunity to witness a government that didn't effectively respond and people's lives were at stake.

As we deal with homeland security, our national government continues to allow literally hundreds of thousands of people to cross our borders without permission. We have the question about the safety of our ports and the cargoes that are coming into our ports not being adequately checked. So there is perhaps an understanding. We're told by the Department of Health and Human Services we don't have adequate vaccines or antivirals to deal with a pandemic.

So there's a reason, perhaps, for the anxiety. You combine that with what's going on economically with so many families concerned about the nature of the economy today, with those in manufacturing worried about whether or not their plants will be closed or downsized; concerns about the fact that 46 million Americans are uninsured for health insurance purposes, and the rest of us who are insured see a tightening of the benefits, the increasing of the costs and copayments; talk of an energy deficiency; the fact that we're no longer or not independent of foreign oil, that we can't take care of our own energy needs and we have a deficit in that respect; concerns expressed about education. And we're confronting all of this with a national government that has a very, very large deficit.

Now, I'm not going to make a lot of concrete suggestions today about a lot of these policies because I want to talk about a broader theme. But I will suggest that it might be a good idea -- and Congressman, I hope that you will think about this -- might not be a bad idea for Congress to go on record simply saying, you know, until we get the deficit in order, there shouldn't be any further pay increases for members of Congress, that this would be a way of saying to the people of this country that we're serious about getting the deficit in order. And you certainly did that in Iowa and there is an opportunity, perhaps, to send a strong message that the national government is focused on trying to get our fiscal house in order as we deal with all of these other problems.

So it may be understandable why people are anxious and why people are worried. But I think it's deeper than that. I think it's much deeper than that. I think that people in this country do not get the sense as they deal with these very difficult problems in their own lives that there's help, that there's a supporting community, a community that surrounds them and that they're not alone in their struggles. I think we have a crisis of confidence in the national community.

Now, to give you a sense of what I mean by that, let me share with you a story of a definition of community that I think goes to the heart of this. I was in church not too long ago and Christie and I were in the back pew, and the priest came out and he said he wanted to explain the gospel. He was about to read to the children in the congregation. It was the story, the powerful story, of the loaves and fishes. You may remember this story. Jesus is giving a sermon. He sees 5,000 hungry people and he says to his disciples go feed the people. And his disciples are skeptical. They say, "We only have five loaves of bread, two fish; how can we possibly feed all of the multitude?"

He said, "Pass the baskets, have faith."

They passed the baskets and, indeed, all 5,000 were fed, and when they collected the baskets back, they had more than when they started.

That's the power of community. Every individual is better off and collectively we're better off. But the priest explained it this way. He said really what Jesus did in that story is he removed the fear of sharing. That's what community does. It gives us the confidence and the power to share, and when we share, we come up with innovative and creative approaches to solve very large problems.

As we look to the national government, as we look to Washington, D.C., as we look to what's happening in our capital today, do we see those who are removing the fear of sharing? Let me respectfully suggest that that's not happening, that what we see is a polarization, bipartisanship where there is not dialogue and debate and discussion and efforts to resolve but efforts to make the other side look bad, to gain electoral advantage. Meanwhile, the people are anxious. The people are waiting for solutions. And the failure of our national government to respond creates greater anxiety.

It's important and necessary for us to have a national government that understands the purpose of community and creates policies and programs and procedures and processes that support community. Now, is this happening anywhere in America? I would suggest to you it is in state

capitols all across this great land. In the heartland in particular, governors -- governors of my party find themselves with legislators of the other party and we work hard as a group and individually to reach across, to learn from the other side, and they from us, where the best ideas or combination of best ideas might be. Because we understand it's our responsibility and duty to find solutions to these problems, to relieve the anxieties, to create a strengthened, stronger community so that responsible individuals can prosper.

In my state, we worked with a Republican legislature to create a program that expanded culture and recreational opportunities in 212 projects. The result is a revitalization of our urban centers and small communities. We also worked with that same legislature to create an Iowa Values Fund that allowed us to begin investing in good- paying jobs that supported families and communities, jobs that pay substantially more than the jobs that the marketplace was creating, jobs that really give hope in our state.

Working with that same legislature, we changed regulations to encourage the construction of new power plants so that we, indeed, could be energy independent. Now six new power plants having been built after 20 years of no power plants being built, some of the most cutting-edge technology being utilized so that we are creating environmentally safe and friendly power facilities. And we are embracing renewable energy, now the third-leading producer of electricity by wind in the entire nation.

Working with that same legislature -- Democrats and Republicans working together -- we expanded access to health care to thousands of children, tens of thousands of children. We created a senior living trust that provided long-term care for people in their homes so that they didn't have to go to the nursing home before they wanted to or had to. They had the dignity of being able to live in their own home. We expanded opportunities for veterans. And now we're working on a creative and innovative approach to provide health insurance to everyone under 200 percent of poverty. In an effort to try to find the secret, the solution, to health care -- over 90 percent of our population now covered, close to 94 percent of our youngsters covered.

Working together with a Republican legislature and with Democrats working in combination, we created a series of policies that have led to the highest number of employed Iowans in the state's history; record exports last year, far exceeding the national average; incomes that have risen higher than all but one state in the country as a percentage; and expansion of economic opportunity, a reversal of the 70-year out-migration patterns of our state.

We have also worked hard to improve education -- reducing class sizes, reversing an eight-year decline of test scores and replacing it with five consecutive years of improved test scores.

All of that was done in a collaborative effort, and our story is only one story of many stories across the nation -- governors in the heartland, working with other legislators of the other party, to basically move the community, to strengthen the community, to move states forward. It may explain why approval ratings for governors are higher than the approval rating of the president. It may explain why in many of these states the country is headed in the wrong direction, but people believe their state is headed in the right direction. We are removing the fear of sharing. We are creating a climate of hope and opportunity.

In order for us to strengthen the American community, I think we need three things. I think we need a very compelling vision of a different America. Let me suggest to you it must be an America that is the safest nation on Earth. But an America to be the safest nation on earth must have the most creative and most inspiring and most innovative and independent and inspiring economy in the world. It must continue to create opportunities that compel and excite people and inspire people to dream big dreams and to think that they can achieve the impossible.

I think we need leadership with integrity, which means a willingness to listen to the other side; a willingness to draw from the other side the best ideas and combine them with your side's ideas to solve problems because at the end of the day, that's what we are elected to do: to improve the lives of the people we represent, to make this nation, this great nation, a stronger and better nation.

There are two great fundamentals of the American experience -- the self-made individual, but that self-made individual has always been surrounded by community. And recently we've forgotten that community aspect, and we need to bring it back into the public dialogue and discourse.

And finally, it will require sacrifice. It will not be easy to do this. And let me share with you just a story about sacrifice that I've been sharing all across this country because it's important for Americans to hear this and to know what people are willing to do.

I'm a commander in chief of 9,700 troops. They are brave men and women. Eighty percent of them have deployed in the war on terrorism and many have been sent to Afghanistan and Iraq. Thirty-three did not come back. As part of my responsibilities, the lieutenant governor and I want to express our condolences on behalf of all of the people of our state, and so I talk to the family members. There are several conversations I will never forget. One for sure I will never forget so long as I live.

Mrs. Smith was 40 years of age when she received the phone call and the visit to tell her that her 42-year-old husband -- father of two, who had been in the National Guard for over two decades, who was the grandfather of the National Guard, the fella that everybody looked up to -- had been killed in action. He was a helicopter pilot, and one on fateful day, the helicopter he was flying was hit by a missile. He had a split-second decision. With what was left of his ability to maneuver that chopper, he could either maneuver it in such a way that perhaps his chances and his copilot's chances of living would be increased and those on board would have decreased chances, or he could increase the chance of those on board of surviving but put himself at risk. He did what he was trained to do. He did what you would expect him to do. He put his own life at risk. He died that day, but 18 soldiers lived.

Now when you pick up the phone to call a widow, two children whose life has been turned upside down, you really don't know what to say. The words are there. You talk about sorrow. You talk about sacrifice. You talk about nobility. You talk about honor. But there aren't words yet. No one has written the words yet that could convey what this widow and all widows and all loved ones feel.

But this woman was special. As I groped around trying to find the right sentiment, she stopped me at mid-sentence and she said, "Governor, I have this figured out. Those 18 men needed Bruce more in that split second than I will need him the rest of my life."

I put the phone down. I realized that I had been in the presence of greatness. It is greatness that surrounds us in this country, for there are people like Mrs. Smith everywhere who understand that there is a greater and higher good that is worthy of sacrifice, that gives honor and meaning to life, that creates purpose. And that we have been blessed, we have been honored, we have been privileged to be placed on this earth in this country with the opportunity to sacrifice to create a better world, a more inspiring world, a freer world, a safer world.

I began to ask myself, well, what sacrifice have I been asked to make? For that matter, with all due respect to those of you who are here, unless you have someone in service or unless you have served yourself, what sacrifices have you been asked to make? This sacrifice will be required to strengthen community. It should be required of all of us, and we will be better for it. But that is an important ingredient to building a stronger community, whether it's universal service for young people, or being called to alter the way we live so that our country can become energy independent more quickly, or assuming the personal responsibility of making better health choices so that we can help this nation become more competitive by bringing health care costs down, or encouraging our children to work a little harder in school so they can be the most creative and innovative people. All of that is required and we should be called to that, and we have not been and we need to be.

Community is important to me, and let me finish with this. Politicians can come and speak to groups like this and can talk about values like community, but you need to know whether or not it's a value that is personally important to the person speaking to you. I believe in this country. I believe in the promise of this country. Why? Because my first life experience was community. Many -- perhaps all, but certainly most -- of you were born and raised in families, and your first days in life were with a loving mother and a loving father. My first days were in an orphanage handled by strangers, people I don't know, people I've never known, people whose names and identities I will never know. They took care of me until I was adopted, and I was adopted into a troubled family. My mother dealt with alcohol and prescription drug addiction and, during that critical period of my life and her life, she struggled with that addiction. She attempted to commit suicide several times and it was a tough time growing up, and you couldn't necessarily bring people over to your house very often. I've got a good friend in this audience who has known me for 50 years and he understands, he knows.

You couldn't talk about it back in the '50s and '60s, but you were surrounded by community: a fifth-grade teacher who told me to keep my head up; my best friend, Doug Campbell, who's here, who befriended me, took care of me, made sure I was part of the in group, part of a community; my high school that gave me an educational opportunity; my college that allowed me not only to have a great education, but also to meet a wonderful woman; a small town that gave me the confidence to be able to practice law, to be able to be a mayor, electing me to the state Senate and, ultimately, helped me become a governor of a great state. Community.

But community was also what saved my mother. She gave me a great lesson in life -- that you can do whatever you put your mind to, no matter what the odds, no matter how bleak the circumstances and situation. Greg and I were talking about this country, and Greg did a great job of a laundry list of all the problems. Well, Greg, on a personal level, that was my mother with all of those -- you talked about the nation -- all those problems you listed off. Well, that was -- those are individuals who struggle every day with addiction, but many of them bravely, with the help of community, overcome that addiction and teach great valuable life's lessons.

I believe strongly in this country and the opportunity of this country. But I am concerned unless we come together, unless we have a compelling vision, a vision of a safe America, the safest nation on Earth, with a community that is fueled by an economy, that is inspiring and innovative and creative and independent, led by leaders with integrity who understand it's important to work across the aisle, develop friendships and relationships and solve people's problems as is happening in state capitols, requiring the sacrifice and the hard work it takes to build community -- I believe we can do this because I believe there are a lot of Mrs. Smiths out there who are waiting simply to be called, simply to be asked because they believe in this country. They believe in its role and mission. They believe it is, indeed, the greatest nation on Earth, and has a calling and a responsibility to live up to it.

Thank you very much. (Applause.)

MR. SALANT: Let's begin with something you referred to in your speech, energy independence and Iowa's commitment to alternative energy. Please talk a little bit about that. And how can we become energy independent?

GOV. VILSACK: There are two components to the energy question.

One is the whole notion of power and the importance of power, and I think it is absolutely relevant and significant for this country to embrace an energy policy that allows us to produce more power and to do so with more reliance on renewable. There are tremendous technologies and opportunities for us if we embrace renewable energy.

What did in Iowa is, with a series of regulatory changes and tax credits, we encouraged the industry, the private sector, to go out and to build new power facilities that created opportunities. We encouraged them to use the most sophisticated cutting-edge technology. We embraced wind energy. We, as I said, is third in the country in electricity developed from wind. Those tax credits, those regulatory changes, created the impetus for producing the production capacity. We also are working with other governors from around the country, and specifically within the Midwest, to create better transmission opportunities.

Very candidly, this nation must figure out a way to invest in its infrastructure. One of the opportunities that could have, and maybe still can, arise from the disaster in a Katrina is not the rebuilding of one great American city as it should, or the Gulf Coast as it must be, but the opportunity rebuild America so that it becomes an economic power in the 21st century with the most sophisticated technology and the most sophisticated ways. So the power aspect of this is

stateside with regulatory tax policy, national government encouraging us to figure out innovative ways to create transmission opportunities.

On the fuel side, what we did is we did it a little bit differently than in some states. We didn't look at mandates; we looked at incentives. And we created incentives for petroleum marketers, and we said if you sell a certain volume of gas which is ethanol blend, we'll give you a tax credit. We started at 60 percent, going to 80 percent today. Seventy-eight percent of all of the fuel -- volume of fuel -- sold in Iowa today is ethanol blend, E10. We're now working on the same kind of strategy to create E85 opportunities.

Finally -- I mean, I could talk about this for the rest of the -- (laughter) -- you know.

Finally, what we did is we -- the state, the government, has tremendous purchasing power, and we are creating an incentive within state government to obviously use E85 vehicles. All of our non-safety fleet will be E85 as we transition, and we're continuing to encourage not only ethanol, but also biodiesel. We are the number one producer in the country of both renewable fuels.

MR. SALANT: Why do you think you won the governorship in Iowa despite being a Democrat? (Laughter.)

GOV. VILSACK: Well, I think I won because I was a Democrat. And let me -- (applause).

There are many reasons why a candidate wins a campaign; obviously the staff, the people that work in the campaign, the volunteers, the energy that comes from that, the people that help fund the campaign. But I think one of the principal reasons was because I articulated a vision for my state where we would do a better job of taking what we were given -- God's greatest gift to us, our rich soil, our abundance of water -- and we would produce crops, and we would take those crops and produce them into a thousand different things that could be processed and produced in our state so that the economy would improve.

Much of what's driving the recent improvement of the state's economy is directly linked to the fact that we've built 20 new ethanol production facilities, we've created new processing opportunities for our crops, we're embracing organic as an alternative. There are many things that you can do with agriculture. I articulated that and I gave people a sense of hope. And here's why I think and I answered the question the way I did.

Democrats believe to their core in hope, and for this country to create that stronger community I talked about, it has got to be based on confidence and hope. It cannot be a country that is fearful because a country that is fearful becomes a country that looks inward, is not free to share. And America is best -- it is strongest -- when it feels that confidence and that hope. And frankly, it is out there in individuals, in communities. We just seem to -- we need it reflected in the way in which our national government operates.

MR. SALANT: Governor Mitch Daniels has drawn a lot of attention for his plan for a long-term, lucrative lease of Indiana's toll road. Other states are looking eagerly at the deal. Is Iowa one of them?

GOV. VILSACK: Well, for those of you traveling to and from the coasts, you'll be glad to know that there are no toll roads in Iowa, so it would not work for us. You're free to travel across our great state. (Laughter, applause.) We hope you stop frequently and often, and I know members of the press have done that about every four years, so -- (laughter).

I will say this.

I think that there are ways in which states and the federal government can budget for their priorities and fund their priorities, because that's really, ultimately, what it's about. It's about generating the resources to do what Mitch thinks is important for Indiana, which is to improve the conditions of roads.

We have a budgeting program in Iowa that really is beginning to compel us to ask the question, a critical question, of what is the single most important thing we can do with the first dollar that we get in revenue? What is the second most important thing? What is the third most important thing? It requires us to set priorities and it is important for the people to know what those priorities are, because if they know, then they can decide whether they agree with those priorities or disagree with them.

Today, it's confusing at times with the national budget, as to whether or not you actually know what the priorities are. But with our state government, people can go on our website and they can pretty much find out where we think the priorities are. And our priorities, frankly, are focused on education, expansion of health care, the environment, public safety and creating good jobs.

MR. SALANT: South Dakota is about criminalize abortion, except to save a mother's life, including felony penalties for doctors involved. How will such a law contribute to solving the abortion problem?

GOV. VILSACK: You know, I think the way I like to talk about this issue is relatively simple. I like to suggest that life is the best choice. It's perhaps not the only choice, but it's the best choice. Now, what do I mean by that? I mean that in a strong community, you make life the best choice by improving and expanding opportunities for adoption, by creating a support structure and system that provides prenatal care, that encourages quality child care, that improves access to preschool, that gives kids a strong start.

In my state, we have indeed tripled the number of adoptions. We've made it easier to access and to process adoptions and so people are getting themselves connected with children and providing loving homes at a rapid rate. We've been acknowledged by the federal government for our adoption efforts. We've got a strong start initiative designed to empower parents to be their child's first and best teacher, to improve the quality of child care and to expand access to preschool.

Interestingly enough, the number of abortions that we're talking about here have declined in my state as a result. So I believe you make life the best choice and then you encourage that choice to be made.

I obviously do not agree with the approach South Dakota has made. I think our approach is a better, stronger approach.

MR. SALANT: This questioner writes: it is supposed to be the case in this country that after serving his or her sentence, a U.S. citizen has paid their debt to society. As governor, you recognized this by restoring voting rights to those Iowans who had paid their debts. What can be done on a national level to accomplish this so that criminals can become re-acclimated and be less likely to reoffend?

GOV. VILSACK: Well, it's certainly a lot less expensive to prevent it from occurring to begin with. And I can't take this opportunity -- pass up this opportunity to again return to early childhood and the importance of it. If you take a look at all the studies, the reality is, if you do in fact invest in making parents their child's first and best teacher, if you create really quality child care and empower consumers to know where the quality child care is -- as we're doing in Iowa -- and you begin to expand access to preschool and ultimately provide universal preschool as Brad Henry's doing in Oklahoma and other states are doing, you're going to reduce over time a lot of the problems that you're currently dealing with.

In terms of reentry, we have a small program. It's not as large as we would like it to be, but it's a small program. It's a start where we begin the process of trying to find decent paying jobs for individuals so that they can get acclimated back into the system. I think we have to take a look -- and we are in our state -- looking at corrections' policy trying to figure out how we can empower people with skills, with education, with reading. If you look at the prison population in my state, what you're going to find is a lot of people in prison who can't read. And I would suggest to you that if we put a major emphasis on making sure that every child reads properly and reads at grade level early in life, we would have a lot fewer problems.

And if we create an economy that encouraged people go beyond high school with their education and create an economy in which people understood the significance of education, I think we wouldn't have to be dealing with the issue of restoring voting rights.

I think it's the right thing to do. And you know, one last comment on this, Jonathan. Most people, when think of this issue, you know, I don't know what their picture is of the person, but for me it will always be a young man from Denmark, Iowa whose wife wrote me -- (laughter). Yeah, you had to think about that. I have fond memories of Denmark. I had a trip on softball one time down there in softball. So I have very fond memories of that place.

But I received a letter after I signed the executive order. And this woman basically talked about her husband of 20 years who had made a mistake very early in life and now the father of a couple of kids. He was a "Mr. Fix-It" kind of guy down there in Denmark and he had a job, he had a business. He was a very proud person. He had found God, he had turned his life around and was a productive member of society, but he never, ever knew that he could get his voting rights restored.

And the letter that she wrote told me about how he found out about the executive order. He read it in a local newspaper. He came in and he had tears in his eyes when he showed it to his wife

and he said: look at this. I can vote. I can be part of my country. This is a really powerful thing and we ought not to take voting for granted nor should we stop until we have made voting an opportunity that is equal and available and cherished by the people in this country.

And when we have the problems in Ohio and the problems in Florida that we've had in the past that cause questions and concerns about the honesty, the integrity of the voting process, we diminish that community I talked about earlier because there is not more cherished right in this democracy than the right to vote. In fact, that's what those young men and women who have traveled halfway across the world and put themselves in harm's way are trying to create: is an opportunity for others to have that vote.

MR. SALANT: We do have several questions about the Iraq war. You told a moving story about the Iowa senator -- the Iowa soldier who lost his life in Iraq. Do you think more American lives should be sacrificed?

GOV. VILSACK: I think that the current situation in Iraq -- I take several lessons from the current situation in Iraq. First and foremost, let me say this: before anyone is sacrificed -- before anyone is sacrificed -- the commander in chief, president of the United States, has an affirmative responsibility and duty to ask all the probing questions that must be asked to ensure that all of the intelligence, all the information that you're being given that justified in your mind the decision to go to war is, in fact, as accurate as it possibly can be.

And if you are not convinced of that, in the current scenario and situation, if you're not convinced of that, you should never, ever commit troops. Secondly, if you commit troops, you should always commit them fully prepared for battle. You should never, ever allow troops to go into harm's way without adequate armor. Congressman Boswell, you know something about that. You served in Vietnam and you're decorated. You understand what it's like to be shot at. You need all the protection you can get. And it was a tragedy that some of our young men and women went over there without adequate equipment.

And third, you have to have a plan. Not a best-case, they're going to welcome us with open arms plan, but a worst case: what happens if it just completely doesn't work? What are we going to do?

We are faced with a very dangerous situation today. A situation, to a certain extent, because of the way in which we approached our entry into Iraq and the way in which we failed to adequately plan for Iraq, we've now created a chaotic situation. And I think it's incumbent upon us to create a degree of stability. And I think it's incumbent upon us to create a stability to point where the Iraqis basically say: it's time for you to leave.

I think we should send a clear message: it's not our intention to be there forever. It is our intention, at the appropriate time, to surrender the responsibility of security to where and to who it should be surrendered to and that's the people of Iraq.

MR. SALANT: What is the effect on community in a long war where all the sacrifices so far have been restricted to soldiers and their families?

GOV. VILSACK: Well, I think it has a tendency to -- it doesn't support community. I mean, the reality is that not only were we not as a nation, as a community asked to do anything -- in fact, if you're well enough off and I suspect some in this room are, you're actually not paying more, you're actually paying less.

Let me suggest to you that this administration, this national government had two great opportunities to begin the process of uniting this country. The first great opportunity was after 9/11. And it was a tremendous opportunity. All of us were ready to respond to the call. All we had to do was be asked. But unfortunately, those in control and power of this government -- national government -- chose a partisan opportunity and that was a mistake for all of us.

The second opportunity was following Katrina. You couldn't watch the devastation in New Orleans and along the Gulf Coast and not have unbelievable compassion for those people who were on those roofs. You couldn't help but think, what can I do? Everybody in our state wanted to do something and that was true of Americans all over the country.

What would have happened if the president had said, you know, this is an opportunity for us to rebuild our country, to tool it up for the 21st century, to create a mechanism where young could be encouraged to save to make us a saving nation, a call for us to invest in our country, invest in our future, invest in our children. Sadly, that wasn't done and now what we have is a constant squabbling about whether the resources are adequate or whether they're being spent properly and so forth. Instead, we've lost a great moment to strengthen community.

It seems to me that we need that call and it's got to come, ultimately, from the national leadership. It can't necessarily come from a governor. It's got to come from the national leadership. I can make the call to people in my state and they'll respond, but the president and congressional leaders have to make that call to all of us.

MR. SALANT: Moving closer to home: Iowa has dealt with worker shortages in recent years and it's been aggressive in seeking immigrants as a result. How would you construct a national immigration policy that would give opportunities to immigrants without taking jobs from American citizens?

GOV. VILSACK: Yesterday I had the opportunity to be at the White House where the president spoke to the nation's governors. And there were several times during that conversation where the president became quite passionate and one was when we were talking about the issue of immigration.

First of all, I think it's important to recognize the anxiety that American workers and American families feel because of the economy. And when you talk about immigration, it's important to have a dialogue and conversation about this that is not judgmental. I see too often people judging each other based upon their stance and circumstance on this issue of immigration. You know, you're this or you're that because you feel a certain way. You either want to restrict immigration or don't and because of that, you are labeled.

What we did in Iowa was we created a series of model communities. There were three communities where we asked the people of those three communities: Marshall Town, Mason City and Fort Dodge. We asked them to actually have a conversation, a dialogue -- a nonjudgmental dialogue -- about immigration. How would we become a more welcoming community? How would we also recognize the anxieties and fears that some people had about immigration in terms of their ability to get jobs or the wages that they would be paid?

And we asked people to approach that discussion without being judgmental. It was a tough, difficult discussion. It's one we need in this country, absolutely. You can't fault people for wanting a better life for their family. And you can't fault people for feeling concerned and worried about the fact that their lives may be negatively impacted.

The policy that we should have in this country, in my view: first and foremost, we should secure our borders. The reality is, we cannot as a nation allow tens of thousands, hundreds of thousands of individuals to cross our border -- and we certainly can't encourage the industry that takes advantage of these people -- folks who will take thousands of dollars and stick people in containers in the heat of the summer and forget about them. And then you find these containers and people have suffocated -- you can't condone that. You've got to secure the borders.

You also have to recognize that we have somewhere between 10 and 13 million people in this country that are working and are part of families who are working. And the reality is that it's not likely that those people are going to be deported. So we have to figure out a way in which, over time, those individuals can be part of our country and earn citizenship. Now it may require them to pay a fine, it may require them to learn the language, it may require them to learn civics lessons, it may require them to pay their taxes, but we ought to have some process by which those individuals can earn their way to citizenship.

And we ought not give them preference or priority. The people who need to be reunited with their families, the people who are here legally and properly, they absolutely should be allowed the opportunity and we should figure out ways to substantially reduce the time it takes to do that. But at the end of the day, I think we have to have realistic policy that secures the border and provides over an extended period of time, the ability of earned citizenship.

And then finally, if you really want to relieve the anxiety here, after you've secured the borders, let's build an economy that strengthens community in this country -- the challenge for all of us it to create new products and services that have never been thought of before. The challenge of a developed country like America is that there's constant pressure from below. People want what we have and we want them to have what we have, because if they have what we have, it's going to be a safer, more secure world.

But as they get what we have, it's put pressure on us to create new opportunities. And that goes back to having the most educated and the most innovative and the most creative people. And let me say, I have concerns about our capacity to do that if the current philosophy of education reform is focused only on standardized test-taking.

We don't need a nation of standardized test-takers, we need a nation of creative, innovative, inspired learners and that's going to require a lot more work to improve education in this country.

MR. SALANT: Your upcoming trade mission to India, this questioner writes, will certainly burnish your foreign policy credentials. Do you plan any other trade promotion trips? And will you undertake a similar effort in the area of national security?

GOV. VILSACK: Christie and I are looking forward to traveling to India, in part, because we have a small part of our population that has immigrated from India and is now part of the Iowa experience and the American experience and we're certainly proud of Representative Dandekar and others.

You know, governors today in America are different than perhaps years ago. There is an understanding that there is a connection between Iowa and the rest of the world, which is why I was the first Iowa governor to travel to the continent of Africa. I went to Nigeria and went to South Africa and met with officials -- the president of Nigeria, the vice president of South Africa. I've been to China and met with ministers there. I've been to Taiwan and met with the president of Taiwan. I've been Japan and met with officials there. We've been to New Zealand. I've met with the prime minister there. I've gone to Europe and met with members of Tony Blair's cabinet.

We travel all over the world, why? Because it is in the best interest of: A -- our universities to create opportunities for exchanges; B -- our companies who want to do business globally; C -- companies who want to invest from foreign companies into Iowa opportunities. So it makes sense for governors to do this.

In terms of national security, I will tell you this: the number one responsibility I have is, obviously, to keep the citizens of my state safe. We take national security and homeland security very seriously. We have gone through extensive exercises, developed a very extensive matrix to make sure that we can respond in a moment's notice to any kind of a potential problem that our state may face. Secretary Leavitt was out recently and began the process of working with us to develop a response to the pandemic. And I think he was impressed with the progress that we've made in creating a process to respond to that.

A governor who doesn't take those responsibilities very seriously is a governor who is destined to fail. And so we're concerned about security every single day.

MR. SALANT: What do you believe is the appropriate role for religion in our national government?

GOV. VILSACK: Lieutenant Governor, it's at this point that I had read your Christmas present to me earlier. The lieutenant governor gave me a book on the Founding Fathers and religion. I haven't had a chance to read that yet, but I'm going to. After this question, I'll absolutely read it.

You know, religion is a really important component to the make up of individuals and communities and it must be respected and honored. You can't do this job -- you can't be

confronted with the decisions that I've been confronted with and the decisions that anybody like Congressman Boswell's been confronted with, the lieutenant governor. You don't do this alone. You ask for guidance and you ask for assistance and you ask for help from a much higher power.

There needs, however, to be a recognition in this country that we are great because we recognize and respect all religions and that there's no one religion that should dominate or that should be the religion or the government's religion or the preferred religion. The faith traditions have great history, great tradition, a great set of principles and values that we can draw from. If you read the Bible, if you read any of the foundations of the major religions, what you're going to find is a real commitment to community. It's throughout the Bible, as I explained earlier, and it's throughout every faith tradition.

So I think there is a role in terms of guidance and direction for individuals in government, but I'm sure not suggesting that we should have an official religion if that's what the question is suggestion or that we should even favor one religion or another. We are a country that understands that freedom of religion is an important right, including freedom from religion if you make that choice. It's not a choice I would make, but some have made it.

MR. SALANT : Governors have to balance their budgets. How would you balance the federal budget? (Laughter.)

GOV. VILSACK: Well, obviously, it's not something that you can do in a day, but there are several things where I think you could start.

I would say, first and foremost, the process of the budget -- you know, the fact that we've adopted a process in Iowa that requires us to prioritize and tie our budget decisions to specific results that we want to achieve. If you want to strengthen community, then your budget has to be about strengthening community. It can't be about advancing a particular special interest. And so one thing I would suggest is that the process for budgeting in this country ought to be reformed and looked at.

One suggestion, which I have made, which will cause a little heartburn, perhaps, to the congressmen is that I'm really concerned about the proliferation of earmarks. I am concerned in my position as governor, because as we earmark specific items, particularly in the transportation bill, it substantially reduces the flexibility of the folks back home who know best where those dollars need to be invested to invest it to strengthen the community as opposed to advancing an individual project. I know that that's not particularly how things work here, but I would suggest that earmarks are an issue that should be significantly looked at.

I would also suggest that, you know, the PAYGO discussion -- all of those discussions that have been floating around -- we need to bring back some of the discipline that we had in the '90s that allowed us to make the tough choices -- and this is where sacrifice comes into play -- there will have to be some tough choices. If you look at the trend lines for some of the budget items, they're not headed in the right direction and they're just going to create even greater problems.

And then secondly, I do think if you invest in infrastructure, if you invest in the construction of the infrastructure that will support a 21st century economy, I think you will reap results from that and I would suggest to you, states that have done that, like my state, are now seeing the benefits from those investments.

MR. SALANT: President Bush and Congress have cut Medicare and Medicaid and have proposed new cuts. As the governor of a rural state, have you felt these cuts and how do you see future cuts affecting the rural states?

GOV. VILSACK: We have been very efficient in the way in which we've operated and managed our Medicaid budget. Roughly, 16 percent of our state budget is Medicaid, which is substantially lower than most other states. We are actually now asking the government to consider giving us the right to increase our provider rates, because our providers' rates for many years have been low. It's the way in which we've maintained a more -- a less expensive Medicaid program, but it's now threatening the ability to provide access and so we have to respond to that.

Let me suggest that one way that you can't deal with Medicaid and Medicare is to do what we've done with the prescription drug program, Medicare Part B. And I'll tell you one issue -- just one example: first, there are going to be a lot of seniors that are going to wake up this late summer, early fall and they're going to realize that they have a financial obligation they didn't think they had.

Now I know that the press has written about this and they've focused on it and there have been articles and there have been television shows and ads, all of that. But most seniors, I don't think, realize or appreciate that they're going to get to a certain level of expenditure and then all of a sudden, the federal government's going to go, you're on your own until you reach another level. And several hundred or a thousand dollars later, you get the partnership back.

Well, when they hit that doughnut hole, they're going to be shocked and they're going to be upset and they're going to come to me. And it's not going to be a satisfactory answer to them that it's not us, it's the national government. So I really think there needs to be some rethinking about this and rethinking about the doughnut hole.

I also -- while I've got your ear, Congressman, I think you ought to extend the deadline -- the sign-up deadline --

REP. LEONARD BOSWELL (D-IA): I'll sign onto it.

GOV. VILSACK: Okay, good. (Laughter.)

You at least could have said you were thinking about signing on, but you're now convinced to do it, Congressman. (Laughter.)

REP. BOSWELL: I've already done it. (Laughter.) I've already done it.

GOV. VILSACK: This is important, because if you don't, you get an additional fee or penalty assessed against you that goes for the rest of your life, so it's kind of a hidden tax.

But the single biggest problem is that we can't negotiate anymore as governments. We don't have the power to negotiate, which is, to me, sort of un-American. You always want to negotiate for lower cost, but we are now prevented from doing that and I've got some serious concerns about that, because we had negotiated for savings in our Medicaid program to save the federal government 16 million (dollars) and the state government 8 million (dollars) and we're now going to lose the potential of that savings -- to me, that makes no sense. We ought to use the power we have to be able to save.

We also ought to figure out ways in which we can pool our purchasing power and have a larger purchasing opportunity so that we can leverage lower cost, because we can obviously provide more business. So I mean, there are lots of strategies that need to be adopted. I'm not quite comfortable with the president's approach on this.

MR. SALANT: Before we ask our last question, I want to present you with the official National Press Club coffee mug.

GOV. VILSACK: Thank you very much.

MR. SALANT: And also a certificate of appreciation.

GOV. VILSACK: Well, thank you very much. Thank you very much. Thank you. (Applause.)

MR. SALANT: Our final question: what do you like most about New Hampshire?

GOV. VILSACK: It's Governor John Lynch. (Applause.)

MR. SALANT: I'd like to thank everybody for coming today. I'd 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 library for its research.

We're adjourned. (Sounds gavel.) (Applause.)

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