

NATIONAL PRESS CLUB LUNCHEON WITH HERMAN CAIN

SUBJECT: WHY HE THINKS HIS SKILLS AS A BUSINESSMAN WOULD MAKE HIM THE BEST CHOICE FOR PRESIDENT.

MODERATOR: MARK HAMRICK, PRESIDENT, NATIONAL PRESS CLUB

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MARK HAMRICK: [Sounds gavel] Good afternoon. Welcome to the National Press Club. My name is Mark Hamrick. I'm a broadcast and online journalist with the Associated Press, and I'm the 104th President of the National Press Club. We are the world's leading professional organization for journalists, committed to our profession's future through our programming, events such as this, while working to foster a free press worldwide.

For more information about the National Press Club, we'd invite you to visit our website at www.press.org. And to donate to programs offered to the public through our Eric Friedheim National Journalism Library. You can visit our website there as well.

So on behalf of our members worldwide, I'd like to welcome our speaker, as well as those of you attending today's event. Our head table includes guests of our speaker, as well as working journalists who are Club members. And if you hear applause in our audience, we always remind our larger audience that we note that members of the general public are attending, so it's not necessarily evidence of a lack of journalistic objectivity. [Laughter]

I'd also like to welcome our C-SPAN and Public Radio audiences. Our luncheons are also featured on our member-produced weekly podcast from the National Press Club, available for free download on iTunes. You can also follow the action today on Twitter, using the hash tag #NPCLUNCH. After our guest's speech concludes, we'll have Q&A. And I'll ask as many questions as time permits.

Well, now it's time to introduce our head table guests. And please note that a journalist's presence at the head table does not imply or signify an endorsement of any speaker.

First of all, from your right, and we'll ask you to stand up briefly as your name is announced, Chuck Raasch, who is national political correspondent with the Gannett Washington Bureau.

Sophia Yan is a reporter with Bloomberg News.

Nathan Hurst, I'm told he just got a new job, congratulations, at *Congressional Quarterly*.

J. D. Gordon is a vice president of communications and chief foreign policy advisor and security advisor for the campaign, and a guest of our speaker today.

Marilyn Geewax with National Public Radio, better known as NPR. She is the vice-chair of our speaker's committee. Mark Block, chief of staff for the Cain Campaign, and a guess of the speaker.

Skip over the podium for just a moment, Alison Fitzgerald with Bloomberg News, and also a vice chair of our speaker's committee.

Skip over the speaker for a moment, Donna Leinwand Leger, a reporter with *USA Today*, and a past-president of the National Press Club, who organized today's event. Donna, I think we succeeded.

Rich Lowrie is a senior economic advisor for the Cain Campaign and guest of the speaker.

Matt Schudel is a reporter for the *Washington Post* and a new member of the Club. Good to have you here today, Matt.

Theresa Werner is a freelance TV producer, and she is the chair of our Board of Governors here at the Press Club.

And Chris Battle, vice president at Adfero.

Please give them a round of applause. [Applause]

With the words "let Herman be Herman," our guest told CBS newsman and good NPC member Bob Schieffer on *Face the Nation* just yesterday. Our guest speaker today tops one poll after another as the frontrunner for the Republican Presidential nomination.

Yet, the former Godfather's Pizza CEO has, so far, defied the labels and political categories that so often characterize our political conversation. He has at once generated buzz and a bit of recrimination for an edgy campaign video featuring his chief of staff puffing on a cigarette. He told me today he's already been asked to autograph a cigarette. [Laughter]

Even years after the fact, a 1991 parody of John Lennon's *Imagine*, given with his own personal twist of "Imagine there's no pizza," sung at another press club, has become a viral video hit.

One thing is clear. He is connecting with the voters. Voters in this early electoral season have indicated they are not wedded to a front runner, so far. Indeed, they have turned the race on its head several times over. It is worth remembering that early in the last electoral cycle, it appeared the Republican nominee might be either Fred Thompson or Rudy Giuliani, and that Hillary Clinton would be the Democratic nominee.

So who is Herman Cain? And what's his plan for the United States, should he become President? The son of a cleaning woman and a janitor who often worked three jobs, our guest speaker graduated from Morehouse College with a degree in math, and earned a master's from Purdue in computer science.

He began his career as a computer analyst at Coca-Cola, where his father once worked as a chauffeur to the CEO. He then moved to Pillsbury, where he quickly rose through the ranks to manage 400 Burger King stores. Pillsbury eventually made him CEO of its unit, Godfather's Pizza.

No stranger to Washington, in 1996, he became CEO of the National Restaurant Association, a trade group that lobbies Congress. Our guest speaker has also worked for the Koch family-funded Americans for Prosperity, a conservative, pro-business organization that seeks to reduce government regulation of industry. And he served on the Federal Reserve Bank of Kansas City.

As we all know, as a candidate for the Republican nomination, our guest speaker's signature policy is 9-9-9, which would replace the current tax code with a 9% tax on business transactions, a 9% tax on personal income, and a 9% federal sales tax.

We do indeed plan to let Herman be Herman, at least before the Q&A, and find out more about how he plans to renew America.

So please join me in giving a warm National Press Club welcome to Herman Cain. [Applause]

HERMAN CAIN: Thank you. Well, good afternoon.

AUDIENCE: Good afternoon.

MR. CAIN: I normally speak to audiences that are alive, and nice to know that you're responding back. I'm delighted to be here. Mark, thank you for that introduction.

Before I begin, I want to take a few seconds of my time to recognize a gentleman who has worked here at this Club for 44 years, and who has some special coincidences with me and my campaign. His name is Mr. Andrew Price. [Applause]

While chatting with Mr. Price as he was serving us at the head table, he was asked, "How many Presidents have you served?" And he said, "About eight." Which means that I would be number nine. [Laughter/applause]

Now, some things you might call coincidental. [Laughter] I call it a good sign. About three weeks ago, or two weeks ago, we started hitting the top tier of those running for the Republican nomination. And so for a couple of weeks now, I've gotten used to what it feels like to be near the top. And as a result of today's big news story, I really know what it feels like to be number one. [Laughter]

Renewing America. We indeed need to renew America because America has become a nation of crises. We have an economic crisis, a national security crisis. We've got an energy crisis, a spending crisis, a foreign foggy policy crisis, a moral crisis. And the biggest crisis we have is a severe deficiency of leadership, in my opinion, in the White House. [Applause]

And this is why I believe we need to renew America by fixing the stuff that's broken. There's a difference between a typical politician and a businessman, which means that there's a difference between Herman Cain and those vying of the Republican nomination, as evidenced by Senator Santorum's comment at one of the recent debates, politicians are interested in proposing things that they believe can pass. Businessmen propose things that fix the problem. And that's what I do. That's what I have done for over 40 years.

So I want to spend a few minutes before the questions addressing two of our most critical issues that we need to be bold about in order to begin the renewal process for this great nation.

Let's start with national security. My national security philosophy is an extension of the Reagan philosophy. Reagan's philosophy was peace through strength. The Cain philosophy: Peace through strength and clarity.

We need to clarify who our friends are. Clarify who our enemies are. And I happen to believe we must stop giving money to our enemies [applause] as part of my foreign policy philosophy.

And the reason we need to clarify who our friends are is such that we can tell the rest of the world who we're going to stand with. Such as, in a Cain Presidency, there will be no doubt that the United States of America will stand firmly with Israel. [Applause]

Mark, you have this audience pretty well trained to try to be objective, and they are not applauding because they may be accused of liking one candidate over the other. Such restraint on the part of the press, I applaud you. [Laughter]

We must let the world know who our friends are, and who we're going to stand with. I don't believe that you need to have extensive foreign policy experience if you know how to make sure you're working on the right problems, establishing the right priority, surrounding yourself with good people, which would allow you to put together the plans necessary to solve the problem.

When I went to Godfather's Pizza in 1986, the company was supposed to go bankrupt. I had never made a pizza [laughter], but I learned. And the way we renewed Godfather's Pizza as a company is the same approach I will use to renew America. And that is, if you want to solve a problem, go to the source closest to the problem and ask the right questions.

I talked with customers. I talked with young people that worked in the restaurant. I talked with managers, assistant managers, the office staff. Franchisees. Suppliers. And I asked them, "Why is Godfather's failing?" And after listening and distilling the feedback, it turned out that the reason that Godfather's had gone from the darling of the restaurant industry when it began in the 1970s— in the 1980s, rather, until now it was on a failing trajectory was that Godfather's were trying to do too much with too little, too fast. It had lost its focus.

That is what I believe is America's problem. We've lost our focus. And in order to renew that focus, we must address its most pressing problems boldly.

The second point about foreign policy is that I also have what I term, and what we term, foreign policy common sense. You don't announce, in my humble opinion, that you're going to pull the troops out of Iraq, reduce the troops in Afghanistan and then send an email to the enemy, letting them know what you're going to do. That's not how you fight wars.

And number three, relative to all of the conflicts that we're engaged in, I will do something that apparently this President is not doing. I will listen to the commanders on the ground because they are closest to the problem. [Applause]

The second biggest crisis we face, this economy, which is on life support. And when you have an economy on life support, you can't tinker around the edges. We've got 14 million people out of work. Millions underemployed. College students asking me what am I going to do to help them for when they graduate from college? And I said, get this economy growing so you can find a job when you get out of college. Because right now, it's going to be difficult for them to find jobs.

The latest projection is that this economy is supposed to grow this year at about 1.6%. That's anemic. And we can do better. And when you consider the fact that we are going to grow at 1.6%, and we've been at this anemic rate for several years now, and China is growing at double digits, plus or minus some change, even on that small base, and our base being much bigger, we run the risk of losing our economic superpower status.

This is why we propose a bold solution to grow this economy. It starts with throwing out the current tax code. We've all complained about it for decades. Politicians have complained about it for decades. We know that it is unfair, it is unclear, and it costs us billions of dollars to try and comply and file according to the tax code billions of dollars to stay out of jail. We shouldn't have to be on the defensive when it comes to paying our taxes.

So we throw out the current tax code. [Applause] And then pass our 9-9-9 Plan. [Applause] How sweet it is! [Laughter/applause] As Jackie Gleason would say.

9-9-9. Mark has already described you the basic components. But let me give you some additional description about how and why we came up with that. We wanted it to be simple. 9-9-9. We wanted it to be transparent. There are no hidden 9s. [Laughter] We wanted it to be efficient so we don't have to spend billions of dollars just trying to file. And four, we wanted it to be fair. Not fair according to Washington's definition of fair, but according to Webster's definition of fair, which means that everybody's treated the same. No loopholes. No loopholes.

Secondly, we're often challenged on, "Why would you introduce another component for government to tax us on?," the sales tax, by introducing a national sales tax. The tradeoff is, I'm willing to fight and defend keeping the national sales tax rate at 9% in place of throwing out an 82,000-page tax code that allows the government to try and pick winners and losers, that allows the government through the IRS to harass us. And those of you that have ever been through something like that, you know exactly what I'm talking about.

And so, the idea is, we wanted to broaden the base. If we did not add in the national sales tax piece, the only way we could have generated additional revenue is to raise taxes. What we have done is effectively lowered taxes to the lowest possible rate for everybody.

Now, two misperceptions about the 9-9-9 Plan that I would like to clarify. First, there isn't a 909 plan. We have a poverty exemption built into the revenue that we will raise, such that people will be able to deduct the poverty level for their family size. So that if a family, for example, is at poverty level or below, their tax rate on that middle 9 will be zero.

That's not a new plan. It's been in the analysis all along. We didn't call it 909, but we allowed for that deduction in generating the same amount of revenue. So it's not a

new plan. I've not tweaked it because of the criticism. And like I mentioned in one of the debates, when I was attacked by my opponents, they didn't read the whole plan.

We also have something called opportunity zones. Opportunity zones. Opportunity zones will be cities that will be able to qualify, if they compete with other cities, for even more generous deductions, such that cities will have an opportunity to help get themselves back on their feet, like Detroit, where we were just a week or so ago. Detroit needs some help. And so, the opportunity zones are not more entitlement programs. They are empowerment programs. Which is how we will renew this nation.

We also had the objective of replacing five taxes with these three. And according to the analysis we do, we replace corporate income tax, personal income tax, capital gains tax, the death tax, and the biggest tax that a lot of people pay, the payroll tax. And replace it, and collect the same amount of revenue with 9-9-9.

Yes, it's a bold idea and a bold plan. But America can't wait. Fourteen million people that can't find jobs can't wait. People that are underemployed can't wait. And some of the criticism has been, Well, it is a VAT. I don't care what you call it, but if you want to call it a VAT on that sales tax piece, it's one rate, one point. We are simply taking invisible taxes and replacing it with one visible tax.

When you buy a loaf of bread, it is estimated that that loaf of bread contains at least 30-40% more cost because of all of the taxes that have to be paid along the way. You just don't see them. The farmer pays taxes on his profits, if he makes a profit. The flour miller pays a tax. The baker pays a tax. The truck driver that delivers the bread to the store pays a tax. And the grocery store, if it makes a profit, pays a tax.

Who do you think pays those taxes? We do, the consumer. We're simply taking out the embedded taxes, which are invisible, and replacing it with a 9% retail sales tax.

The other question that I often get – how did we come up with 9-9-9? Why not 10-10-10? Why not 8-8-8? Being a mathematics major, it's real simple. 8-8-8, not enough revenue. [Laughter] 10-10-10? Too much revenue. [Laughter] For the mathematicians in the audience, it's called a simple regression analysis. Or you can arrive at it with trial and error.

I am thrilled that it came out at 9-9-9. [Laughter] Because if 10% is good enough for God, 9 ought to be enough for the federal government. [Laughter/applause]

And so, I am a firm believer that we can renew America. But we've got to get this economy growing. We also have got to get our spending down. Not just the rate, which is how they define spending cuts in Washington, DC. We've got to get the absolute amount down.

And I happen to believe that the American people are ready for this renewal. Which is why I'm running for President of the United States of America. Mark? [Applause]

MR. HAMRICK: Thank you, Herman. And in all seriousness, we really do appreciate your willingness to be here today. We've had a number of other Presidential candidates join us at the podium. We've had Presidents, that Mr. Price knows about, join us at the podium as well. And we appreciate your willingness to take part in a civil discussion of the chief issues of the day.

It might be said that one reason we have more cameras here than might otherwise be the case is because, as you know, a story in *Politico*, today that talks about some accusations of inappropriate behavior when you were at the National Restaurant Association. I understand that you've addressed these allegations in maybe the time since your AEI appearance and your appearance here today. So can you now confirm that these allegations were made, and that there was in fact a settlement of any kind? And what more can you tell us about that?

MR. CAIN: I would be delighted to clear the air. [Laughter/applause] Number one, in all of my over 40 years of business experience, running businesses and corporations, I have never sexually harassed anyone.

Number two, while at the Restaurant Association, I was accused of sexual harassment, falsely accused, I might add. I was falsely accused of sexual harassment. And when the charges were brought, as the leader of the organization, I recused myself and allowed my general counsel and my human resource officer to deal with the situation. And it was concluded, after a thorough investigation, that it had no basis.

As far as a settlement, I am unaware of any sort of settlement. I hope it wasn't for much, because I didn't do anything. But the fact of the matter is, I'm not aware of a settlement that came out of that accusation.

Per the article, two anonymous sources claiming sexual harassment, we're not going to chase anonymous sources when there's no basis for the accusation.

I would draw your attention to the three people mentioned near the end of the article that were at the Restaurant Association as past-chairman, chairman, and incoming chairman of the board who would have known about this if it had turned out in fact to be a charge with some validity. But it was not.

And so, as a result, I have never sexually harassed anyone. And those accusations are totally false. [Applause]

MR. HAMRICK: So would it be fair to say that you're asking the Restaurant Association to help you further shoot this down to the extent that they might have further records, if indeed there was, or there weren't. Obviously, they can look at their records. It might have affected their insurance. They might have had to book such a payment. Will you be getting back to us in the coming days to verify or shoot it down entirely?

MR. CAIN: Mark, no. There's nothing to shoot down. And secondly, the policies of the Restaurant Association is not to divulge that information. And so— unless they have changed the policies. Remember, I was the chairman of the board. So as far as we're concerned, enough said about the issue. There's nothing else there to dig up.

MR. HAMRICK: Do you think that one of your rivals might have helped to put this out there? [Laughter]

MR. CAIN: I told you, this bull's eye on my back has gotten bigger. I have no idea. We have no idea the source of this witch hunt. Which is really what it is. We have no idea. We've been busy trying to get my message out.

MR. HAMRICK: Well, I would say that perhaps if you work aggressively to affirm or deny in the coming days, you can move on to that. Obviously, we had to deal with this issue today. We appreciate your willingness to answer the questions here at the podium.

Another issue that is out there, that people have been asking about in recent days, is this abortion issue. You clarified that to a degree yesterday with Bob Schieffer. However, in an earlier interview, you seemed to indicate that there might be exceptions where abortion should be allowed. So you have seem to have vacillated on this a little bit in the last few weeks.

So under what circumstances would an exception be allowed to an outright ban? And have you only come to this conclusion in recent weeks, which has led to this apparent change in direction in the way you've been commenting?

MR. CAIN: Let me state what I stated, because part of an interview that I did was taken out of context. I am pro-life from conception, period. I have been that way for many, many years. I have not changed. And I don't plan to change. I've been consistent.

In that one interview, the reporter tried to pigeonhole me on a specific case involving a hypothetical situation – what if it were my granddaughter? And they took that piece out of context, as I was trying to explain it, to come to the erroneous conclusion that I am something other than pro-life from conception. End of story.

MR. HAMRICK: So how far are you willing to stand behind that feeling that you have, that abortion should not be allowed? Would you back legislation to outlaw it?

MR. CAIN: Yes, I would.

MR. HAMRICK: And there would be no exceptions allowed? Would that be the federal and state level?

MR. CAIN: Can't determine the state level, but I would support that at the federal level, if that legislation were to come to my desk.

MR. HAMRICK: And then what about in choosing Supreme Court nominees? Would you allow that to be an issue that would help you to vet a would-be nominee?

MR. CAIN: I will recommend the appointment of Supreme Court Justices that, first of all, have a record of enforcing the Constitution of the United States of America. [Applause] I want Constitutionals. There will be no litmus test. We need people that will enforce the Constitution, and those are the kind of people that I would appoint.

MR. HAMRICK: So in other words, that would not be a key issue that you'd use to determine whether you select a certain nominee.

MR. CAIN: Correct.

MR. HAMRICK: In terms of where the place is for government in our society, obviously you just talked about you have a certain feeling, a certain well-held stance on abortion. How do you determine where government should intervene on a given issue, such as abortion, and where it should stand back? We had Ron Paul here not too long ago. He obviously is at one extreme of that equation, so-called libertarian. Where do you put yourself in that area?

MR. CAIN: I go back to the Founding Fathers, when in the Declaration of Independence they said that "endowed by thy Creator," you and I, "with certain unalienable rights, that among these are life, liberty and the pursuit of happiness." The interpretation is, you can pursue happiness in this country as long as you don't infringe upon somebody else's liberty. And you have the liberty to do whatever you want to do in this country, as long as you don't infringe upon somebody else's life. And that includes the life of the unborn. [Applause]

MR. HAMRICK: So we have a number of questions about your 9-9-9 Plan. One person here asked, how does 9-9-9 differ from a VAT? And earlier you indicated maybe it doesn't. The person who's asking the question said your answer at AEI didn't really answer that. I didn't hear that, so I can't address that.

MR. CAIN: With the example of the loaf of bread, you got five taxes embedded. The current code is a VAT, because you've got one, two, three, four, five, using that example. What we do is, there's one. So we don't care what you call it. There is one tax rate imposed at the end of the— at the retail register. That's how it's different from a VAT.

MR. HAMRICK: One person asked, Economists are predicting dire consequences for economic recovery if we can't address the housing crisis. How would you address that challenge specifically?

MR. CAIN: One of the first things that I would do to address the housing crisis is to get this economy growing. It all gets back to economic growth. This is why we are so confident that our economic growth and jobs plan is going to boost the economy.

We've also done a dynamic analysis to show that the unemployment rate is going to be reduced. If you've got people going back to work, guess what? They've got money to maybe go out and buy one of these distressed homes, or whatever the case may be.

If you have a growing economy, people that are underemployed will have a better opportunity. And one of the biggest things that will help the housing market is an economy where businesses are excited about growth. When I served on the board of directors of several corporations, leading up to running for President, prior to the last three years, the conversations in the board rooms were about how do we grow the company. We didn't have conversations about how do we stay the same or get smaller. [Laughter] You don't talk about that; that's not what boards are supposed to do.

We have a \$14 trillion economy, because we have grown this economy, because businesses have grown. Today they are talking about, in this environment, members are talking about how do we survive. And survival is not what's going to grow this economy.

The certainty of a new tax plan, called 9-9-9, will cause businesses to get excited and to be in a mode to grow again. And that's the best thing that we can do to help this housing slump. [Applause]

MR. HAMRICK: So Mitt Romney has said essentially along the lines of "let the foreclosure crisis play itself out." So aside from the 9-9-9 Plan, you'd be willing to allow that to happen?

MR. CAIN: But I would do one other thing prior to that. Ever since we've been in this economic decline, this Administration, through the FDIC has unnecessarily meddled in the business of community banks and smaller banks. I would go back and see if we can't eliminate some of these new requirements that they have imposed under the guise of "it's going to protect banks from failing." But what it has done, it has had an unintended consequence, it has caused more banks to fail, for the following reason:

When they ratcheted up the capital coverage requirements for banks, I actually know of community and smaller banks who got rid of some business transactions, businesses simply because they were trying to meet an artificially too-high requirement with the federal government.

So we need to get government to back off in a reasonable way and allow the community banks, the medium-sized banks, and the small banks to do what they do. Remember one of my guiding principles: If you want to solve a problem, go to the source closest to the problem. It's not Washington, DC, and it's not the big banks. It's the community banks and the small banks, if we can get government out of the way. [Applause]

MR. HAMRICK: Just to go back in history a little bit, there are those who might have said government was out of the way while the housing crisis was created. So

was there a proper role that government should have been involved with, ahead of all of that? How did the government miss the boat when you're talking about keeping the government out in the first place?

MR. CAIN: Government didn't miss the boat; government created the boat. [Laughter/applause] Government put the holes in the boat. If you go back to the financial meltdown of 2008, it's all precipitated because of the practices of Fannie Mae and Freddie Mac. [Applause] Fannie Mae and Freddie Mac is the root of why we had holes in the boat, because of the practice of bundling mortgages, the practice of Fannie Mae and Freddie Mac making it too easy for banks to sell them bad mortgages that were bundled.

The other thing: Fannie Mae and Freddie Mac have not received the oversight that they should have received for at least a decade because Chris Dodd, head of the oversight committee in the Senate, Barney Frank, head of the oversight committee in the House of Representatives – yes, I am naming names [applause] – because they did not do their jobs. They did not do their jobs.

There is the evidence that the books at Fannie Mae and Freddie Mac have been cooked. But they did nothing about it. That's the source. Now, I'm not mad at you all, I just get passionate about this. [Laughter] You understand.

So if government had not made it too easy for banks and mortgage companies to bundle up those mortgages, we wouldn't have had that part of the problem.

Now, that was another piece. Yes, Wall Street has some blame in this. But not total blame. The derivatives market was not properly defined in terms of what businesses can do. And to give you an example, everybody in here is familiar with Enron. Well, that was probably the early precursor to someone who pushed derivatives too far to the edge and it caused that company to decline.

So I do believe that there need to be some responsible regulations, relative to the derivatives markets, as well as some of the other investment instruments that are used. But at this point, I support totally repealing Dodd/Frank legislation. And let's do it right the next time. [Applause]

MR. HAMRICK: So I guess my first follow-up would be, obviously you're targeting the two Congressional leaders that had oversight roles there. Was the Bush Administration not to blame at all?

MR. CAIN: The Bush Administration tried to get legislation passed, but because he did not have a Republican majority or a supermajority, the legislation was blocked several times. I think the legislation, if I recall correctly, was introduced by Senator John Sununu. And that can be looked up.

So did they have a role? Yes. But they did make an effort to try to do something about it. But because they didn't have the votes, they weren't able to do anything about it. It should have started with providing the necessary oversight.

MR. HAMRICK: Let's go back to the 9-9-9 for a moment, because we have some more questions.

MR. CAIN: Good! [Laughter]

MR. HAMRICK: An article in yesterday's *Washington Post* said none of the GOP tax plans would bring in more than \$4.5 trillion, still leaving a \$1 trillion annual deficit. What will the effect on the deficit be from your plan. And if you can answer that question about the *Post* story specifically.

MR. CAIN: This is Rich Lowrie, co-architect of the 9-9-9 Plan, senior economic advisor to the Herman Cain campaign. And I'm going to allow Rich to answer that question for me. Rich? [Applause]

RICH LOWRIE: Thank you. The Plan as its designed is going to bring in the same revenue as the current code will. The issues regarding the deficit are a function of spending. And spending restraint is going to be handled separately. What we're trying to do with the 9-9-9 Plan is figure out how to generate the requisite amount of revenue and do the least damage to the economy in the process.

MR. CAIN: Now, I will add, here are our thoughts on spending. With a bold plan, 9-9-9, the projected growth of GDP is going to be much higher than we're experiencing today. To get our hands around spending, my current plan is to do an across-the-board cut in all federal agencies, day one.

Secondly, do a deep dive in all of the agencies and find at least another 10%. I know that it's there, because the Government Accounting Office documents waste and duplication all over the place. But when you have 535 members of Congress, all looking out for either their pet projects or somebody else's, it's not going to happen. Or looking out for their friends.

I've been told I don't have any friends in Washington, DC. [Laughter] So I believe we'll be able to cut a lot of the spending that's going on in Washington, DC. [Applause]

MR. HAMRICK: Well, those members of Congress aren't going to leave upon your election. So it's obviously been demonstrated with the efforts to cut the budget right now, it's hard to find agreement between the two parties and the White House. So how do you draw those same 535 together when you just said that's what they fight for.

MR. CAIN: Great, great, great question. It's called the power of the people. By keeping solutions understandable, that the public can understand, they will put pressure on their members of Congress to support that legislation. I respect the United States

Congress, and I will work with them, no question about it. But there have been times when compromise is just about killed this country. And my campaign itself is evidence that the voice of the people has awakened. And it is the voice of the people that's going to put the necessary pressure on Congress to pass legislation that they understand. And that's going to be the kind of legislation that I'm going to propose.

It was former Senator Everett Dirksen, former Senator Dirksen, who popularized the statement, "When they feel the heat, they will see the light." The American people are going to be the heat. [Applause]

MR. HAMRICK: One questioner asks, as student loan debt exceeds credit card in our nation, and many of those students are graduating into a job market without jobs, what can you do to help those students? And how is it that you might address the problem of the expense of getting higher education?

MR. CAIN: Well, the issue of addressing the expense of higher education, I happen to believe that, here again, let the free market sort it out. You have more expensive colleges and universities; you have less expensive colleges and universities. And people have a choice. Colleges and universities are competing for students.

MR. HAMRICK: But the free market's sorting it out right now and the students are accumulating debt. So what you're saying is the current system's just fine?

MR. CAIN: I didn't say it was just fine. There could be some other factors, but I don't believe that we should artificially start to tamper with the free market system, because that's one of the problems that I see with government in general, tampering with the free market system.

Now, relative to the student debt, I don't have a position on what we ought to do about all of the student debt that some of the students have run up. So I don't have a position on that right now. It's unfortunate, but it is obviously something that we are going to have to deal with.

MR. HAMRICK: So we'll watch this space.

MR. CAIN: Yes.

MR. HAMRICK: Some of the biggest challenges ahead obviously involve long-term entitlements. How would you work with members of both parties to resolve those huge differences that are awaiting decades out in the future with massive deficits?

MR. CAIN: I believe that these programs that we call entitlement programs must be restructured. We can no longer say we're going to raise the retirement age and reduce benefits and think that that's going to solve the problem. No, it will not. We've got to restructure the programs.

For example, I am a believer in the Chilean model for how they got off of this addiction to a broken social security system. Even though we're going to be collecting the same amount of revenue with 9-9-9, and it'll go to the social security account, I happen to believe that we need an optional personal retirement account system so we can wean this nation off of a broken system.

They did it in Chile. They have done it in 30 other countries around the world when they recognized that they had a problem. We have long recognized that we have a problem, but we simply haven't done anything about it. That's going to change.

Relative to Medicare and Medicaid, remember, one of my guiding principles is, if you want to solve a problem, go to the source closest to the problem. I plan to go to the states and get the states to help us restructure Medicare and how it is administered, rather than trying to come up with a one-size-fits-all set of rules out of Washington, DC.

We've got to restructure programs, not simply reshuffle them.

MR. HAMRICK: So you'd have 50 different solutions?

MR. CAIN: No. No. You'd have 50 different groups working on a solution, but not 50 different solutions. And states do learn from one another.

MR. HAMRICK: Someone asked here, how much of the current President's political is caused by people not being comfortable or accepting the nation's first black President? And where do we stand with race in our country today?

MR. CAIN: I don't think people being uncomfortable with this President has anything whatsoever to do with his race. It's bad policy [applause] that people have a problem with this President.

Here's where we stand on race in America, in my opinion. Instead of us coming closer together, we've become more divided because of selectively on the part of this Administration and its surrogates playing the race card, the class warfare card, the economic inequity card in order to turn people against one another. The millionaires tax, all part of the class warfare card. And so, as a result, there's more racial tension than there had been.

The fact that the Tea Party movement— the Tea Party/Citizens/Americans for Prosperity, it's not just one group of people, folks. Every organization that has members, they have mobilized their members to get involved and be a part of this voice of the sleeping giant that I talk about, because they do not like these policies.

The Tea Party has been painted as a racist organization. I started speaking at Tea Parties in 2009, before it was cool. [Laughter] April 5, 2009. And the people who have attended these rallies, they have only gotten bigger. They've only gotten bigger.

And while I'm on this subject, one of the other things, Mark, if you don't mind, is that some people have even made the assertion that the only reason that I'm doing so well trying to get the Republican nomination, is because white Americans, the Republican Party and conservatives are trying to send a message "we're not racist."

Come to some of our rallies. Join us on our bus tour. You have to follow along, because we don't have enough room on there for all of you. [Laughter] And you will come to the conclusion that I have come to, and that we have come to – this many white people can't pretend that they like me! [Laughter/applause]

MR. HAMRICK: But I'm not sure that you gave me an answer about where we are with the status of race relations in our country today. I mean, obviously your parents worked very hard. You've had tremendous achievements. Have we made much progress? We have obviously that Barack Obama is in the White House, and there's a possibility that two men of color could be faced off in the election.

MR. CAIN: I'll elaborate a little more. I grew up in the '50s and the '60s in Atlanta, Georgia. So I was in high school at the height of the Civil Rights Movement. And then I went to Morehouse College. The Civil Rights Act of 1964 was passed. The Voting Rights Act of 1965 was passed. That opened up some doors. We had to make some political changes in order to open up more doors.

Dr. King touched the hearts of America, and touched the hearts of the world that helped to bring that about. He was one of our greatest leaders. And I am a beneficiary of those two changes in our laws, no question about it. I happen to know a lot of other black Americans that are beneficiaries of that, brown Americans that are beneficiaries because institutions have opened up. Corporations have opened up. Corporate America has opened up.

Are there still signs of racism in some of our institutions? Yes. And they will probably always be there. But for people who are interested in truly pursuing their American dream, don't put race in your formula. It is not there more than it might be there. That's how I have been able to achieve my American dream. And there are other success stories just like that.

So we have come a long way. But yes, we also need to do some more work, to make sure that we put the word united back in United States of America. [Applause]

MR. HAMRICK: Now as we move into the softball question phase of today's appearance– [laughter]

MR. CAIN: You mean there's some softball questions?

MR. HAMRICK: When did it first occur to you that you thought you should run for President of the United States?

MR. CAIN: The day Barack Obama signed Obamacare [Laughter] is when it really occurred to me. [Applause] Many of you all may know that I was a radio talk show host for five years leading up to me running for President. And when President Obama took office, I, like many Americans– I did not vote for him, by the way, so don't get carried away. [Laughter] I, like many Americans, were hopeful that he would at least be a good President. I never wished him to fail. That's not good for this country.

And when I saw his policies and his lack of leadership exhibited, I became deeply concerned. Obamacare isn't something that the American people wanted. They didn't want that solution. We have the best healthcare in America. I'm an example of that because of having survived Stage IV cancer. We have a healthcare cost problem. And I believe in order to address the healthcare cost problem, not more government, less government. And allow the free market to deal with it.

And so, as a result of the weakening of America – we're weaker economically, we're weaker in terms of our dependence on foreign oil, we are weaker militarily– my priority will not be how, when and where we cut, cut, cut more out of defense. There are areas we need to invest in defense, in order to rebuild our military might.

And so, because I have been blessed to have achieved my American dream, I'm not a kajillionaire, but I was able to work, climb the corporate ladder a couple of times, and become comfortable. My wife and I of 43 years, we moved back to Atlanta. I was on my way to cruise control. [Laughter] And then the country got off track. And I felt as if I needed to look at using my skills, talents and abilities, possibly, to help get this nation back on track.

So it really didn't start as a consideration until after President Obama took office.

MR. HAMRICK: We're almost out of time. Before we ask the last question, a couple of housekeeping matters to take care of. We have some upcoming luncheon speakers. Tom Brokaw will be here on November 3rd. On November 21st, the US Postmaster General will be here to talk about the problems affecting the postal service. And then on December 14th, Jim Cantore, on-camera meteorologist with the Weather Channel, will be joining us to talk about his view on journalism.

Now I'd like to, as we always do, present our guest with a traditional NPC coffee mug as a way of thanking you for being here today, Herman.

MR. CAIN: Thank you, Mark. [Applause]

MR. HAMRICK: Thank you. So my final question, Herman, if you could join me for that, you chose to sing at the Omaha Press Club. [Laughter] I thought I'd give you the opportunity to end on a high note. Would you like to give it another shot?

MR. CAIN: You want the same song?

MR. HAMRICK: Whatever you'd like.

MR. CAIN: Let me first say that it is demanding enough to speak a dozen times a day, let alone to then also have to sing. However [laughter], I will take advantage of this opportunity, but if I come to your event, don't ask. Don't expect it. And here's why. My faith is a big part of who Herman Cain is. It is a big part of how I made this decision. It is a big part of this journey that we're on. And this is a journey, not just my campaign, but this nation. And so, since it's an opportunity for me to share a little bit of my faith, I will.

Sings: Amazing Grace will always be my song of praise, for it was grace that brought me liberty. I'll never know why Jesus came to love me so. He looked beyond all my faults and saw my needs.

Thank you. [Applause]

MR. HAMRICK: How about a warm round of applause for Herman Cain.
Thank you very much. [Applause]

I'd like to thank our National Press Club staff, including our Library and Broadcast Center for organizing today's event. Thank you, and we're adjourned. [Sounds gavel]

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