

NATIONAL PRESS CLUB LUNCHEON WITH
CALIFORNIA GOVERNOR ARNOLD SCHWARZENEGGER
(R-CA)

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MR. ZREMSKI: (Sounds gavel.) Good afternoon and welcome to the
National Press Club.

My name is Jerry Zremski and I'm the Washington bureau chief of
the Buffalo News and the president of the Press Club this year. I'd
like to welcome our club members and their guests in the audience
today, as well as those of you viewing this on C-SPAN.

We're looking forward to today's speech, and afterwards, I will
ask as many questions from the audience as time permits. Please hold
your applause during the speech so we can have time for as many
questions as possible. For our broadcast audience, I'd like to
explain that if you hear applause, it may be from the guests and the
members of the general public who are attending, and not necessarily
from the working press. (Laughter.)

I'd now like to introduce our head table guests and ask them to
stand briefly when their names are called.

From your right, John Fogarty of BulletinNEWS, a former National
Press Club president; Diana Marrero of Gannette Newspapers; Mark
Sandalow of The San Francisco Chronicle; Marty Coyne of Platts; John
Gallagher of Traffic World and a member of the NPC board of governors;

Maria -- Eunice Shriver, a guest of the speaker; Maria Shriver, the wife of the speaker.

Over on this side we have Melissa Charbonneau of CBN News and vice chair of the NPC Speakers Committee. Skipping over this guy you might recognize for just one second, we have Mike Doyle of McClatchy Newspapers and the chair of the Newsmakers Committee here at the Press Club and the gentleman who organized today's event; Linda Ulrich, director of the governor's Washington office; Clarence Page of The Chicago Tribune; Erica Werner of the Associated Press; Dana Wilkie, of Copley Newspapers; Steve Weisman of The New York Times.

Only in America, ladies and gentlemen -- (applause) -- only in America -- only in America could someone spin the kind of life story that brought our speaker today to the National Press Club. In November, Arnold Schwarzenegger won reelection as California governor with 4.8 million votes. That came close to setting a record -- (applause) -- but then again, records are nothing new for Arnold Schwarzenegger. (Laughter.)

Born in Austria in 1947, Mr. Schwarzenegger first won fame only 20 years later as the youngest bodybuilder ever to win the Mr. Universe title. He went on to win 12 more world titles, including six consecutive Mr. Olympia championships. But then, perhaps, he got tired of all that heavy lifting and decided to change careers.

He made his way to Hollywood, ultimately appearing in dozens of movies starting with the now lamentably forgotten "Hercules in New York." (Laughter.) But no one can forget the role that made him the "Terminator" and one of the most successful action stars of all time. (Applause.)

Of course, the action of Hollywood can't quite compare to the action in Sacramento. So as Schwarzenegger's fame increased, so did his interest in politics. And after years of rumors and ruminations about a political career, Schwarzenegger made the move in 2003. In the fall of that year, in one of the most remarkable elections in American history, California voters recalled Democrat Gray Davis and elected Arnold Schwarzenegger as their governor. And since then, Governor Schwarzenegger has had a political career worthy of an action figure.

He's been up, gathering quick public approval for steps like repealing an unpopular car registration fee. He's been down -- in November 2005, voters soundly rejected reforms ballot measures that he was pushing. And now he's back up, garnering global notice for signing a bipartisan agreement to reduce California's greenhouse gas emissions and working to expand access to health care to all of the state's residents.

Obviously, as governor, Arnold Schwarzenegger is moving more deftly than "Conan the Barbarian." A Republican in a Democratic state, he's seeking bipartisan solutions on big issues that have flummoxed Washington politicians for years. The governor explained it all recently, "Like Paul on the road to Damascus, I had an experience that opened my eyes. I saw that people, not just in California but across the nation, were hungry for a new kind of politics: a politics

that looks beyond the old labels."

Here to tell us about that new kind of politics, let's welcome California's governor and the world's only "Governator," Arnold Schwarzenegger. (Applause.)

Thank you, thank you. Welcome.

GOV. SCHWARZENEGGER: Well, thank you very much, Jerry, for the wonderful introduction. You're a funny guy, actually. (Laughter.) You have another career there. I like that.

I want to thank, also, my mother-in-law for being here today -- making a great effort to drive all the way over here in this weather. And I also want to thank -- give her a big hand for Eunice. (Applause.) She also helped me in my campaign. She was the best Democrat I could have by my side helping me win. (Laughter.) And also, of course, her daughter and my wife, Maria Shriver right here. Give her also a big hand. Thank you, Maria for being here. (Applause.)

Now most people love speaking here at the National Press Club to follow the footsteps of Roosevelt and Churchill, Mandela and so on. Me -- I'd just like to get one of those windbreakers that you give to speakers when they talk here. (Laughter.) So thank you very much for inviting me. We really appreciate it very much.

You know, after I spoke about bipartisanship and post-partisanship in my inaugural address, it was amazing. It was really amazing the kind of reaction that I got -- the kind of letters that I got from around the world, and it made news stories around the world. I think there's such unbelievable political division out there that when someone just simply talks about working together that it becomes newsworthy.

Certainly, the voters in California like to see the idea of their elected representatives working together. And this is exactly what we have done last year. And I think the results were very clear the day of the election. Ninety-one percent of Republicans voted for me and a huge number of Democrats also voted for me. As a matter of fact, that's what made me be 17 percent head of my opponent. But the interesting thing also is that two-thirds of Californians now say that the state is going in the right direction. Now, that's quite different just three-and-a-half years ago before I was elected where we had 72 percent say the state is going in the wrong direction. And for the first time in 10 years, the approval rating of California's legislature is higher than their disapproval rating -- the first time in 10 years. So it's very clear that the people like the idea of both parties working together.

Now, here in Washington it's quite the opposite. Last year in California we have gotten so much done, in spite of being an election year. We reformed prescription drug costs, passed the world's most comprehensive plan to reduce greenhouse gasses, and we began rebuilding the state's infrastructure. We did it by just simply working together.

Ladies and gentlemen, I don't claim to be Gandhi or anything like

that, because I contributed in 2005 to polarization myself. I tried to hold a special election, which we did, and I tried to pass some of our initiatives. But -- the ideas were good, but the way I went about it was the wrong way. And it was too much about us versus them and I just made terrible mistakes.

Now, I'm not a person that gets all introspective about my failures -- which there's only a few -- (laughter) -- but I do know when something doesn't work. And dividing people does not work. Now here -- but division is what Washington has come to represent. For too long this town has been about divide and conquer. Find an issue that splits our country in half, then crack it just enough so you can come out ahead. I have 51 percent, you have 49 percent. I win, you lose. But something larger gets lost in the process. That is the public's trust, the public's respect and the public's faith in government.

After an initial flurry of hope, it doesn't look like anything has changed here in Washington. The same things are happening all over again. I mean, what is the point of stirring up bitterness over nonbinding resolutions? Or what is the point of each side preventing the other side from conducting a vote? The point is, of course, political advantage -- because it's definitely not to the public's advantage.

All of this energy is being spent on bitterness; all this effort is being spent on maneuvering and trying to win and make the other person the loser and so on. Imagine if that same energy were put into working together to build a consensus. Think about that.

The wings of each party, of course, say, "We have our principles." Why is being principled reserved for the extremists? The left and the right don't have a monopoly on conscience. We should not let them get away with that. We can be centrist and be principled, and we can seek a consensus and retain our convictions. What is more principled than giving up some of the part of your positions to advance the greater good of the people? That is how we arrived at our Constitution of the United States. I mean, our founding fathers would still be meeting at the Holiday Inn in Philadelphia if they wouldn't have compromised. (Laughter.) Believe me. Why can't our political leaders today do the same thing?

Some people say, "Arnold, haven't you sold out and become an independent?" No. I am still a proud Republican. I support the guiding principles of the Republican Party, like lower taxes, a strong defense, free markets and the belief in the power of the individual. Whether you're Republican or Democrat, you don't have to give up your principles at all. But isn't the ultimate principle to serve the people, to do the things that are good for the people? We are elected as public servants, not as party servants.

When I talk about working together and centrism and post-partisanship, some people dismiss it as saying, "Yeah, yeah, yeah, it's just some of this lightweight idealistic ideas that Schwarzenegger has." Yes, Schwarzenegger, Edmund Burke, Kennedy, and there are so many others that have talked about this idea. Edmund Burke said that all government, indeed every human benefit and

enjoyment, every virtue and -- is very prudent and is founded on compromise. John Kennedy called compromise, "The art essential to keeping our nation united and enabling our government to function."

Politics is about compromise. It's about give-and-take and it's about trading. Doesn't anyone here in Washington remember that chapter from the civics book? I mean, that is an important one to go and re-study.

Post-partisanship, however, is not just simply Republicans and Democrats each bringing proposals to the table and then working out the differences. Post-partisanship is the new concept of Republicans

and Democrats giving birth to new ideas together. Corporations say all the time that the more diverse the team, the more creative and the better the solutions. I come from the private sector, I can tell you that is absolutely accurate. And this same creative approach should be the goal in politics, and this is why I have in my administration Democrats and Republicans and "decline-to-says" and Independents. Should we not have new ways of working to reflect the new iPod world? It all starts with something, of course, very basic, and that is by establishing relationships.

Now I read where the president asked a senator about his son who is in Iraq. The senator's dismissive reply was not in the spirit of the question. How did that reply advance the public's good?

Now in the courtyard in our state capital, I have a politically incorrect smoking tent. I don't know if you have heard about that one. (Laughter.) People come in there, Democrats and Republicans, and they take off their jackets and rip off their ties and they sit down and they smoke a stogie and they talk and they schmooze. (Laughter.) So I asked myself the question, how come Republicans and Democrats out here don't schmooze with each other? You can't catch a socially transmitted disease by sitting down with people who hold ideas that are different from yours. (Laughter.) I mean, I tell you, my parent in-laws, for the last 30 years since I have met Maria, I have been over to their house, and there are people invited over that are Democrats and Republicans. And they have wonderful discussions talking about the Peace Corps and about Special Olympics and then slowly bridging over to policy and to politics, and sometimes they agree and sometimes they don't agree. But you can disagree with your opponent and still maintain respect.

When I spoke at the Republican convention in 2004, I told them how I became a Republican because of Richard Nixon. Oh, you should have seen them. I mean, it was just like the end of the world. (Laughter.) I mean, some people were really angry. They thought that me mentioning the president who had resigned in disgrace that I had in some small way rehabilitated him.

Now let me tell you a story that is related to this. In 1977, over the Christmas holidays, Senator Hubert Humphrey, as he was on his deathbed at his home in Minnesota, began calling old friends and colleagues, supposedly to wish them a happy holiday season, but actually to say goodbye. On Christmas Eve he also called Richard Nixon, the man who had defeated him for the presidency. He found both

the Nixons ill and depressed in San Clemente. Senator Humphrey was so troubled by this that he actually called Nixon back the next morning, and he said he didn't have long to live but -- and he already had made funeral arrangements, which included lying in state at the Rotunda of the U.S. Capitol. And he invited Nixon to attend that ceremony as an honored guest, befitting the rank of a former president. Now at that time Nixon was still the object of great animosity and had not returned to Washington since his resignation three years earlier. According to an eyewitness, many people gasped when they saw Nixon come in and took (sic) his place. And in the photos you can see actually him and President Carter sitting there on the front row before the flag-draped coffin. What political grace and human compassion Humphrey showed.

Where is that world gone -- where has that world gone, and how can we get it back? And what bridge do we really have to cross in order to get there? I believe that we can start with simply just talking to each other, working with each other.

Now after years of sharp division in California, we are consciously trying new approaches in order to solve problems. It can be done. My smoking tent is always very, very busy, I can tell you. (Laughter.) And sometimes there is white smoke coming out, and sometimes black smoke. (Laughter.)

Now one big issue that we are trying to work on right now is, for instance, health care. The problem is so pressing that we got together and we said, "Hey, we can't wait for the federal government anymore, so let's do it ourselves." We are in the middle of that process right now, and here are the politics of the situation: Part of the plan that I put on the table provides coverage for children of undocumented immigrants. My fellow Republicans oppose this. They're appalled by this idea. Well, I totally understand the opposition, because after all, doesn't it encourage people to come here illegally and stick California with their medical bills? Well, the fact is that we have no choice about paying the medical bills of people that are here illegally in California. Federal law requires us to treat anyone and everyone that shows up at the emergency room and needs care, so we have absolutely no choice -- none whatsoever. So the question really is not should we treat them or not or should we cover them or not, but the real question is do we treat them in an emergency room at three or four times the cost of a doctor's office or health clinic, or do we treat them more efficiently and more cost-effectively? I say let's recognize the realities of the situation and deal with it practically. Well, my Republican colleagues just have a problem with this idea.

Now of course, the Democrats have their own problems with my health care proposal. It provides individual mandates, which requires personal responsibility. I believe that part of the health care answer is mandatory medical insurance, just like we have mandatory car insurance. A lot of Democrats say that individual mandates are unfair. My position is that people who don't take responsibility for themselves end up costing other people a lot of money.

Now of course, we have to take care of those that cannot afford health care, and this is why in my proposal it says that those that are in poverty of 300 percent will -- we -- will be taken care of by

our state.

So this is the kind of things that we are trying to work out and that we're working through, and I'm absolutely confident that this year we will work through that and we will have health care for everyone in California. So, so far everyone has maintained their cool and maintained their good attitude. No one is calling anyone any names, which is, by the way, big, big progress. (Laughter.) And this is the kind of dynamic that I like to keep in all the things that we're talking about it, if it is the environment, if it is health care, if it is infrastructure, if it is water, energy. In all of those different areas we want to do the same thing, both of the parties working together in the right way.

Now in the interest of time, let me just mention one final area where Republicans and Democrats must work together on, and this is immigration. We in California cannot do this by ourselves, otherwise we would. The nation's borders are the federal responsibility. Now one side says, "Send all the illegals back where they came from and let's build a big fence." The other side says, "No, this is bogus -- forget about that. Let's give everyone amnesty."

Hey, I have an idea. What about being realistic and just actually solving the problem? (Laughter.) So there is a totally reasonable centrist approach to this whole thing, and this is this. Secure our borders while at the same time recognize economic and social reality by providing guest worker programs and giving everyone citizenship who is already in the country and meet a certain criteria. Now this is a mainstream solution -- very simple. And it is time that we reintroduce -- reintroduce the concept of mainstream back into the American political life, and the place to start with is immigration.

Now here in the state's (sic) capital, I ask the federal government to come together and to pass comprehensive immigration reform. The votes are there. Is the willingness to work together for the good of the people there? That is the question, and I hope for the sake of the country that it is. Someone must start rebuilding the trust and the relationship in this town.

There are very simple ways to begin. To the Democrats I say, "Stop running down the president and just tell the people what you would do." And to the Republicans I say, "Stop questioning the motives of the Democrats on the war and accept their right to believe in what they want." And to the president I say, "Get yourself a smoking tent." (Laughter, applause.) And to all I would say, "Remember that the majority of the people in this country are in the center."

Ladies and gentlemen, in closing, let me just tell you what I told the citizens of California. I believe that the political way forward is look to the future, look to the center and look to the dreams of the people.

Thank you very much and now I'm ready to take some of the questions and then I'm going to collect my windbreaker, okay? (Laughter.) So thank you very much. Thank you. (Applause.)

MR. ZREMSKI: All right. Thank you very much, Governor. We do indeed have a lot of questions, which, of course, is no surprise. First of all, someone asks you are very well known for having made the shift from a more adversarial to a more cooperative relationship with the legislature. How did you go about rebuilding your relationship with the legislators?

GOV. SCHWARZENEGGER: I think that they recognized that my ultimate goal was exactly what their ultimate goal was and is, and that is to serve the people of California. They knew that, you know, I was not as experienced -- that I had a great first year where I went through a honeymoon period. A lot of things got done, including worker's compensation reform, which is saving businesses now \$13 to 14 billion in California, and like you said, to rebuild the car tax and all of those kind of things.

But, you know, when the honeymoon period ran out, then all of a sudden it got more difficult, and it became a different ball game. And I did not recognize that quick enough, but I got my message. The important thing was the people said no to those propositions, no to the way I went about it, and we got together after that election and we said, "Let's now work together" and we did. It was a whole new kind of environment. Democrats and Republicans are working together even though we disagree on issues, but there's a civil way of working together and to give and take and to compromise, that we have, like I said earlier, accomplished so much last year.

MR. ZREMSKI: Great. Could you give us a few examples of political leaders who, like you, have moved beyond partisanship? Any particular names?

GOV. SCHWARZENEGGER: Well, I think there are, you know, many people in this country that, you know, believe in bipartisanship and to work together. I think that it's just that there's a lot of people out there that don't, and they haven't figured out yet that in the end it is not about what is best for your party, but you have to look at what is best for the people. And this is why I said earlier that in the end we are all public servants. That is the important thing always to remember. We have to serve the people, not the party -- even though we come from the party and we get the help from the party to get elected, but in the end you have to serve the people. And I just met with 50 governors and with the president over at the White House, and I tell you there is a lot of people that I've talked to, they are very -- have a very bipartisan approach but it's just that some people still haven't yet figured out that that's the way to go.

MR. ZREMSKI: Right. Anyone in particular, though, that you think is sharing your approach? (Laughter.)

GOV. SCHWARZENEGGER: There's quite a few, yes. (Laughter.)

MR. ZREMSKI: Such as? (Laughter.)

GOV. SCHWARZENEGGER: Yes -- (inaudible) --

MR. ZREMSKI: No names, right?

GOV. SCHWARZENEGGER: I don't want to leave anyone out.

MR. ZREMSKI: Oh, okay. (Laughter.) Well, we only have 25 more minutes, so I should get going here. Does America need a third political party to counter the partisan wrangling of the Democrats and the Republicans?

GOV. SCHWARZENEGGER: If I would see that in Europe where they have many, many parties in most of the countries -- that they have a big advantage and they're doing better with less in-fighting and all this, I would say yes, we need a third party. But that's not the case. They have as many difficulties in Europe and there's as much fighting going on. I think that it doesn't have anything to do with that it's just a two-party system. I think that if we have two parties or five parties, if you keep remembering that you're supposed to serve the people, and if you always remember that you have to do things that are good for the country, and what have you promised during the time that you ran and your campaign -- during your campaign, I mean, that's -- that's what is the important thing. We have to serve the people.

MR. ZREMSKI: How much does your close relationship with the Kennedy family contribute to your post-partisanship message?

GOV. SCHWARZENEGGER: Well, I think that it is very helpful. Let me just say that ever since I have met Maria, I have been exposed to the dialogue of helping people, public service, Peace Corps, Job Corps. I've heard about the Special Olympics and reaching out and helping people that need help, and I think that it really inspired me to get involved with Special Olympics and with after-school programs and becoming the chairman of the President's Council on Fitness. There's a whole idea of being a public servant and to give something back to your community. That's -- I can -- I would say a large portion of the debate and the discussions that are going in that family. So I really benefited from that and got inspired by that. I think that Teddy has been known to work together with the other side. I mean, just if you think about the bills that have passed it's always many times with Republicans. So I think that's one of the good examples, yes.

MR. ZREMSKI: Okay. Great. What is the status of your proposal for universal health insurance, and what's the next step on it?

GOV. SCHWARZENEGGER: Well, I think the important thing for us in California is that we insure everybody, and that government is not running the health care program and the insurance, but it is the private sector that is really -- the private sector where we give certain guidelines. And what is important to us it that everyone participates in this because it's the only way we can create a -- you know, a pool of money so we can also insure those that cannot afford insurance. What is also important is that the insurance companies cover everybody, because right now they pick and choose a lot of times, and so if someone has a medical history or anything in their medical history they may not get insurance or if you maybe have insurance, you always have to live in the fear that you get cancelled if you have some kind of an illness. I think it's unfair, but at the same time we have to be fair to the insurance companies to create a

larger risk pool; therefore make sure that it's mandatory to have health care insurance -- that everyone has to have it.

So those are the kind of issues and we are now working through that. Democrats have their ideas, the Republicans have their ideas, and we are coming together and I think that this year we will be able to solve the problem, including -- and I've had meetings. Just now I met with the president personally in his office just before I came over here to talk about that we need the federal government's help to really be able to be successful to create health care for everybody because it needs the state also to come in and to be a partner and the federal government to come in and be a partner. But everyone has to be insured.

MR. ZREMSKI: You have said that, like auto insurance, everyone should have health insurance. But in California auto insurance premiums are regulated. Should health insurance premiums be regulated as well?

GOV. SCHWARZENEGGER: I think that if there's a problem with it we can go in that direction, but I think right now we feel that by creating a bigger risk pool and having everyone insured that it will bring the costs down.

You don't -- never forget the fact that right now, when you have 6.5 million people that are uninsured in California, someone has to pay for those people, and that means that those that are insured are paying a hidden tax. That hidden tax alone, for businesses, is \$14.7 billion and it is for an individual almost \$500 -- \$500 -- and it is for a family between \$1,200 and \$1,400. So we want to bring that hidden tax down, or we want to eliminate that hidden tax and also bring the costs of healthcare down. This is the objective. We'd be happy if we get rid of that problem. This is why we want to have everyone insured.

MR. ZREMSKI: You've discounted the idea of a single-payer system such as Canada has for being too bureaucratic. But some advocates of reform say that actually the real key to cracking down on health costs is to address the overhead and drug company profits. How would you respond to that?

GOV. SCHWARZENEGGER: Well, first of all, you must let everyone make their profits, and I think the important thing is that we, you know, write the bill in such a way that the costs come down. Right now, as I have said, just in the private sector alone, we have \$14.7 billion in hidden costs, in hidden taxes. So we want to reduce the tax. It's all about how can we make it affordable for the people, because you have to have access for the people so everyone has access to health care. Then you have to make it more affordable and that you're taking care of those that cannot afford health care. So this is the important thing.

But right now, the system is a broken system, and it doesn't work; there is the bottom line. And we see a lot of people that come from Europe to America to get their surgeries. We see a lot of people coming down from Canada to get their surgeries. We have, really, the best care. There is no two ways about that. We just have to get a

better system when it comes to health care.

MR. ZREMSKI: Okay, switching over to the topic of immigration, you talked about the idea of a centrist approach on immigration. If you could just flesh out how we get to that point, how the two sides on that issue would have to give to get to that point where we actually have a deal here in Washington on immigration.

GOV. SCHWARZENEGGER: Well, like I said earlier, I think that, you know, there's the extremists that think -- some think that, you know, people should go back home, that they're here illegally or came here illegally, and let's build a fence and, you know, others think that we should give them amnesty. There is, without any doubt, a middle ground to that. And the question is just how do we find that middle ground? How do we make it so that we can really, you know, celebrate immigration but, at the same time, say, "But you did something illegal," and that someone has to earn their citizenship and pay a certain amount. And Congress has to figure out what that should be, what they have to do. But the bottom line is that you cannot -- it's not realistic to send everyone back. There's people that have children that were born here, people that have relatives here and all. It's too complicated. What we have to do is just be reasonable and bring the two sides together, the two extreme sides, bring them together and come up with something that is workable.

And then also one of the recommendations that I have made to Secretary Chertoff is don't write it in such a way -- the law, and accept it -- that is too complicated, because we don't have the people to enforce it. We don't even have the people to enforce the current law as it is, so how do we enforce it when they start writing the bill and say okay, people that are here five years but have only one child born here, they can do this. And the people that are here less than five years -- no, four years, and if two children -- who is going to enforce all of this? (Laughter.) It's -- it sounds good on paper, but you don't have the people here to enforce it. It has to be simple and straightforward, and it has to be, you know, common sense. That's what it is, rather than always thinking about the politics. "If I go to my district and I say I'm going to send the illegals back, then I get some extra votes." Yeah, that's an easy shot, but is it really going to help the country in the end?

I mean, we need the workers; we know that. I know as soon as we sent 1,000 troops to the borders in California, immediately the farmers came to me and said, "You know, now there's 26 percent less crossings and I have spoiled crops on my ground and I don't have anyone to pick them up, you know? I'm losing millions of dollars." So this is the reality of it that you face when you run a state or when you run a country, so you have to deal with all of those things. We need the workers, and that's why I always say that we should have a guest worker program so that companies from America can go and hire people from the outside if they can't find the workers in this country.

MR. ZREMSKI: Have you seen any signs among Republicans who have been very critical of the immigration issues that they're willing to give a little and move toward compromise?

GOV. SCHWARZENEGGER: Absolutely. I think that now, again, new blood being here in Washington, Democrats and Republicans, I think that we can see -- and I just talked to the president also -- he sees hope that -- he is optimistic that something can get done. I am optimistic that something can get done, that the two parties can come together.

MR. ZREMSKI: Great. Shifting gears again, California and other Western states today announced an agreement to set up a regional greenhouse gas market. How can Western states ensure that their program is compatible with those in the Northeast and elsewhere in the country?

GOV. SCHWARZENEGGER: Well, first of all, I think these partnerships are extremely important. We have had, since we signed AB 32, which means that we are rolling our greenhouse gas emissions back to the 1990 level by the year 2020, and since we have come up with the new carbon fuel standards this year and signed an executive order, all of those things are very powerful, and it sends a message and it makes now other states become, you know, interested in that and forming partnerships. We formed partnerships with nine other northeastern states, for instance, to do a cap and trade, which means, you know, that we will also have a trading mechanism, that if you can't meet a certain standard that you can trade with other states and with other companies and so on. So there's all kinds of great things happening and now we're -- today we're just, for instance, signing a -- my memorandum of understanding, which is with the Western Regional Climate Action Initiative. And this is again states for states coming together, in addition to California -- five states altogether, coming together and forming a partnership.

And I think all of this is going to signal to the federal government that if they don't, you know, create the lead, that the states and those partnerships will create the lead, and that we will create a cleaner environment, you know, taking care of our air and of our water and follow the Kyoto Treaty to a certain extent and really fight global warming. That's the bottom line.

MR. ZREMSKI: Are the reforms that you've introduced in California going to be enough to allow the state to reach the Kyoto Protocol levels of gas emissions?

GOV. SCHWARZENEGGER: Well, we do our share, and I think that California is a -- you know, it's one of those states that if you look at the globe, it looks like a little spot. But the power that it -- that we have by, you know, doing those kind of things and passing laws to clean the environment, goes all over the world. I mean, it has that kind of a power. So we have gotten stories all over the world, any time and every time someone does any speech overseas now about global warming or about fighting global warming or about straightening out the, you know -- rolling back the greenhouse gas emissions and all of those things, they mention California as an example.

So this is a very powerful message that we -- the idea is not just to clean California, but to also inspire other states and to inspire other countries to go in the same direction. Because then China looks at that and they learn from that and they get inspired

from that, and we see already the impact. And I tell, we have a partnership also with, you know, Prime Minister Tony Blair, with England, and I think the more we do those kind of partnerships, the better it is and the more it will put -- you know, the federal government kind of on notice and say, "Why don't you do a little bit more in order to clean the air and to fight global warming?"

MR. ZREMSKI: Okay. With the major American automakers in near-bankruptcy, who will pay for the R&D for the new emissions standards?

GOV. SCHWARZENEGGER: Well, I think that there's two ways of going -- the wrong way that will hurt businesses and there's the right way, which will help businesses. We have created all kinds of different businesses in California because of, you know, the green technology or the clean technology. And I think that is the idea, that it creates jobs, it creates businesses, new technology is developed, and so this is what we seen in California. We have not seen at all the other -- we have not seen businesses move away from California because of it; we have literally seen the opposite. And I mean, it's amazing what is going on right now, because we literally -- when I did the -- signed an executive order for the new carbon standards, fuel standards, we had the executives of oil companies sit there together with the environmentalists, because what we have done is to have this cap in trade, which is a right balance between protecting the environment and at the same time protecting the businesses and the economy. So this is what we are trying to do. It's like with everything, there's a fine line, and you don't want to go too far to the left or too far to the right; you want to stay right in the center, and this is what is important here.

MR. ZREMSKI: Okay. You have come out in support of toll roads paid for by the private sector. Please explain how such agreements will avoid a clash between the motives of public agencies and those of private investors? And should foreign companies be allowed to invest in American roads?

GOV. SCHWARZENEGGER: Well, absolutely. I think it is very clear that when you manage a state, you see very quickly that the most -- the big money is in the private sector, not in the public sector.

So if that is the case, then we should let the private sector really build the roads rather than us building the roads. There's a way of doing that -- I think the private sector can build the buildings, they can build the tunnels, they can build bridges -- they can do all of those things because they like to invest. The key thing is just to have the right guidelines for them, and the right partnership with them.

I mean, I think that that takes the responsibility away from the state and hands it over to the private sector. They have to manage it, they have to maintain the roads, and they can charge then a certain fee for people to use it. So the user pays. It's like driving into a parking garage. You pay for parking your car there. This is the same -- like when you pay for that road because you use that road, maybe someone that lives up in San Francisco doesn't use that road in Orange County, so why should that person pay for that road? So that's, I think, a much better way to go, and so we are

encouraging public private partnerships.

MR. ZREMSKI: And how about foreign ownership of those roads?

GOV. SCHWARZENEGGER: Yes, absolutely. I think that people from foreign companies should be able to invest in it, yes.

MR. ZREMSKI: Okay.

Nancy Pelosi and California's congressional delegation like their districts the way they are, according to Speaker Nunez. Does this kill your redistricting reform plan, or can it come back in some way?

GOV. SCHWARZENEGGER: No, not at all. I mean, of course I think it's very clear that politicians love their gerrymandered districts, you know? That there's -- they just love to sit there and not having to campaign. There's a lot of them in California, for instance -- you know, we have had out of, I think, 500-and-some seats -- congressional and legislative seats, there were only four changes in those seats over this last election cycle -- or last two election cycles. So as I have said, there's more turnover -- there was more turnover in the Hapsburg Empire than there was -- (laughter) -- than there was, you know, with our legislative seats. I mean, that is -- that is the problem that's going on, and I think that that creates -- because, you know, the way they've drawn the district lines is that they've -- it creates this kind of a -- you know, that the right is going more to the right and the left is going more to the left because, you know, there is no competition within the district.

Now there are some districts that have competition between Democrats and Republicans, but there's a lot of districts that don't, and I think that's not healthy, and we have to change that. And this is why we should draw the district lines. Not that the Democrats win more seats or the Republicans win more seats. Hopefully it turns out that we -- even the same amount of seats. But it's just that we redraw the district lines so that there's more competition, and actually people have to follow through and keep their campaign promises, otherwise they get voted out. But if someone is a Republican, and he has 80% of Republicans in the district, he doesn't have to every worry about -- or she doesn't ever have to worry about getting voted out because there's no chance. So there's no competition. So those are the things we want to change, and, you know, we are right now in the middle of negotiating with Speaker Nunez, and with Senator Parada and with the Republican leaders in California. So we will come up with something that we can put in the initiative, and let the people make the choice then.

MR. ZREMSKI: Okay.

How did your meeting with President Bush go, and what did you talk about?

GOV. SCHWARZENEGGER: We talked about -- well, first of all, we have the Governors' Conference in town right now in town, where we have all the governors here, and it always starts out on Sunday night with a wonderful White House dinner, and with music. And then the next morning is always a three-hour session where, you know, the

secretary of Education, secretary of -- you know, the Interior, and all the different secretaries and also military, you know, leaders come in and give briefings to the governors about the situation that we are in, and the kind of areas where we can work together and which direction the government wants to go and so on. And of course, we -- a lot of the information is clear from the State of the Union address, but there's some detailed stuff that was not clear, and you have a chance to ask questions there and so on.

And then I had to go and meet the president in the Oval Office and talk a little bit about what is something that is extremely important for California, and that is health care -- that we -- the only way that we can solve our health care problem is by having the help from the federal government. So I told him that I have a meeting tomorrow with Secretary Leavitt, and we will talk about that -- can he put his stamp of approval on that to make sure that our state is successful in reforming a broken health care system because if our state is successful, and if we get the federal government's help, then all the other states will follow and reform their own, and the federal government doesn't have to get involved in that. Only by -- federal government has already pushed it -- has made a great proposal, which is the tax deductions, which I think will be very helpful and very complimentary to our reforms. So it's -- basically it was a conversation about working together and that I needed his help.

MR. ZREMSKI: Great.

Unfortunately, the governor's going to have to leave in just a few minutes.

GOV. SCHWARZENEGGER: Yeah, because I'm so busy. But anyway, go ahead. (Laughter.)

MR. ZREMSKI: You have another governor to meet with, right? (Laughter.)

But before we ask the last question, I would just add a couple of other little important matters to take care of. First of all, I just wanted to remind the audience of our upcoming speakers. Tomorrow, Governor Janet Napolitano of Arizona will be with us. On March the 3rd, Mark Morial, the President of the National Urban League, will discuss the Homewoners' Bill of Rights. And on March 22nd, Senator Jim Webb of Virginia will be joining us.

Okay. Now we've reached a very traditional part of the National Press Club luncheon -- the gifts. (Laughter.) That will look nice with all your awards on the wall.

GOV. SCHWARZENEGGER: Thank you very much.

MR. ZREMSKI: The coveted National Press Club mug -- (laughter) -- and (laughter) -- now, it's not made of leather, so you can't use it on -- while you're riding your motorcycle, but there you go.

GOV. SCHWARZENEGGER: Very nice. That is the famous windbreaker. (Laughter, applause.)

Well, thank you very much for having me.

MR. ZREMSKI: Okay. Just -- one last question. (Laughter.)

GOV. SCHWARZENEGGER: Okay. Please

MR. ZREMSKI: One last question. And before I ask that, let me just please ask the audience to stay in your seats for a few moments because the governor has to leave very promptly for another meeting, and we want to be able to get him to his next meeting.

Our last question is a very simple one. We've enjoyed having you here at the NPC today. And if we were to invite you again in a year or so, will you be back? (Laughter.)

GOV. SCHWARZENEGGER: I'll be back. (Laughter, applause.)

Thank you very much. Thank you.

MR. ZREMSKI: Thank you so much, Governor. (Cross talk, applause.)

GOV. SCHWARZENEGGER: Thank you very much.

MR. ZREMSKI: Thank you. Take care.

Thank you, everyone. Thank you for coming today. I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Joanne Booz and Howard Rothman for organizing today's lunch. Also, thanks to the NPC library for its research. The video archive of today's luncheon is provided by the NPC's Broadcast Operations Center. Press Club members can also access free transcripts of our luncheons at our website, www.press.org. Non-members may purchase transcripts, audio and videotapes by calling 1-888-343-1940. For more information about joining the Press Club, just please contact us at 202-662-7511.

Thank you. We're adjourned. (Sounds gavel, applause.)

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