

NATIONAL PRESS CLUB LUNCHEON WITH CONGRESSMAN SANDER LEVIN

SUBJECT: CRITICAL ISSUES FOR THE HOUSE WAYS AND MEANS COMMITTEE

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

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ALAN BJERGA: (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga. I'm a reporter for Bloomberg News, and the President of the National Press Club. We're the world's leading professional organization for journalists and are committed to our profession's future through our programming and by fostering a free press worldwide. For more information about the Press Club, please visit our website at www.press.org. To donate to our professional programs, please visit www.press.org/library.

On behalf of our members worldwide, I'd like to welcome our speaker and our attendees at today's event, which includes guests of our speaker as well as working journalists. I'd also like to welcome our C-SPAN and Public Radio audiences. After the speech concludes, I will ask as many audience questions as time permits. I'd now like to introduce our head table guests.

From your right, Peter Blank, Kiplinger Tax Letter; Ralph Winnie of the Eurasian Business Coalition; Shawna Thomas of NBC News; Jerry Geisel, Crane Communications; Michael Hempen, supervisor with AP Radio; Jennifer Levin, daughter of the speaker and guest of the speaker.

Skipping over the podium, we have Andrew Schneider, associate editor for Kiplinger and Chairman of the Press Club's Speakers Committee; skipping for the moment over our speaker, we have Debra Silimeo, a senior vice president for Hager Sharp and the Speakers Committee member who organized today's event; Deborah Price of the Detroit News; Marilyn Geewax, senior business editor for National Public Radio;

Jane Sasseen, editor in chief of the Yahoo! politics and opinion channel; and Ryan Donmoyer of Bloomberg, the first word in business journalism. Please give them a round of applause. (Applause)

While Sander Levin leads one of the most important committees in Congress, respected and likable, may be words more closely associated with him than power broker. Levin has served in Congress since 1982, representing the 12th District of Michigan, which includes parts of Macomb and Oakland Counties, in suburban Detroit. The *Washington Post* calls him the “lesser known” Levin because until now, his younger brother, Carl Levin, Senator from Michigan, has historically gotten more ink.

But Sander Levin has worked quietly behind the scenes for years building expertise in labor and trade policy. In March, he took over as the Chairman of the House Ways and Means Committee, when then-Chairman, Charlie Rangel, of New York, stepped down due to ethics concerns. Now, Levin oversees every tax, trade, Social Security, Medicare and employment measure that moves through Congress. If there's major money involved, the bill goes through Ways and Means. And there's a lot of money flowing through Washington these days.

With a powerful position comes a place in the history books. With Carl chairing Senate Arms and Services, the Levins are the first brothers since the 1800s to serve simultaneously as committee chairs. This year, Levin has said the economy is job number one for his committee. And he's ready to take on one of the most controversial tax issues of the day; whether to extend the Bush era tax cuts. Other issues include looming shortfalls in Social Security, trade with China, and helping U.S. businesses become more competitive.

He's the father of four, and his daughter, Jennifer, as noted, is here with us at the head table today. He's also reported to be a mean squash player and a Red Wings hockey fan, which has been difficult in recent days. The National Press Club welcomes Congressman Sander Levin. (Applause)

CONGRESSMAN SANDER LEVIN: Thank you very much, and thank you for inviting me and my daughter, Jenny. I can't remember the first session or meeting or event my late beloved wife of 50 years, Vicky, and I took Jenny to. I'm not sure she remembers. But I can remember her at our house in Berkeley on the stairway as we had meetings. And she was two or three years old. And she would just stay there, listening intently. And so she's here today, and I hope, Jenny, you won't be bored. You're still looking at your dad, and he's still looking at you.

I decided to focus my remarks essentially on the matters before our committee. I thought that might be appropriate. If you would like to ask any question unrelated to Ways and Means, I will turn my cell phone on and text message my brother. (Laughter) So, I have it here, especially if it relates to arms services matters, and others he's investigating beyond arms services today, as you know.

You know, as I sat down to write my remarks, I thought what were the events of the 27 years that I've been in the Congress, and my colleague Dennis Hertel is here, we serve together; Butler Derrick, we serve together. And I remembered, I came in the early '80s, the recession, the end of Soviet power and domination. I remember well the debate over the healthcare bill in the Clinton years. I remember very vividly the Republican takeover of the House. Of course, 9/11 and the war in Iraq.

I remember also going home in 1993 after the deficit reduction vote, and it passed, as you remember, just by a sliver. And we make the mistake, I thought, of having the town meeting-- I loved them all-- but in a place in Warren, Michigan, in a shopping mall with a very low ceiling. And I can still hear the reverberations. It was a rather turbulent meeting. But as I began to write my remarks, I decided that this is different. And so, here's what I wrote down.

We're at a major crossroad. In a democracy every generation or so, there occur conditions which can be described by what seems a rather strange label; a perfect storm. It's defined, and one of the staff dug this out of the internet, I won't mention which place, "a rare combination of circumstances that aggravate a situation dramatically." And this volatile combination today includes, and let me just run through them, I think you all know them, and some of you report on them. The deepest economic recession since the depression. A historic financial meltdown receiving more and more attention; the globalizing of our economy more apparent every day; all of them impacting the families that I represent and the communities in suburban Michigan.

Secondly, Bush Administration policies that contributed to a historically high level of income inequalities, upper income families doing still better and middle class families essentially stagnant in their incomes. Amidst a historic increase in the national debt, replacing what were projected budget surpluses.

And third, and being on the committee I remember these issues so well, neglected public programs intended to provide safeguards for families in need. A disgraceful example, and it's so vivid in Michigan, the doubling of the Social Security disability backlog in eight years. Hundreds of thousands waiting two or three years, or more, for a decision. And an unemployment insurance system that has too often failed to help jobless workers.

And last, U.S. trade deficits, the largest in recorded history. Twice as large as the previous record in the '80s, and a major drag on our economy and a contributor to the global crisis.

So when such a combination creates "a perfect storm," there's rarely going to be perfect answers. The President has said that so often. But also, I think it needs to be said that most, if not all actions, will be imperfect, but inaction is more often than not the most imperfect. So in my judgment, major change is the only course. And this will inevitably in a democracy bring a clash of ideas.

And from my experience going back decades, the clash has now been intensified by the loss of moderates within Republican ranks. A few of you may remember, Jenny does, several decades ago I tried to be elected governor of Michigan against a moderate Republican, Bill Milliken, who has become a good friend of mine. And if I might say so, he and I today are much closer in ideas than he is to those dominant in today's Republican Party.

And so healthcare became the arena for this intense battle of ideas and rhetoric. The Obama Administration inherited a healthcare system, the best in terms of innovation and almost the worst among industrial nations in terms of cost and coverage. The unsuccessful Clinton reform effort was followed by eight years of inaction as costs and coverage problems grew still worse.

So, we acted. Basic change creates resistance, and the nation heard claims of impending disaster, similar to those heard surrounding the passage of Social Security and Medicare. And the staff and I pulled together some of those quotes from the '60s and the '30s. They're not included here because of the lack of time, but they sound so similar, those claims and arguments of decades ago to those heard today.

Well, it turned out that prognostications were wrong. The clash, and I emphasize this, has not immobilized, but energized those of us in the majority. This happens, I think, when people do what they believe in and believe their actions will be in the best American tradition, spreading the wings of opportunity and of community.

Well, we returned last week and jobs is our number one issue, very much before this committee. The deeper the recession, the longer is the traditional lag, as we know, in job creation. Actions have led to significant stabilization, and I think there are more and more signs. When I talk to some of you in the business world, the first question I ask, "Is it a bit better?" And most of you say, "Yes, a bit better." But clearly, we have to undertake additional efforts to spur job growth. So as you know, the President signed the Hire Bill last week, and it has some real incentives for small businesses. And the House approved, unfortunately with only a handful of Republican votes, the Small Business and Infrastructure Tax Act to assist small businesses and to extend the very successful Build America bond program, which experts have called, and I quote, "One of the economic recovery efforts biggest successes."

Well, we had a hearing last week on green jobs and a distinguished reporter, who is here, was there, I think, for all of it. It went from ten until six p.m. It was a useful hearing, I think, and we're now looking at further legislation. And several business spokespersons had something to say that I thought were so significant from GM and Dow, about the need for an active public partnership with the private sector to develop technologies shaping our future. And these two people said it could not have happened only relying on markets themselves.

And it was this that characterized programs, as so many of you know, in the Recovery Act, the battery grants which have helped to spark the beginning of a

renaissance in Michigan and elsewhere industrially. It's interesting, as I talk to my colleagues, how many of my colleagues say, "I come from the state that is going to be the new center of electric battery development." So many. And I look at them and I say, "No, it's Michigan." "No," they say, "it's Ohio." Or someone told me, "It's Delaware." I know Joe Biden's from Delaware, so I took that somewhat seriously. (Laughter)

But also, this public/private partnership is the underlying premise of the R&D tax credit, which is at the heart of the extender's bill that has passed both houses. So these bills are being worked on right now and to anticipate a question on this, I think these bills, the extender bills in the small business infrastructure job bill, that together we need to not only work on them, but pass them before Memorial Day.

So let me say a few words about safeguards for workers. I think those who report knew as I handled the unemployment comp bill just last week, I was really disturbed, that's a mild word, at the attack on the bill, or the resistance to it, first among Senate Republicans, and then most, fortunately not all, of the House Republicans. There are today twice the numbers of long-term unemployed compared to any other time on record. It's usually been a bipartisan effort, but the claim among Republicans is that we cannot afford it because of the deficit. These members seem to have discovered fiscal responsibility when it comes to unemployed workers, but not when it comes to paying for tax cuts for the very wealthy.

So we have to extend unemployment and Cobra. We also have acted in the Recovery Act for those dislocated by trade. And fortunately in the Recovery Act, we began some long-needed reforms of the unemployment comp system. Also we included, and this has been somewhat overlooked, some of the important improvements in TANF to provide funding to help states with rising welfare case loads. And it's really interesting, I do suggest those in the media look at what the states have been doing with the several billion dollars in the TANF program. Some of the most conservative states have essentially used TANF monies to put people back to work. And fortunately, for the disabled, Congress has provided increased funding for the disabled.

In Michigan today, the average wait for those who are disabled or claim to be disabled, is over three years. And there's no healthcare. These are people we don't see. It's hard to find them. They're covered by privacy requirements. But, we need to do better. Remember, two-thirds of the claims that are being litigated eventually are approved and people are waiting all of these years, falling deeper and deeper into despair. And some even dying before the litigation can proceed.

So, let me say a word about tax policy; the rumors Ways and Means has jurisdiction on the taxes. Just a brief word about the estate tax. It expired, we're four months into the year without resolution of it. I find this uncertainty unacceptable and unfair. I wrote this out and I had to double check it. I'm a lawyer, I did a bit of estate planning, but I don't think I fully realized all of the ramifications. For instance, many wills are written to leave as much to the children as is below the estate tax threshold with

the rest going to the surviving spouse. Today, that means that the children may well be left with nothing.

Well, just a word about the expiring tax cuts. During the last economic expansion from '01 to '07, the top one percent of Americans received two-thirds of the increase in national income while the middle class incomes essentially stagnated. The divergence of income we have seen in the last decade means we should keep the middle income tax cuts and let those for the very wealthy expire. And I think that is going to eventually happen. And indeed, this was the course set by statutory PAYGO and PAYGO not only sets that course, but is a vital step for fiscal responsibility.

And just a word, once we handle these issues, we can turn our attention to reform of the tax code. Charlie Rangel, as you know, months ago unveiled a comprehensive tax reform proposal. And I think we'll continue to work on it.

So just a few words about trade. As some of you know, I've been somewhat involved in this and have some deep feelings about it. The Bush Administration took a hands off approach to trade policy. Those of you who report on it have heard me say that so many times. It was wedded to the view that the more the trade, the better no matter its terms or contents. In my judgment, we need to both expand trade and spread its benefits more broadly, and be sure that our workers and businesses are playing on a level playing field. That's been the expression, most importantly, of the President. Talking about the need for it to be reciprocal, not just a one-way street. And the administration has taken important steps to carry that out.

A brief word, and you may want to talk more about the specific trade agreements that the administration inherited from the Bush Administration, Korea, Colombia, and Panama. There's no doubt they contain some important, positive aspects. But also, some flaws. And when they were being negotiated, we made clear to those negotiating that they had to be changed. They weren't, and now we need to fix them.

Last week, we held a bipartisan meeting of key House members; four of us, Republicans and Democrats, with the new USTR leadership working on the Doha negotiations. It was a constructive session, and maybe was a slight glimmer of hope that we can begin to revive a bipartisan trade policy. So, we're going to be working together, I hope, on a broad range of issues and perhaps you want to talk more about this. We'll see the Transpacific Partnership Agreement, and also the issues of currency.

We are going to actively offer our support for the administration's G20 initiative to address unsustainable global trade and financial imbalances, including addressing currency, policies. China's currency is clearly undervalued and is an important cause of our country's major trade deficits. And I'll continue to be working with this administration over the next few months as it addresses in the G20, as it must, the currency issue.

So let me conclude with just a few thoughts. So many of the pending issues of 2010 are in the jurisdiction of our committee. Moving ahead responsibly and responsively, and I emphasize both, we have held hearings, for example, on China currency. And recently on energy and technology issues. And we had recently a committee markup of the most recent job bill and will continue to do that.

And just this last comment. Much is being reported now about the political outlook for November. And as I look about, that's true of many of you. Congressional Democrats know that repairing the damage of the combination of harmful Bush Administration policies in many key areas, and it's inaction in others, and replacing them with sound policies require both persistence and patience and a vigorous dialogue with the American people. We know that responding to the dynamics of a "perfect storm" means resistance is a part of progress. We have confidence that the path forward we are charting builds on the finest American traditions and that we are going to succeed. Thank you very much. (Applause)

MR. BJERGA: And thank you, Chairman Levin. In keeping with the wide range of topics that your committee oversees, we have a wide range of topics for questions that have been submitted today and I see more are still coming in. So starting off with one of the topics that you addressed, healthcare reform. It's being said that the healthcare reform package used all of the low-hanging fruit in terms of revenue raisers. Where can the committee look for new sources to pay for new investment?

CONGRESSMAN LEVIN: By the way, I welcome your questions and I know it's the tradition here to have written questions. So, I'm sorry you don't have to identify yourself, who asked the question. And also, I love the back and forth, including the chance to disagree with me after my answer. But, I follow the traditions of this distinguished Press Club, including a red cord that I'm totally unused to.

But anyway, no. I mean, I don't know how low-hanging it was, but it was there. Black liquor was used so many times that we almost became drunk on it. What are we going to use instead? Because we have the extenders bill that's been renamed, fortunately, as a jobs bill by the Senate. And we have our small business bill that is over there and has pay fors including those relating to treaty shopping. And there's some resistance to it. Also, over there is a bill, our major bill, with carried interest in it. All of these have been controversial.

I met with Senator Baucus a week ago, last Monday, and we had a really thorough and I think very constructive discussion about where we're going to find the pay fors. And I just want to assure everybody who's here that we're going to take a serious look at those provisions and others. We have to pay for them, it's required by PAYGO and by fiscal responsibility. Not the unemployment comp provisions, the Cobra provisions, the STR provisions that are essentially covered by PAYGO. And I am hopeful that as we discuss this, that the Republicans will drop their opposition to extending unemployment comp unless it's paid for. We have not paid for extensions of unemployment compensation or for Cobra. And PAYGO provides, as I said, the structure to proceed.

However, the rest of the provisions have to be paid for, and I'm not sure where the fruit is. Some people think it's sour, some may think it's rotten. But the main thing is, on those two examples, and others, and we're working on others, we're going to find pay fors using some intelligent discussion going beyond the labels to see where we can find provisions that provide resources with equity. With equity.

MR. BJERGA: Thank you, and just to note for your respect of Press Club traditions, including the red line. We do know you're very popular among the tax and trade lobbyist community in this town and we do try to keep the paparazzi away from you out of respect as our speakers. Lot of our questions had to do with the FTAs, various free trade agreements that have been waiting for some sort of approval ratification to the Congressional process. Have you received any signals from the White House they intend to send you any of the three pending free trade agreements this year? Do you think the Korea free trade agreement could be fixed to address your concerns, especially about automobiles?

CONGRESSMAN LEVIN: Okay, let's take them quickly one at a time. By the way, we've been working on these for years. It was a year and a half ago, I think, that I spent two Saturdays at the Panama embassy with a staff person discussing with the Panamanians the free trade agreement. In those days, the then-administration did not want to negotiate labor and environmental provisions. And so essentially, the Democratic trade staff and I did the negotiating, or the discussing. That's changed. It's up to USTR to do the negotiating, and now we have a USTR which will do that.

The issues that we discussed with Panama then related to their coming in compliance with basic ILO worker rights provisions. The tax haven issue wasn't as prominent then as it is now. Essentially, what has to happen with Panama is to implement what we discussed a year and a half ago, and to pass a tax haven provision. They do that, and I think then we will be in a position to move forward.

Let me say a word about Korea. I said, and I wasn't the only one, to the administration negotiators that they had to open up the Korean market for our industrial goods. They ship 700,000 cars a year here, we ship less than 10,000. They have a wall against our exports industrially. American refrigerator manufacturers cannot sell their basic refrigerator in Korea. You can go into Lowe's, Home Depot, and buy several Korean made refrigerators. It's a one-way street, and we told them it had to change and they had to provide for those changes. They failed to do so. And so they went ahead with a path that was sure to fail. We had warned them.

Can it be fixed? The answer is yes. And fortunately, when our two presidents met, the Korean president and President Obama, for the first time, Korea indicated a willingness to sit down and talk about fixing it.

I want to say a quick word. I see you're shuffling your cards, I'll try to be brief. I want to say a word about Colombia. Our trade policy under this administration essentially

says this. You have to expand trade, but to do so in a way that spreads its benefits that's better for those countries and better for ours. With Colombia, and this was the battle we had over CAFTA. Latin American countries in too many cases essentially have these deep disparities in terms of income and opportunity. You can't grow middle classes under those circumstances. Middle classes are the ones who buy our goods, basically. So there's a basic point in worker rights, environmental issues, worker rights. It's not because anybody is standing up for any particular interest group in this country. We're standing up for our businesses and workers and for the workers in other countries who need to be part of the mix in order to buy our goods.

Today, there's an article, just as a coincidence, I clipped it, my bother and I-- you are reporters, we clip you endlessly-- and we're so much raised the same way, we stuff them in our pockets the same way. So I stuffed this in my pocket, it comes from the *Washington Post*. "Colombia struggles to reduce poverty. The gap between rich/poor continues as wealthy get much of the USA." I went down to Colombia myself, as I did when I went to China myself, or went to the CAFTA countries myself to see firsthand what the conditions were. I met with people who work in the sugar industry. There, essentially workers are totally deprived of their ability to be participants and have a say. They've set up these so-called cooperatives that are essentially dummy outfits and workers go from cooperative to cooperative being paid for by some entity unable to be able to be a major part of the economy.

That has to be fixed for their good and our good. I fully understand the importance of opening up the Colombian market. I fully understand that for our workers, our businesses and workers. But, we need to have trade agreements that essentially reflect our values, and in the case of workers, basic international labor values. Once that happens, we'll be able to proceed. I understand some gains in security. There also have to be gains in terms of diminishing the disparities in income that have so beleaguered the Latin American countries.

And I finish with this. My beloved dad, our granddad, loved Latin America, traveled there. We were raised with that feeling of affection. He was the honorary consul general for Honduras in Michigan in the '50s. He wanted to find a country that would make him consul. So, he found Honduras. He stamped five visas a year, I think. But he felt so deeply about the importance of those countries, of fully meeting the needs of their constituents. That's what this is all about.

So in a word, I think we need to proceed. We need to address the outstanding issues. I hope we can do that.

MR. BJERGA: One of the frequent arguments made in favor of ratifying these free trade agreements is the need to support strategic allies. How much weight should foreign policy considerations be given when deciding whether to ratify free trade agreements?

CONGRESSMAN LEVIN: The answer is some. But they're trade agreements. That's the answer. I mean look, we know with Korea, for example, the other issues. They're important issues. All I suggest is that they not totally overwhelm what is the basic purpose of a free trade agreement. I'll finish with this. The rhetoric in this town about this administration or people like myself being isolationists, Charlie Rangel an isolationist? No, we're people who understand the importance of globalization and who want to make it work. And work, as that article indicates, not for a minority, but for the vast people of that country because it's better for that country and it's better for our country.

And that was once the foundation of American policy towards Latin America. And I want it to be revived, and I have confidence under this administration it will be.

MR. BJERGA: One month ago, you chaired a hearing on Chinese currency manipulation, after which you concluded that the status quo was unsustainable. Another month has passed, but China's currency has not appreciated against the dollar. President Obama discussed the issue with Chinese President Hu Jintao here in Washington last week, but no promises were made, no timeline was set. What's Congress's role to play in this issue? Is legislation on the currency helpful? And should the Treasury designate China as a currency manipulator in its overdue currency report?

CONGRESSMAN LEVIN: The administration has essentially decided on this course, to try to resolve the China currency issue multilaterally. When Secretary Geithner and I met two Fridays ago, I think it was, we discussed it at length. And he made clear that that was how they were going to go. The G20 are meeting in a couple of months. It's clear to me that this administration is endeavoring to try to help bring about a change. China has rigged its currency. It has been part of their overall strategy. It has to change. They're going to try to use a multilateral process to help bring that about.

If it doesn't work, the U.S. will act. I have no doubt about it. I think the administration will act, and I think the Congress will act. In the meanwhile, Congressional pressure, I think, perhaps helps the Chinese understand that the status quo is unacceptable. It has had that imbalance a substantial impact on our businesses and our workers. One can argue endlessly how much is it undervalued? Is it between 15 and 40 percent or 10 and 30 percent? And how many jobs have been lost? All I know is the Chinese government, and it isn't the only thing, subsidization and other features of it. But the currency has been a major tool for them, essentially, to get an advantage economically over us. It is far from fair for us. I think it is also unwise for the Chinese to continue doing it that way.

So in a word, I think it will change. By the end of the G20 meetings, China will make the decisions, will begin to do this, or else we'll take further steps.

MR. BJERGA: We've had several questions relating to the value added tax, which is a proposal that's been discussed on Capitol Hill. Could you please discuss the

pros and cons of a value added tax, and would such a tax violate President Obama's promise not to impose taxes on people making less than \$250,000?

CONGRESSMAN LEVIN: You know, I've been listening to this debate. I saw, waiting for the Red Wing hockey game yesterday, I shouldn't have waited, but I listened to the talk shows. And it was interesting how the value added tax had gained such prominence. I was somewhat surprised. I've heard almost nobody within our ranks discuss it. I know that one distinguished congressman in this town did talk about it, but the administration hasn't. So, I was somewhat surprised. My guess is that by next week, it will be a goner. And that's for good reason.

I think it's being raised mostly by the Republicans for political gain. They're trying to label us as a taxer. I suggest not only are they wrong, but they should read Paul Ryan's proposal. He's a Republican, my pal Paul, and he has a value added tax provision in it. So, I don't think it's on the agenda. And so, let me suggest that we argue the pros and cons the next time I can come to the Press Club.

MR. BJERGA: Under Chairman Rangel, the Ways and Means Committee has put an enormous effort in the last couple of years in putting together a revenue neutral package of tax reforms that would broaden the overall base and lower taxes on U.S. companies and middle class taxpayers. Given the deficit, is it possible to do a revenue neutral reform? Does any broad package of checks, changes or reforms need to bring in more revenue overall?

CONGRESSMAN LEVIN: Well, I think to Charlie Rangel's credit, he brought that out, as I said earlier, some months ago. Actually, it was many months ago. And I think clearly, tax reform has to be a major item on the agenda. As to whether it's neutral or not, I think has to be discussed at a time when we're able to focus in on comprehensive tax reform. This isn't the time now. We have immediately in front of us the estate tax issue, we have immediately in front of us the '01, '03 tax cuts. We have to address them. It isn't going to be easy. If there isn't a budget resolution with further reconciliation possibilities, it's going to take 60 votes. Now, if any of you can tell me how we're sure to get that, tell me it will be off the record. I'm not sure how we do that. But that really has to be the focus in the coming months.

I'm not sure how we do it, I'm not sure whether they're combined, but that has to be the first order of business. And clearly, comprehensive tax reform is an issue for next year, not this year.

MR. BJERGA: Is it realistic to believe that individual tax increases can be limited only to high end taxpayers when the Bush tax cuts expire at the end of the year?

CONGRESSMAN LEVIN: Yes. (Applause)

MR. BJERGA: Do you think all taxes are the same? If not, what kind of taxes serve society best?

CONGRESSMAN LEVIN: Are all taxes the-- who wrote that question? I meant that almost seriously. That's why I love town hall meetings, you know? Because the person who asks the question has to announce himself or herself. No, obviously all taxes aren't the same. By the way, as I was writing my remarks, I was reading some material and talking with the most talented staff, if I might say so, in the Congress, the Ways and Means staff. I had the chance to serve on four of the sub committees over the years of Ways and Means with what's now income security, health, Social Security, where I was able to serve as ranking after our much-loved Bob Matsui passed away. And then, of course, trade.

So I was just going back with the staff over some materials. And my guess is, if I gave you a test, and it would be a quickie, if I asked all of you to take a piece of paper and answer this question, what percentage of American taxes come from payroll taxes? My guess is that most of you might not pass because some of the rhetoric in this town is that most people don't pay taxes. People don't say income taxes, they say taxes. But it's well, well over 40 and perhaps over 45 percent, of our taxes come from payroll taxes, which virtually everybody does pay.

So the answer is no, all the taxes are far from the same. And my guess is that we will continue to have an income tax, which is progressive, that we will look at taxes like payroll taxes and try to see if we can make some adjustments. It isn't clear. We have Social Security and Medicare to look at, we have the healthcare bill and its tax provisions to look at. Clearly, they aren't all the same. What we have to do in our society is to find ways to make intelligent decisions as to which taxes are the fairest, most equitable taxes.

MR. BJERGA: Is there any reason that the U.S. should not put in place a tax on financial transactions similar to the tax on stock trades that the U.K. uses?

CONGRESSMAN LEVIN: Well, let me just quickly cover this point because I thought somebody might ask about the bank tax and the financial transaction taxes. I don't think the financial transaction tax idea is likely to be acceptable. We are now thinking about what we do with what's called the bank tax. Is, I think you know, the TARP legislation essentially required in the next few years for the administration to come up with suggestions as to how any gap in terms of repayment is filled. It now looks like 60, 70 percent of the TARP funds will for sure be repaid, I think it's close to that already. There's likely to be a gap, and so it's important to figure out how we're going to fill it. And the financial re-regulation provision in the Senate has a tax but different than is being discussed relating to the bank tax.

I think one way or another we are going to consider this issue as to a financial fee or tax on institutions that benefited from the essential need to rescue our economy. There are various ways to go, asset versus income, for example. The administration has proposed one path. We have been discussing intensely with the administration the various paths that may be open.

If I might say so, this is an example of the importance of the Ways and Means Committee, and the importance of our working with the Finance Committee, the importance of our working with the administration, and I hope the importance of working with the minority to try to find out the best way to do this if we're going to do it. And that's what we're in the middle of. And so I expect that those of you in the media are going to be asking us in the next weeks ahead how it's going and I'll try to tell you. At this point, it isn't clear.

MR. BJERGA: Moving to climate change, do you think the carbon tax provisions in the Kerry-Graham Energy Bill are workable? What are your ideas for funding climate change legislation?

CONGRESSMAN LEVIN: You know, I'm not sure where we're going because it's become so politicized. I voted for the cap in trade provision. By the way, our staff and I put together the provision in terms of border adjustment. It's somewhat related to the other issues, including a VAT tax because one of the problems we have with trade is, as you know, other countries have a tax system that advantages somewhat directly their producers. Our system is more complicated. So we had to be sure in the cap in trade bill that we had a provision so that if other countries did not become a party to a meaningful environmental structure, and therefore gained an advantage over us economically, that we had an instrumentality to react.

It was interesting, if I might say so, and I'll do this quickly, how it immediately got caught up in the polarized rhetoric of trade. They said it was "protectionist." Protectionist? What we were doing was saying that if other countries try to get in their head to be a deliberate effort to gain an advantage in trade through pollution, if you wanted to put it directly, that we would be able to compete. So, any energy legislation has to include a sensitivity to who is included and as to what happens if we're competing with those who are not included.

So, I think the cap in trade bill has met major resistance. I think that John Kerry and Barbara Boxer and others, working with Lindsey Graham, may have a way to do this that would work, that was different. All I can say is this, and this gets back to the perfect storm, and it relates, I guess, to the environment. Look, for my generation global warming is a threat that we must address in terms of our children, and our grandchildren. The assumption is that it will all work out is an assumption that is too dangerous.

So I think this will probably not be the year, but maybe so, but if it's not this year, I hope this country will have enough sense to have a sensible discussion of climate issues and not be caught up in what has become so divisive within our rhetoric.

MR. BJERGA: We are almost out of time. But before asking the last question, we have a couple of important matters to take care of. First, let us remind our guests and members of future speakers. On April 30th, we'll have Secretary Ray Mabus of the U.S. Department of the Navy. And on May 19th, we'll be hosting the Honorable Tim Kaine,

Chair of the Democratic National Committee, who will discuss his party's prospects in the 2010 elections.

Second, the moment we've all been waiting for, we'd like to present our guest with the traditional National Press Club mug. (Applause)

CONGRESSMAN LEVIN: Thank you. I'll unwrap it. It's real. (Laughter)

MR. BJERGA: Final question. The Pew Research Center released a survey today that found that four out of five Americans surveyed distrust government. What has to be done to restore that trust, and what role do you see the Ways and Means Committee playing specifically?

CONGRESSMAN LEVIN: I heard those report, and they're very concerning. I think the first approach has to be integrity. I think that everybody in this country wants legislators essentially to have basic honesty, basic integrity, to be in a position to call it the way they see it after they've talked with all interested parties and with their constituents. I think that anything that undercuts that is a serious problem. So, I think I would put that first.

I also think that we have to make clear that we're shutting nobody out from the debate. I must confess that I find some of the echoes in our present debate somewhat disturbing. However, I think the best answer to that is to listen and to respond.

And let me say lastly in terms of how we handle this issue in terms of-- I think our citizens in this country have felt somewhat shut out. We have this perfect storm, we have the feeling among the middle income groups of this country that they essentially have been treading water, as they have. And I think we need to respond to what is the feeling of essentially treading water. And it relates to jobs, to jobs. And also, I think it relates to education. This health bill, it's called a health bill, had some important education provisions in it.

Also, I think there is a feeling of a need for equity and fairness. And I close with this because I think it's a special charge to the Ways and Means Committee that has jurisdiction over Social Security and healthcare, Medicare, trade issues where fairness is an issue, and also tax policy. I think we in the committee have a solemn obligation to make sure that there is an equitable opportunity for every citizen in the United States. Every citizen in the United States.

And why I enjoy so much serving on this committee is that it gives us the opportunity in all of the areas I mentioned to try to make sure that this remains a land of opportunity and I add the word community. I feel what we have been trying to do, our majority, is to keep that promise of opportunity and of community. And my own judgment is that if we will keep at it, if we'll have open ears and open minds, but also a sense of commitment and determination, that in the end we will be able to respond to those who are skeptics of the way it is today, and skeptics of government.

Look, I want my constituents to be proud not of me, really, but of the position I hold and of the government that I serve. I want to go back and convince them that it can be such. Otherwise, why run? I want to run in an atmosphere that renews trust and renews faith and renews a sense that it is a government to serve, not to dominate. Thank you very much for having me. (Applause)

MR. BJERGA: And thank you, Chairman Levin. Thank you all for coming today. I would also like to thank the National Press Club staff including its library and broadcast operation center for organizing today's event. For more information about joining the National Press Club and to how to acquire a copy of today's program, please go to our website at www.press.org. Thank you. This meeting is adjourned. (Sounds gavel.)

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