

NATIONAL PRESS CLUB LUNCHEON WITH JOHN CORNYN AND ROBERT MENENDEZ

SUBJECT: FORECAST FOR MIDTERM ELECTIONS

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LOCATION: NATIONAL PRESS CLUB BALLROOM, WASHINGTON, D.C.

TIME: 12:30 P.M. EDT

DATE: THURSDAY, SEPTEMBER 30, 2010

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**THERESA WERNER:** (Sounds gavel.) Good afternoon, ladies and gentlemen, and welcome to the National Press Club. My name is Theresa Werner, a freelance reporter and Board Chair 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 on the Press Club, please visit our website at [www.press.org](http://www.press.org). To donate to our professional training and scholarship programs, please visit [www.press.org/library](http://www.press.org/library).

On behalf of our members worldwide, I'd like to welcome our speakers and attendees to today's events, which includes guests of our speakers, 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 questions as time permits. I'd now like to introduce our head table guests from your right.

Jim Saris, U.S. Senate Press Gallery; Jane Sasseen, editor-in-chief of the politics and opinions channel of Yahoo! News; Lisa Mascaro, Tribune Newspaper's *L.A. Times*; Al Eisele, The Hill. I'm going to skip our speakers. Andrew Schneider, chairman of the Speakers Committee, associate editor, Kiplinger Washington Editors; skip our next speaker; Debra Silimeo, senior vice president Hager Sharp, and Speakers Committee member who organized today's event; Shawn Bullard, Duetto Group and member of the Press Club Board of Governors; Jonathan Salant, Bloomberg and former NPC President; and Herb Jackson, *Bergen Record*. (Applause)

Today, we are a little over a month away from elections that are likely to bring some major changes in Washington. Poll after poll shows that voters are not happy. There's plenty of evidence that incumbents are in trouble. The Tea Party has tapped into a vein of discontent, the economy is still struggling, the Senate seems unable to move forward with major legislation at gridlocked sessions final days before elections. It's not pretty. It's probably not a great time to be in charge of winning elections all over the country.

Or is it? Our speakers today are two of the men who are in charge of leading their party's efforts in the U.S. Senate elections. They chair organizations that help support their party's candidates, do research, strategy, fundraising, advertising and help get voters to the polls. For Senator Robert Menendez, who chairs the Democratic Senatorial Campaign Committee, it's a matter of holding onto control of the Senate. The Democrats now claim 59 seats in their caucus. In November, 19 current Democrat seats will be up for election. Even the Democratic majority leader is fighting to maintain his seat.

For Senator John Cornyn, who chairs the National Republican Senatorial Campaign Committee, the election is about gaining control. The Republicans now claim 41 seats. In November, 17 current Republican seats will be up for election. A net gain of 11 seats will put the GOP back in the Senate majority. Republicans have already begun to talk about rolling back some of President Obama's initiatives such as healthcare. Many pollsters are saying that the House is far more likely to turn over than the Senate, but so many seats are at stake in both chambers that it seems that anything can happen on November 2<sup>nd</sup>.

Bob Menendez is the son of immigrants who grew up in a tenement building in New Jersey and now represents his state in the U.S. Senate. He has a long history of public service and has held positions including school board member, mayor, state legislature, Congressman since 1993, and now Senator since 2006.

John Cornyn's roots in Texas run deep. The son of native Texans, he grew up there, went to school and attended college there, even taught there for a while. He also heeded the call for public service, serving as a judge, a member of the Texas Supreme Court, and Texas Attorney General before being elected to the Senate in 2002.

Both senators have risen to outstanding leadership positions in the Senate and in their party. Both are heading their respective Senate campaign committees at one of the most unpredictable times in recent history. We welcome them to the National Press Club and we look forward to hearing their perspectives on this election. We did a coin toss before we came up here to determine who would be first. And I'd like to say that Senator Cornyn won the toss. So, Senator? (Applause)

**SENATOR CORNYN:** Well, thank you, Theresa. I hope that coin toss victory portends good things going forward. But I want to say I appreciate the National Press Club and the Board of Governors. I'm glad to be here with my colleague, Senator Menendez. And I know that the National Press Club is known as the place where news

happens. So, maybe we'll make some news today, who knows? That really depends on you, not on us. I'm also appreciative of the fact that this is being broadcast on C-SPAN and welcome all who are watching us on television.

I think the best indicator of the way the elections are going and shaping up in the next few weeks is the travel scheduled for the President of the United States. On Tuesday, President Obama held a campaign rally in Wisconsin, a state that he carried in 2008 by 13 points. Last week, he headlined two fundraisers in Connecticut, a state he carried by 23 points. And I've lost count of the number of fundraising trips he's made out to the west coast for Senator Boxer, a state he carried by 24 points. Following the flight pattern of Air Force One over the next few weeks, I think will be fascinating indeed.

Will the President visit states that he won just two years ago, but in which Republican Senate candidates seem to have a clear advantage? States like Iowa, Indiana, Ohio, Pennsylvania, Florida, North Carolina, and New Hampshire? And where the President does visit, will he have better luck than he had when he was helping out his favorite candidates in New Jersey and Virginia and Massachusetts in the election where Scott Brown was elected on January the 19<sup>th</sup>, earlier this year?

Will he have the same effect in close races, like Washington, Nevada and Colorado, or even his home state of Illinois? Well, it's clear that Air Force One is going to have to navigate through some political turbulence, the same turbulence that many independent observers have noted. For example, real clear politics has the generic ballot, Congressional ballot, of Republicans up four points. Now that's, you may say, not a huge lead in the generic ballot, but just look back to 2006 when the Democrats had an 11.5 point lead in the generic ballot in that year. According to Pew Research, Republicans have a 13 point advantage among independent voters, the same people who put Scott Brown over the top in Massachusetts.

Now, that compares to an 18 percentage point advantage the Democrats had among independents in 2006 according to exit polls. And then there's the enthusiasm gap. Gallup shows that Republicans have a 20 point advantage when it comes to Democrats as far as the enthusiasm gap is concerned.

And then there's this: American University did a study of the 2010 statewide primaries, and noted that four million more people voted in Republican primaries this year than voted in Democratic primaries, four million more. The average percentage of voters participating in statewide Republican primaries was the highest in 40 years, as Republicans set a record turnout in eight different states. The average percentage of voters participating in the Democratic primary was the lowest ever, including record low participation in ten states.

So with less than five weeks to go before the midterm elections, what should we expect to see? Well, let me suggest a few stories that you might be following. First of all, I think it's clear that the American people have gotten very tired of being lectured to as opposed to being listened to. Last month, for example, in Missouri, 71 percent of voters

voted in favor of a referendum that would have repealed the individual mandate in the healthcare bill that was passed early this year, 71 percent. The next day, the majority leader had this to say. He said, "It's very obvious that people have a lack of understanding of our healthcare reform bill." And just last weekend, Senator Kerry said, "We have an electorate that doesn't always pay much attention to what's going on, so people are influenced by a simple slogan rather than the facts or the truth or what's happening."

With all due respect to my colleagues, that's not the electorate I see. I see voters engaged in a way that I have never seen them engaged in my adult life. They know the national debt exceeds \$13 trillion, and they're quite aware that Congress spent \$787 billion of money that we had to borrow in order to try to get the economy moving again, and it failed in its stated goal of keeping unemployment at 8 percent or lower, as the White House had predicted.

And they do know a lot about the new healthcare law, and believe me, we heard from them in our offices. Because they actually took the time to read it. It was posted on the internet, and it was really phenomenal to the extent to which voters and the American people got engaged in the healthcare debate. Yet, it was passed purely along partisan lines using an extraordinary process known as budget reconciliation in order to avoid the 60 vote requirement for ordinary legislation.

And then there's elements of the healthcare bill that are just now coming to light, like the requirement of issuing a 1099 form every time you purchase \$600 worth of services or more. Now, I know many of my colleagues could not have been aware of this onerous paperwork requirement, but I have to tell you that small business owners throughout the country are very much aware of it. And they see it as another example of a Washington job-killing requirement. Many Texas small businesses tell me they don't have the staff to do the paperwork and others are worried that even if they do that somebody will make an inadvertent mistake and then they will be forced into an IRS audit, or worse.

The point is the American people are not clueless, they're actually quite engaged. And again, I think they're more engaged now than I've ever seen at any time in my adult life. They're certainly not ignorant of what's happening in Washington. They see what's happening, and I think they are pushing back hard.

Yet, lecturing seems to have given way to listening. This week Vice President Biden told his fellow Democrats in New Hampshire that they needed to stop whining. And in an interview in *Rolling Stone*, President Obama said, "It's inexcusable and irresponsible for Democrats to show less enthusiasm for their candidates than they did two years ago."

Now, I don't think this lecturing is working very well, and I think one of the things that has happened this last two years is there's been a very aggressive legislative agenda passed that, frankly, the American people are upset with and they're worried

about three things; high unemployment, runaway spending, and unsustainable debt. And yet we find out that there is a lot of work that should have been done that simply won't be done. Senate adjourned last night even though the largest tax increase in American history looms on January the 1<sup>st</sup> unless Congress and the President acts. For the first time in 48 years, the Senate failed pass a defense authorization bill to make sure our men and women in uniform have what they need. And we still don't have a budget, something that most families and small businesses can't do without. The federal government simply did not pass one.

In fact, there's so much unfinished business that there's as many as 20-odd bills being touted for the agenda in the lame duck session. One casualty has been a subject that I've been engaged in quite a bit, and I know Senator Menendez has, too, immigration reform, something President Obama said that he would take up his first year in office. Yet going now ending the second year, it still hasn't been a priority for him. And I know my colleague, Senator Menendez, or at least I'm told, has introduced a bill either yesterday, the day we adjourned, or will shortly. I think this kind of serious subject matter bears much more consideration than simply to be filed the day we adjourn or to try to be taken up in a lame duck session.

All this unfinished business has created a climate of uncertainty for job creators and voters. And that's why some of these races are particularly important. According to state law, the winners in Illinois, West Virginia and Delaware will take office more or less immediately after votes are canvassed and certified, and they'll be serving in the lame duck session. I believe the voters in those states will render a very clear judgment on this lame duck agenda by sending additional reinforcements for our side of the aisle.

The campaign strategy of our friends on the other side of the aisle is crystal clear. They are not running on their legislative accomplishments, because it's largely unpopular. And they are worried that voters will hold them accountable for the failure of those policies to meet their own stated goals. So they're running campaigns against the American people, some of whom are participating in the political process for the first time. And I'm talking about the Tea Party movement. Calling some of these participants in the process guaranteed by the First Amendment of the Constitution to redress their government on their grievances. And they're demonizing members of the Tea Party movement. And unfortunately, given the tax debate, President Obama himself has engaged in class warfare, trying to separate America on an issue like taxes where we ought to not raise taxes on anyone during a fragile economic recovery.

And then there's the problem of not taking responsibility, but attempting to blame others for their problems. I don't think it's going to work. As I said, the issues that the American people care most about are joblessness. You look at Nevada, 14.4 percent unemployment, 70 percent of home mortgages under water; 9.6 unemployment nationwide, spending that's scaring people. Debt leaving parents and grandparents wondering whether the next generation and beyond are going to be burdened with our failure to accept responsibility, or whether they're going to have a better life for their children, as every generation hopes that each generation will have.

So, I predict the stormy weather that we've seen in some of the Republican primaries will lead to a tsunami on November the 2<sup>nd</sup>. And the same people who made news throughout this cycle will be making history on November the 2<sup>nd</sup>. Thanks.  
(Applause)

**MS. WERNER:** Thank you, Senator. Senator Menendez?

**SENATOR MENENDEZ:** Well, thank you Theresa, and good afternoon everyone. I'm pleased to be here with my friend and colleague, Senator Cornyn. I was a little chagrined, I have to be honest with you, Theresa, when I sat down at the table and saw the cookies. (Laughter) The Long Horn looks like a very powerful expression, and the more mild mannered Pacific sailboat that represented New Jersey looked to be disproportionate. But then I got what you were telling me, that we're going to sail straight to victory on November 2<sup>nd</sup>, so I thank you for that.

Let me say that I think it's fair to say that both John and I have full plates right now. The map is bigger than in previous cycles, both the number of states and the size of those states. So, it's been an intense cycle so far and a lot of ups and downs. And I don't think the rollercoaster is ready to level out any time soon.

Let me start off by saying I think we recognize on the Democratic side that we are facing challenges in this cycle. First of all, we have historical headwinds; the reality that midterm elections of the President's party going back to the Civil War means the President's party loses seats. So we have historical headwinds at our face. We also have other challenges as well. After two cycles of very big Democratic gains, we know to some degree the cards are stacked against us. What's more, we know that there is a tremendous economic anxiety out there in the country right now, and voters are understandably impatient, and I agree with John on one thing. It seems that there is a reticence to take responsibility. The responsibility of having two wars raging abroad unpaid for, having a set of tax cuts of a nearly trillion dollars unpaid for, a new entitlement program unpaid for, largely unbridled spending during those eight years and an economic policy of the Bush era that led us to the precipice not of a great recession, but on the verge of a new depression.

And that is what Democrats inherited a little over a year and a half ago. And that is the economic anxiety that people are facing now. And that is the choice that they will have to make this election, whether they want to go back to the very essence of those who created the economic anxiety and troubles that they are in, or whether they want to continue to move to the future to those that are actually moving us away from the abyss and into prosperity and growth. That's really what this election is all about. So even though the winds may be blowing against us historically and otherwise, I think I want to make and assert certain advantages that we're going to enjoy heading into the final four weeks in this election.

But before I get to those, let me make a case for what we think this election is all about. This week, Republicans have done what they have done time and time again. I smiled when my-- he's a worthy adversary-- when he said, "You know, there wasn't a defense authorization bill passed." Well, guess what? Republicans filibustered the defense authorization bill. And for those who may not know looking out there, filibuster means, and instead of what we all grew up learning, 51 votes out of 100 is a majority. Oh no, to be able to move forward, we're going to insist on 60 votes. And, of course, Democrats don't have 60 votes. So the bottom line is they have used that filibuster historical time, 101 times last year alone, a record high. And yet, as they use the filibuster to impede progress, then they lament how things don't get done. It's really very interesting.

We stood, for example, this past week, to try to stop the outsourcing of American jobs. We want to see Made in America a reality here again in our country. That means not only will those products be made in America, but there will be more American jobs for American workers. Republicans stood with the big corporate interests once again and filibustered and insured that our ability to make sure that those jobs are created here didn't happen.

A few months ago, we saw Republicans do everything they could to stop Wall Street reform. And I don't think there's anyone in the country who didn't believe that while we all believe in a free market, there is a difference between a free market and a free for all market. And what we had under the previous eight years in the regulatory process there was a free for all market that drove excesses, and the problem with those excesses is that we collectively paid for it as a country. And yet, they stood up and opposed Wall Street reform.

We stood on people's, on the average consumer's side, when they were standing with Wall Street and the big banks. When it came to healthcare, they stood with the big health insurance industry, we stood with the consumer. When we had the oil spill, when we were trying to make the company responsible for the spill ultimately pay, as I learned growing up, you mess up, you clean up, and you're totally responsible for it, guess what? They stood with big oil.

So it's pretty clear. They have stood with the special interests; with Wall Street, with the big banks, with big insurance, with big oil, and we have been fighting for the average person in this country. So the crux of our argument to voters in this cycle is simply this: Democrats are on your side. We are trying to create those jobs here in America, we are trying to undo the challenges of eight years of the Bush economic policy that cannot be turned around in 18 months. But we are clearly on our way to moving in a better direction. We want to stop the tax breaks for big companies that send these jobs overseas. They want to continue to support those tax breaks for those companies that send those jobs overseas, and they will use their filibuster power to be able to insure it.

They want to be able to put Social Security, you look at these candidates, listen to what they're saying about Social Security and Medicare. They want to reverse the New

Deal, they want to privatize it, which means they want Wall Street to ultimately run the game on your retirement security. We don't believe in that.

Now, I agree that the American public is paying attention. I agree with John on that. And the good news is that voters get this. They understand that Republicans represent the special interests, Republicans have done themselves no favors by standing up with big oil, big insurers, and big banks. And as an example of that, just look at the *New York Times* CBS poll. When asked which party is better in helping the middle class, the middle class, Democrats 55, Republicans 33. They get it. They know who is on their side.

Now, to be sure, I know that Democrats haven't been able to snap their fingers and turn this economy around overnight because you don't take eight years of an economic policy that drove us to the near abyss and turn it around overnight. But the bottom line is that we are in the process of making that type of change towards a better future. We have growth in our domestic economy, we see the growth of jobs versus the millions that were lost under the previous administration. And so, we have turned the corner and will continue to move forward.

I think the one thing that we can be sure of is that there is advantage that the electorate isn't yearning to go back to the failed Bush economic policies of the past. But in addition, I think there's some other advantages we enjoy this cycle. First, the map. This is a map unlike 2000 and 2008 where Republicans were trapped into only defending their own seats. In some places, we are clearly playing on offense. We have dead heat races in Missouri, and in Kentucky, for instance.

Secondly, their candidates; we don't believe that the Tea Party as an institution is by any stretch of the imagination a bad thing. And we obviously embrace the activism of citizens. The difference is the candidates that were elected holding views that are out of the mainstream of their constituents in their states and holding views that clearly will not succeed. You know, there's two groups of candidates I see among the Republican crop; people like Roy Blunt, Rob Portman, Dan Coats, Mark Kirk, all who have had a long history of standing with the special interests and helped create this economic mess. These are the Republicans who spent decades in Washington doing favors for the special interests, and they can be held accountable for creating the mess we find ourselves in today.

And I believe that individuals like Senator Murkowski and Congressman Castle and others were defeated because they were seen as that part of the problem in Washington. I think that same energy and resentment can work against those individuals I mentioned.

The second group is those who have grown in size and notoriety, but who are more interested in adopting a strict national social doctrine than addressing the economic challenges facing working people. So, I look at them and I say to myself, "Their positions are clearly too extreme." Whether it's Ken Buck in Colorado who wants to privatize

medical care for veterans, or Sharron Angle who doesn't believe it is her job as a United States Senator to help create jobs for the people of Nevada, or Ron Johnson in Wisconsin who wants to open drilling in Lake Michigan, I don't think that those constituents share their views.

And there's a reason that Republicans ran against them and Rand Paul and Sharron Angle and Christine O'Donnell. They know that their positions do not sell well in a general election context.

And one more note about their primaries. Their wounds are not healing, Republicans in Connecticut, in Washington State, in Nevada, in Alaska, and Delaware, have not united behind their nominees. And I believe that demonstrates just how extreme these candidates' views are. In close elections, that's a huge problem for them.

Finally, I would simply say that this is a cycle of unpredictability. So who two years ago, or even shorter, would have predicted that Mitch McConnell, that the Republican leaders, hand picked candidate in Kentucky, would lose? Or 33 days from the general election, who would have said 33 days going back that Christine O'Donnell would have been the Republican nominee in Delaware? I don't think that anyone even thought about paying attention to the race in Alaska. So, these are uncertain times and I think that the storyline that gets locked in now is a storyline that will fall flat on November the 2<sup>nd</sup>.

So I believe these races are very fluid. I believe that there is an enormous economic case for us to make. And as our candidates and incumbents get out there and drive this message, as we see the gap closing on the intensity side, as we see the generic closing, as we see the middle class believing that we're better off as with Democrats than Republicans, to realize their hopes and dreams and aspirations, because that's what elections are about, they're about the future, I believe we will do very well.

And the one prediction I will make, not that I'm looking at my cauldron, but the one prediction I will make is that on November 2<sup>nd</sup>, Democrats will be in the majority in the United States Senate. Thank you very much. (Applause)

**MS. WERNER:** Thank you, Senator. For those of you at home, these are the cookies that they were referring to, our Texas long horn and our sailboats. Getting down to the questions, Senators if you will both join me up here and we'll just try to get in as many questions as we can. So we might as well start with a hard hitting one. What do you think of efforts to change the 14<sup>th</sup> Amendment and no longer give automatic citizenship to anyone born in the U.S., especially children of undocumented immigrants? Don't fight over it.

**SENATOR CORNYN:** I think it should be a moot point if we would do what the federal government has the responsibility to do, and that is to secure our borders and enforce our laws. And I think the most urgent thing we need to do in terms of our

national security in order to restore order out of chaos in our broken immigration system, is to secure our borders. There'd be no need to amend the Constitution if we did that.

**SENATOR MENENDEZ:** Well, I see that several of my Republican colleagues have suggested that changing the Constitution makes a lot of sense. I do not believe in it. I remember why the 14<sup>th</sup> Amendment was created. It was created because, in fact, blacks in this country were not treated as a full citizen in this country. And it was determined that birthright was going to give citizenship in this country.

I do agree with John that, in fact, what we need is to change our system of immigration, which is why I did introduce a bill yesterday that is comprehensive in nature, that deals with our security at our borders, that deals with our national security interests, that also deals with our economic interests but that realizes that we need to do something with those that are here in the United States in an undocumented fashion. And I believe that at the end of the day it is incredibly important to bring people out of the darkness into the light. I want to know who is here to pursue the American dream versus who might be here to do it harm. We will never know that unless we move in a different direction.

**MS. WERNER:** There must be thousands of polls out there. How valid do you think they are, and do you think they can be counted on?

**SENATOR MENENDEZ:** I believe they're a snapshot in time. And they tell you-- as that snapshot in time, they have certain merits. And if they're appropriately weighted in the appropriate way, then they can be of value. But at the end of the day, I think the most important poll is the one that is taken on election day and how those results come through. And that is going to determine these elections, not the polls. And so I appreciate all of the work of those polls. We obviously use them as well for internal purposes, but at the end of the day they're a snapshot of a moment. And having seen the fluidity of this race, I will just simply say that a lot of those polls were wrong in the primary context that we saw this past cycle.

**SENATOR CORNYN:** Well, I think an individual poll should be judged on its own individual merit. For example, a poll that surveys registered voters doesn't tell you about who's likely to come vote, and each of those who do try to estimate or try to predict who the likely voters are have their own models. So that's one reason why I tend to, in terms of public polling, like to look at the averages. And I mentioned the real clear politics average, which I think serves a useful purpose in looking at that.

But I think the turnout is an area where I think there's been a lot of volatility. I talked about the turnout earlier. I think as much as Bob and our Democratic friends enjoyed the turbulence of the Republican primaries that just ended on September the 14<sup>th</sup>, what they have underestimated is what's coming at them on November the 2<sup>nd</sup>. And I think many of the polls may have underestimated the intensity and the turnout that I think we're going to see, which will favor Republicans on November the 2<sup>nd</sup>.

**MS. WERNER:** Senator Menendez, it seems many Democrats are running away from the President in their campaign ads. Even if you retain control of either House, how will you be able to get anything done with this kind of division in your own ranks?

**SENATOR MENENDEZ:** Well, I don't know that they're running away from the President. John was talking about all the places the President's going to to campaign for them. The reality is the best thing we can have the President do is what he's been doing, working assiduously to turn this country's economy around, to get people back to work, to grow this economy. That's the most important thing he can do, and that's what he has been working with Democrats in the face of enormous obstructions of Republicans who have come to a political equation. Their political equation for success is, "Have this President fail and have the majorities in the Congress fail. And if they fail, we will win seats." It's, I think, a terrible equation because really means the country will fail at the end of the day.

But I think that, in fact, the success that we've had legislatively and otherwise, is because we've worked together with the President and he is making the change that he promised people begin to happen, even amidst enormous challenges.

**SENATOR CORNYN:** Well, during the time leading up to Scott Brown's election, Democrats had 60 votes in the Senate. They had the majority in the House and they could do anything they wanted, and did, on a purely partisan basis without securing Republican votes or even trying to meet us in the middle. But to me, the most telling example of the sort of blow back that candidates are seeing from their participation and involvement in this failed agenda is Indiana. Brad Ellsworth, who his first ad he was running touting his formerly held post as sheriff, making no mention of the fact he was a member of Congress and voted for a lot of these bills like the stimulus and like the healthcare bill that were enormously unpopular in Indiana. I think that says it all.

**MS. WERNER:** Senator Cornyn, this is for the Republican caucus to decide, but would you personally support giving Dan Coats the 12 years of seniority from his past Senate service as credit towards committee slots if he's elected?

**SENATOR CORNYN:** I hadn't given it a thought, and you're right. It is for the conference and not for me.

**MS. WERNER:** Should the Bush tax cuts for the wealthy Americans be extended? And if so, what programs would you cut to pay for them?

**SENATOR CORNYN:** Well, I'm not for raising taxes on anybody during a fragile economic recovery. And I know there are a number of Senate Democrats who share that view. And I think we would have had a vote on this but for the fact that the Democratic caucus itself is so divided. I just think it's outrageous that we left town, or are leaving town, we've adjourned, without addressing this looming tax increase that will be the single largest tax increase in American history.

Now, playing class warfare I think is a very dangerous approach. Obviously, it doesn't take into account a lot of small businesses and people who report their business income on an individual tax return. So I think playing class warfare and trying to-- and leaving employers and job creators in the kind of uncertainty we see with this looming tax increase is bad for jobs and it's bad for the country.

**SENATOR MENENDEZ:** Well, I think we would have had some progress on a tax cut because we support clearly making the middle class tax cuts permanent, which Republicans didn't do when they had the tax cuts, they let it expire. We want to see them be permanent in nature. The problem is, is when the Republican leader in the Senate gets up and says, "I won't let anything move forward unless we, in essence in his speech, "make them all permanent." Well, that's \$4 trillion. Now, I don't know how you can claim the mantle of fiscal responsibility and then come forth with a \$4 trillion tax cut that is unpaid for. That's not fiscally responsible. And since that was the juggernaut between the two different views, I think that it's just simply not possible to have moved forward when the only way they would have allowed us to move forward is to make those tax cuts permanent and blow not only beyond where we're already at with the debt of the deficit, but blow it in the out years for future generations. Totally irresponsible.

**MS. WERNER:** Do you think that the Senate spent 18 months too long on the healthcare bill and shouldn't the Senate have been focused on jobs?

**SENATOR MENENDEZ:** Look, the Senate was focused on jobs when it came in. First of all, I think people forget where we started from. I'll never forget the meeting that members of the banking committee and some members of the leadership had with Chairman Bernanke of the Federal Reserve in November of 2008 where he came in and basically outlined that there were a series under the previous administration with Secretary Paulson, then the Secretary of the Treasury. Said, "Look, we have a series of financial institutions that are going to collapse. And if they collapse they will create systemic risk to the entire country's economy and everybody will suffer as a result." And I remember the question I asked the chairman, "You got to have enough tools, Mr. Chairman, to take care of this at this time so we think more proactively." And he said, "Senator, if you don't respond, you and your colleagues don't respond in the next two to three weeks, we'll have a global economic meltdown."

That was November of 2008, two months before President Obama took office. So when he took office, not only did we avoid that challenge of having the whole system collapse, but we also moved towards trying to create an economy that was flat lined and that had negative GDP growth of 6.5 percent that lost millions of jobs in the previous administration, that was losing before the President could do one thing. Three-quarters of a million jobs in January, three-quarters of a million jobs in February, three-quarters of a million jobs in March, just in that first quarter before you could actually get anything passed. Two million jobs as a result of the policies of the past. And went to work to try to turn that around so that we have positive GDP growth, so that we have grown about 800,000 jobs. That means we're at a nearly three million job turnaround.

Now, is that good enough for individuals out there who are looking for a job in our country and want to have the dignity that a job brings? No, there's a lot more to do. But are we moving in the right direction from what we inherited? Absolutely.

**SENATOR CORNYN:** It wouldn't have been necessary to spend 18 months on healthcare if we had had a genuine bipartisan outreach by the White House. Instead we saw with 60 votes, they thought they could pass their own bill without negotiating, without any sort of compromise. And what we got in the process is not a healthcare bill which actually bends the cost curve down, but rather one that makes it worse and creates new financial burdens for employers. One reason why they're uncertain about hiring people and expanding their business. One that took a half a trillion dollars out of Medicare, which is already another currently a fiscally unsustainable program. One that actually raises premiums on people with insurance. You saw that most recently, the report from McDonald's where the policies that they currently have don't meet the new government mandate and are going to cost a lot more.

So unfortunately, the goal of healthcare reform was not accomplished, in my view, because it did nothing to deal with affordability and accessibility. Instead, it turned it over to Washington, D.C. rather than to you and me as individual consumers to control our healthcare decisions.

**MS. WERNER:** If independent candidate for Senate Charlie Crist is elected, who do you think he will caucus with? Will the Republicans or the Democratic Party welcome him?

**SENATOR CORNYN:** Go ahead, Bob. (Laughter)

**SENATOR MENENDEZ:** Kendrick Meek is our candidate for the United States Senate in Florida. And as this race in the next 30-some odd days, I think will give Kendrick an opportunity to rise significantly in the polls. Governor Crist is not doing that well in the polls, and I think when people are looking for a real choice, they will increasingly turn to Kendrick. So I'm not expecting Governor Crist coming, I'm expecting Kendrick Meek to come and he will caucus for the Democrats.

**SENATOR CORNYN:** Well, Bob, you and I agree that Charlie Crist will not be sworn in as a new United States senator in January. But Marco Rubio is pulling away in that three-way race, really the key I think was the Democratic primary that Kendrick Meek was nominated and Democrats will come home, Republicans and independents I think will move toward Marco Rubio and leave Governor Crist without much support. This is one of those races that I think as each day goes by is getting better for Republicans, and I fully expect Marco Rubio to be sworn in as the next United States Senator from Florida.,

**MS. WERNER:** Is America declining as a world leader? And if so, what should we do about it?

**SENATOR MENENDEZ:** Well, I think that I look at both the election and the future with hope. I look at it with the admiration of a country that in its most difficult, challenging times I never forget this country went to two world wars to beat fascism and Nazism and succeeded. This country put a man on the moon, this country eliminated a series of diseases that were one time thought to be impossible to erase. And it has always met its challenge.

Right now, the challenges that we have are largely driven by economics. They are economics of eight years of failed Bush policies. The very policies, by the way, that if you listen across the entire landscape of Republican candidates, they largely embrace, herald and say they want to go back to. And the last time I looked, if you wanted to go forward, you put your car in D for Democrat and drive, and if you want to go backwards, you put it in R for reverse. So, I think that we can have progress, prosperity, and certainly under President Obama we have changed our role in the world. We have more allies and less enemies as a result of his engagement in the world. And that is certainly not an indication of a nation in decline.

**SENATOR CORNYN:** There's one area where President Obama has really literally embraced the Bush policies, and that's regard with combating the war on terror and where he is receiving bipartisan support for the efforts to eliminate safe haven in Afghanistan for al-Qaeda. And we have supported him there, and will continue to support him because we think it's important for America to remain strong and to protect our people against attacks from terrorist organizations.

But I think economically Bob's right, the biggest concern on the minds of American people is getting back to work. And unfortunately, the administration seems to not recognize the important role of the private sector, of the free enterprise system and the small businesses, the entrepreneurs and people who invest the money, the capital, in order to allow employers to hire and allow our economy to grow. That's the way America will get back to work. And I worry that rather than address the tax policies, for example, that make America have the second highest corporate tax rate in the world, try to find ways to make American businesses in our economy more competitive than our friends across the aisle want to punish them further and have created a climate of uncertainty which has caused them to sit on their cash and not invest and get America back to work.

I'm very optimistic, because I believe in the power of the mid-course correction. And I think that's what we're going to get come November the 2<sup>nd</sup>.

**MS. WERNER:** What additional steps should be taken to improve the housing market and protect homeowners?

**SENATOR MENENDEZ:** Well, let me just say one of the things that we're doing that goes to small businesses, and certainly all of those who are in the home buying market as well, is the bill that we passed with enormous Republican resistance to give tax cuts, to give greater access to capital, to infuse greater opportunities and loans for small and midsized businesses. Or the legislation we did before on the Hire Act, to make sure

that we gave small businesses the ability to buy a critical piece of equipment and be able to deduct it fully within one tax year. To give a tax credit to someone who had a need and will hire someone and will be able to forego the payroll tax, and at the same time get a thousand dollar tax credit if they keep that person employed for 12 years.

So we're trying to help small and midsized businesses even in the fact of the obstruction that I've talked about before. And as part of that, and homeowners, certainly the home buyers first time tax credit I think was incredibly important, something that we passed that helped stimulate at one period of time the housing market. I think looking at incentives that bring people into the market who might be at the edge wondering whether or not to get in certainly would be desirable.

**SENATOR CORNYN:** I think the difference of approach is our friends on the Democratic side believe in command and control out of Washington, and they believe they can command the economy to come back to life by passing some new policy or spending more money. The fact of the matter is people are losing their homes because they have lost their jobs. And the reason why it's so important to encourage private investment and to make it easier, not harder, on the job creators is so people can get back to work and pay their mortgages so they won't lose their homes. I think that's the single most important thing we could do.

**MS. WERNER:** The DSCC isn't spending money in competitive states like Ohio and Florida. But President Obama and Vice President Biden are campaigning there. Do high level appearances substitute for cold, hard cash?

**SENATOR CORNYN:** There's no substitute.

**SENATOR MENENDEZ:** I don't telegraph where I spend my money and let John know in advance, as he does not let me know in advance. So I'm not going to answer where or how we make determinations about our spending. I will say that the President's appearance in places is an enormous boost to candidates, and we welcome it. And as it relates to where I'm going to spend my money in the next 30 years, you'll just have to watch as we do it.

**SENATOR CORNYN:** I think the President's engagement in the elections, mid-term elections when he's not on the ballot in such an aggressive way just reminds people that this really is a referendum on his policies and what Washington's been doing the last two years. So actually, I think it will energize independents and Republicans to turn out and vote. And I don't think it's going to help the candidates who are literally having to separate themselves from some of the failed policies that people disapprove of, like the healthcare bill, the stimulus, among others.

I will agree with Bob that we're not going to tell each other, or tell you, how we're going to be moving the pieces on the chess board. But I will say that we will be looking for opportunities to move money out of states where our lead is substantial and to move it in other places where we believe we can be competitive. We've seen a huge expansion of

the playing field, West Virginia has been one of the most recent ones. And, of course, out on the west coast, Washington and California. So, it's going to be an interesting 33 days.

**MS. WERNER:** It's been reported that Republican Senate candidates have four times more Facebook fans than Democrats and five times as many Twitter followers. What do you make of that, and how important is it to have Facebook fans or Twitter followers?

**SENATOR CORNYN:** Well, I personally enjoy writing on Facebook every day. And if you aren't following me, I hope you will. Here's a great opportunity for the listening audience, please follow me on Facebook and Twitter. But I think what we've all learned is the importance of communicating and listening in any way we can, perhaps without the filter that we sometimes get with the mainstream media, no offense intended. It's important to hear from people in an unfiltered and direct way. Sometimes, you don't like what you hear, sometimes it's not particularly complimentary. But I think if we're going to keep our finger on the pulse of America and know what America's thinking, these are some ways that are very useful.

**SENATOR MENENDEZ:** Well, I've never done an accounting of how many friends everybody has, but I will say that I think every mode of information and communication is incredibly important and candidates as well as incumbents have increasingly increased the spectrum of the new media that they participate in. And I think in this cycle, it's particularly important in view of the fact that because of the Supreme Court's decision, we have had \$34 million of unknown, undisclosed, I call them shadowy, \$34 million on behalf of Republicans and independent expenditures. And so, that's an incredible amount and we're still 30 days out from the election.

So every means of communication, when you're getting faced with an onslaught of \$34 million in undisclosed expenditures is very important, especially when you wonder who's giving up those \$34 million of undisclosed expenditures and you look at where Republicans have been on their positions. I assume that when you have big banks, big oil, big insurance, that there is a reason why so much independent expenditure is taking place on the Republican side.

**MS. WERNER:** Last week, the House GOP rolled out their pledge to America, with jobs the top issue on many voters minds. What would the Democratic jobs agenda look like in 2011 if they retain control of the Senate?

**SENATOR MENENDEZ:** Well look, I think it will be a series of initiatives. Number one, there is important tax policy to do. It's important tax policy to do making sure we strike the right balance on capital gains and dividends. It's important to deal with the inheritance tax as well so that people have a sense of how to plan their estates. All of those things bring money into the economy. It's important to look at tax policies and making sure that middle class families get a permanent tax break, because that will give them money to spend in the economy.

I think all of those things are incredibly important. And then as we look beyond those immediate issues, it's how do we continue to do what we have been doing as Democrats. Everybody talks about the stimulus package, 45 percent of the entire stimulus package were what? Tax cuts, tax cuts for the private sector, net operating loss, carry back provisions, bonus depreciation. To get what? The private sector to be engaged in our economy. What was the Hire Act all about? It was to get the private, small businesses be able to grow. What was the recent bill that we passed on small business? To create greater capital and access to small businesses. Why? Because they will grow the jobs.

Now, we've done this in the midst of constant opposition. So it's amazing to me that even when Republicans speak of small businesses, when it comes time to vote for them, they vote against them. But that part of the strategy of just failure at any cost, even if it means the nation fails. And that's the alarming part, and that's the good reason why this election is going to be so critical to this electorate to figure out why I need to come out to vote.

**SENATOR CORNYN:** Well, I think that demonstrates the difference between the approach of the Democrats and Republicans. The Democrats think to put America back to work they need to pass another government programs, frequently spending money that we don't have, that we have to borrow and burden the next generation with. I think what a lot of small businesses, the principle job creators in our economy want, they want some predictability. They want the regulatory environment to be stable, they want the tax policy of the country not to be onerous. And I think what we need is the free enterprise system in the private sector to get back to work to grow the economy.

But they're scared when they look at the deficits, the historic deficits that we see under this current administration. Last year, the deficit was 9.9 percent of our gross domestic product. In 2007 when the Democrats won both houses, it was 1.2 percent, along with a \$13 trillion national debt. I think that creates a lot of uncertainty and a desire to sit on the sidelines and wait to see what shakes out.

**MS. WERNER:** We're almost out of time, but before asking the last questions, we have a couple of important issues to take care of. First of all, remind members and guests of future speakers. On October 6<sup>th</sup>, we have Margaret Hamburg, commissioner for the FDA. October 8<sup>th</sup>, Brian Moynihan, President and CEO of Bank of America. October 12<sup>th</sup>, General Norton Schwartz, Chief of Staff of the U.S. Air Force.

Second, I'd like to present our guests with the traditional NPC mug.

**SENATOR CORNYN:** Thank you very much.

**SENATOR MENENDEZ:** Thank you. (Applause)

**MS. WERNER:** For the last question, I'd like to ask each of you to predict one surprise on election day in the Senate?

**SENATOR CORNYN:** I think John Raese is going to be the next United States Senator from West Virginia.

**SENATOR MENENDEZ:** Well, I simply think that Democrats are going to have a lot more votes in the United States Senate than people think this cycle. And that we will surprise people on November the 2<sup>nd</sup>.

**MS. WERNER:** Thank you, Senators. I want to thank all of you for coming today. I'd also like to thank the National Press Club staff including its library and broadcast center, for organizing today's event. For more information about joining the Press Club and how to acquire a copy of today's program, please go to our website at [www.press.org](http://www.press.org). Thank you, we're adjourned. (Sounds gavel.)

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