Peter G. Peterson Fiscal Summit 2017:

Congressional Leaders: rising Debt and the Legislative Agenda

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Interview with Representative Nancy Pelosi, D-CA

INTERVIEWER: DANA BASH, CNN

In a series of one-on-one interviews, House and Senate Congressional leaders will explore the connection between America’s rising national debt and a crowded legislative agenda. The major areas of reform – including healthcare reform, tax reform, infrastructure, trade and more – all have significant fiscal implications. These timely conversations will center on ways to craft policy solutions that are both fiscally responsible and supportive of economic growth.

This interview with **House Democratic Leader Nancy Pelosi** (D-CA) was conducted by CNN's **Dana Bash** as part of the [**2017 Fiscal Summit**](https://www.pgpf.org/what-we-are-doing/fiscal-summit).

Other installments in this series include interviews with: [**Senator John S. McCain (R-AZ)**](https://www.pgpf.org/multimedia/congressional-leaders-rising-debt-and-the-legislative-agenda-john-mccain) and [**Senator Mark Warner (D-VA)**](https://www.pgpf.org/multimedia/congressional-leaders-rising-debt-and-the-legislative-agenda-mark-warner)**.**

\* \* \*BEGIN INTERVIEW\* \* \*

ANNOUNCER: Ladies and gentlemen, please welcome House Democratic leader Nancy Pelosi and please welcome back Dana Bash.

(OFF-MIC CONVERSATION)

DANA BASH, CNN: How are you--

REP NANCY PELOSI D-CA: I was talking to Admiral Mullen. Who-- who can resist? He's so wonderful. And I had to tell him what my-- what I'd be calling about.

BASH: You wanna tell us?

PELOSI: Good morning. (LAUGHTER)

BASH: Good morning. Nice to see you again. I was--

PELOSI: The same.

BASH: --just saying that-- so you and I were here this time last year--

PELOSI: Last year. Uh-huh (AFFIRM).

BASH: Can you even, like, get your head around how different the world is?

PELOSI: It is amazing because last year, of course, we thought we'd have a different president and we thought-- that we'd have more bipartisanship and the rest. And here we are with so many-- such an array of concerns, and the budget being a very important one. Here we are on the day right now. Pretty soon it will be released.

BASH: Well let's start there. The budget is gonna call on con-- Congress to spend $4.1 trillion next year. And part of that is an increase in defense spending by $54 billion dollars--

PELOSI: Yeah. Yes.

BASH: And some-- pretty significant cuts to domestic spending. I can imagine what your reaction will be, but go for it.

PELOSI: Well I think this budget is based on bogus-- predictions about the economy. I think that it is not factual, evidence based. I think that it will give tax-- transfer wealth to the wealthiest in our country at the expense of burdens (THROAT CLEARING) on working families. And-- I don't know what chance it has-- in the Congress. The Republicans say it's dead on arrival. I certainly hope so. But we have to make sure the public knows what is in it so that-- they can weigh in on it.

BASH: So John McCain was in that seat this morning and I was asking him about it. He did say it was dead on arrival.

PELOSI: That's good.

BASH: But he also said that part of his concern was that the increase in defense spending doesn't go far enough.

PELOSI: Well that's interesting. The-- i-- you know, one of the things that this budget violates is the understanding that we had of parity, in terms of investments domestically and investments-- for our defense. Of-- certainly whatever the mission is that we believe we need to protect our country, we want to-- to fund that.

But we haven't seen what that mission is. But we have seen a departure from the parity. Now mind you, on the non-defense side are things like veterans, state department issues-- homeland security-- that are about our-- the-- the safety of the American people to honor to oath of office that we take.

And then when we-- when we go so far in increasing defense at the expense of domestic-- I think it's-- it's harmful to the country because the strength of our country certainly is measured in our military might. But it's also measured in the healthy education and the well-being of the American people.

And that education piece is essential-- to have-- a trained workforce, a trained military force-- but also to keep America number one in every other way, in research, and the rest, to have our qualitative advantages-- in terms of-- how we protect and defend the constitution.

BASH: Now one of the realities that, you know-- as well as, or more than anybody, is that nothing is gonna be h-- helped in terms of the budget, the debt, the deficit, without tackling entitlements. And I mentioned John McCain, both he and Mark Warner were here this morning.

PELOSI: Yeah.

BASH: And they both talked about the need for entitlement reform. And they said that something needs to be done along the lines of Ronald Reagan and Tip O'Neill.

PELOSI: Uh-huh (AFFIRM).

BASH: So, I guess, in today's scenario, you're Tip O'Neill.

PELOSI: Well thank you--

BASH: So would you-- (LAUGHTER) would you--

PELOSI: I'm complimented by that--

BASH: Metaphorically.

PELOSI: But the--

 (OVERTALK)

PELOSI: --to be if-- if-- the president were Ronald Reagan. But-- (LAUGH) this another thing. The-- here's the thing-- let-- just to put some of this in perspective. When Ronald Reagan and Tip O'Neill sat down at the table and they were talking about addressing the issue of entitlement, they were not saying, "Let's have a budget that gets tax breaks to the wealthiest people in the country. And, by the way, in order to-- balance the budget we have to cut entitlements."

That's two different tables that we're talking about. I-- there's so many things, as we weight the equities, that we should take into consideration. I first wanna thank the pe-- Peterson Foundation for its leadership and putting the focus on the importance of the budget.

The budget is a statement of our values, what's important to our country-- as-- as a nation should-- be reflected in how we allocate our-- our resources. I don't think this budget does that. But getting back to Pete and to Michael, we thank them for their family's--commitment-- to this discussion, which is very, very important and making a very big difference. So let us thank Pete Peterson (APPLAUSE) and Mike-- Michael.

When I first saw Pete-- when he-- day he-- day around the d-- time he announced this large commitment to-- this endeavor-- I saw him in New York-- just coincidentally. And I said to Michael, "Thank you," because, obviously, these children were the big-- donors in all of this as well.

The-- b-- let's weight the equities. (UNINTEL PHRASE) the deficit (UNINTEL)-- when President Clinton was president we passed that-- economic package, which-- resulted in pres-- with no Republican votes, mind you, with resulted in President-- Clinton's last five budgets being either in balance or in surplus. President Bush came in, whom I respect enormously. I love the Bush family.

But no offense personally, their budget-- two unpaid-for wars-- th-- Medicare Part D that gave away the store to pharmaceutical industry and tax cuts for the rich. Completely reversed the direction we were going into in reducing the debt-- the debt. Not just the deficit, the debt. So people make-- when they make judgments about putting it all on their-- entitlements-- well of course I-- I think we should do that, but we should also subject every dollar we spend, every tax break we give, to it-- it's justification.

Put it all outside the door. Let it in one at a time. Any of us who have fought for social services, for example, want them to do the job they're intended to do, to get our money's worth for it. So again, there's so many things like the-- overturning the Affordable Care Act, that's costing a lot of money-- to the budget. That's incorporated into this budget. (UNINTEL) the biggest transfer of wealth practically in history from working families to the wealthiest people in our country, over $600 billion.

And in addition to that, another sic-- another 600 more billion dollars that cuts in Medicaid in this budget. So again-- we have to have an economy. I sat with Mike, sent my members to a table to negotiate a budget deal or something. Always say, "Be agnostic. Just go in there in the center of the table, just put, 'Growth. Growth for good paying jobs-- for-- our-- m-- American's working family and reducing the deficit.' Be agnostic." If it's from the left, it's from the right, from the middle, from wherever, it doesn't matter. If it's a good idea we embrace it.

But it-- but you-- but you just can't always just go to entitlements. Yes, we should address that. By the way, it might be interesting for you to know that the-- the bill the Republicans and President-- Trump have worked on, on tax-- their tax bill, is a bill $5.5 trillion. In present value of dollars, that would take care of the whole actuarial deficit of Social Security for-- for 75 years. For 75 years.

So, you know-- let's not increase the deficit by giving tax breaks at the-- high end and say we have to take it away from Medicare, Medicaid, and Social Security. Now, look at Medicare, Medicaid, and Social Security. How can we make them more cost-effective, honor the responsibilities that we have to our families? That's its own subject. And when Tip and-- and President Reagan went to the table, and the speaker and the president went to the table, they went there to talk-- about-- about that subject. (THROAT CLEARING)

BASH: One measure in the president's budget that we expect is-- six weeks of national paid--

PELOSI: Yeah.

BASH: --leave for new mothers and fathers. Is that something you could get behind?

PELOSI: Well-- the-- let's just say that there c-- some complications in what it is. First of all, our bill-- the (UNINTEL)-- Gillibrand (PH) bill is 12 weeks and paid for. This is a bill that will-- cannibalize other initiatives in order to pay for it. And so we have to see what that is. I mean, what-- what are we taking away for in order to give that? It's-- it is-- minor compared to what other industrialized nations do. We think the 12 week is more--

(OVERTALK)

PELOSI: --just see.

 (OVERTALK)

BASH: I mean, you-- no Republican president has proposed anything like this before. Do you think it's--

PELOSI: Well we'll just see what it is.

BASH: --it's a baby step and a place where you can work together?

PELOSI: We'll see. The problem that many of the-- people who deliver this service who-- who-- who-- understand this issue-- are saying at the manner in which they are-- they are-- giving-- the states-- a juggling act on this is problematic. But let's see. We'll see when we see the budget and we see the language, where the money's coming from, what-- who's-- who-- at whose cost? I mean, in other words, they're gonna be tax breaks to the rich at the expense of the-- working families in our country--

BASH: But--

PELOSI: --let's see where that other money is coming from. But the idea-- the idea of-- paid family leave is a very important value that hopefully we can work together on. And, by the way, we had hoped that we would work together on-- the rev-- the tax plan as well. This should be bipartisan.

We all-- understand that we wanna reduce the corporate rate, that we have a special interest in the (UNINTEL) that we want to-- to close-- f-- th-- some associate it with. The Peterson Foundation have suggested that we take a look, a good strong look, at the tax expenditures. Because every time you give a tax break you are spending the tax payer's dollars by increasing the deficit.

We probably have a trillion and a 300 or a trillion 400 billion dollar tax expenditures in the budget of which about half of them are very worthy. You would let them back in the door. The other half are special interest tax breaks-- that are a cost-- to-- the economy and are a cost to the d-- to the deficit and the debt. So another place you can look as we examine every opportunity to reduce the deficit, including entitlements.

BASH: So coming in-- (THROAT CLEARING) coming into this administration there-- or before the inauguration, there were-- w-- was some hope among some Democrats that there were areas for compromise, infrastructure for example. Now that we're a hundred-plus days in--

PELOSI: Right.

BASH: --do you see any areas where you would feel comfortable going down to the White House, sitting down with the president and saying, "Let's work f-- (UNINTEL)--"

PELOSI: Of course. Of course. We have a responsibility to find our common ground where we can. We're very un-disappointed m-- speaking for myself, as the president said when he said, "I don't have anything to do with-- collusion, just speaking for myself--" the-- where is their infrastructure bill? It's six months since the election. Six months since the election. Where's their infrastructure bill?

Four months since the president has been inaugurated. Where is their infrastructure bill? This is a job creating bill. It's never been part of (UNINTEL). We've always been able to work together, except when President Obama proposed infrastructure they'll, of course-- they wanted to obstruct. But by and large, this has been a nonpartisan endeavor.

And-- we would have hoped to be having that almost already behind us. As I mentioned, on the tax-- on the revenue bill we think that there's plenty of common ground that we can find-- to-- create growth, reduce the deficit-- and-- and we'd like to have that conversation. (MIC NOISE) Instead, they came out with $5.5 trillion-- cost, largely tax breaks for the high end.

The be-- the big difference between the two parties is simple and reflected in the budget. Republicans stand for trickle-down economics. Trickles down. And as our Speaker Boehner had said at the time, "If it creates jobs, that would be good. But if it doesn't, so be it." That's the free market versus-- an economy-- that has-- policies that start with the middle class and grow from there. And how do we create good paying jobs, increase the-- c-- the-- consumer capacity of-- more people in our country? Because you really do not turn around the economy unless you have serious consumer confidence to spend, to inject demand into the economy, create jobs, reduce the deficit.

BASH: Let me ask you-- a question about the political reality, where we are right now--

PELOSI: Yeah.

BASH: You hear it far more than I-- that the-- the Democratic base is so fired up--

PELOSI: Yes.

BASH: --in opposition to this president.

PELOSI: Right.

BASH: Do you think that that energy and that fervor is preventing Democratic from working with the president? Meaning, are you concerned that-- that-- that--

PELOSI: No. Not at all. No.

BASH: --some of your members would get punished by the base, even primaried for working with the president--

PELOSI: No. No. Not at all. I mean, do you want me to take time to answer the question about the concerns we have about the president? But, no. Simply put, no. I mean, I-- was-- I was just at my state convention in California this weekend. Before I came to Congress I was chair of the California Democratic Party and that was like 30 years ago, and it's still the same.

The energized base always-- and I was part of that. I was, myself, one of those dissatisfied, persistent, reluc-- (NOISE) relentless advocates saying, "We want you to do more, more, this, that, or the other thing." And they still are-- still are there and they have their role to play, bless their hearts. And it's very valuable to our country.

And then we, as-- leaders, have a different responsibility-- c-- sharing our values but-- moving in a way that finds common ground if we can't (SIC), standing our ground when we cannot. But I'll tell you one concern that I, myself, have since-- and that is, I'm very concerned about the president's militarizing our foreign policy with this big defense budget, with this big arms deal-- with the Saudis. You know, certainly they have some intelligence needs and the rest and they-- and that's legitimate, but to go up to-- over $300 billion, what does that mean?

BASH: What do you think it means?

PELOSI: Well I'm concerned about Iran and-- I'm-- I'm concerned about what that means vis-à-vis Iran and the rest. But I just wanna go t-- to take you all to a pleasant place. When I was a student-- it's about me, okay? When I was a (LAUGH) student-- and I want the women to know this, talk about yourself. Okay?

When I was a student-- I attended President Kennedy's inauguration. This-- in this coming week we will celebrate his 100th birthday. Isn't that exciting? I mean, it is for me. But I was there at his inaugural address. And in his inaugural address everybody in the world who studies America knows that he said-- "To-- citizens of America, ask not what your country can do for you, but what you can do for country."

For some of you that's history. For me, it was my youth. (LAUGH) The very next line in the speech, which most people don't remember, the very next line, I heard him say this so impressively, he said, "To the citizens of the world, ask not what America can do you for, but what we can do working together for the freedom of mankind."

I wish that President Trump would take that statement of his predecessor, one of his predecessors, to heart because that's who we are. He also said we'll fight any foe, you know, pay any price, President Kennedy did, to protect the American people. But recognizing our responsibility to work with people for the freedom of mankind.

Three days before that speech, on January 17th, President Eisenhower, a great president of our country, President Eisenhower in his farewell addressed warned of the military industrial complex. So some of this all coming together here now, I think that we have to (UNINTEL)-- weight the equities, pay any price, fight any foe, that's for sure, but recognize our responsibility to not have a militarized foreign policy-- but one that is about our military strength, you know, our-- our security, our economy, how do we promote-- America's products abroad to grow our economy, and our values, that those three legs of the stool, our values.

So rather than flooding the world with weapons, I think we should flood the world with our music, our culture, our values, respectful of the countries, that we're not condescending, but that we are respectful of how we can work together as, President Kennedy said, for the freedom on mankind.

BASH: Speaking of respecting-- you know, a lotta people, including you, would say that Russia has not respected our country in terms of tryin' to influence American elections. I wanna ask you about a special (MIC NOISE) news story-- from last night. CNN confirmed-- the *Washington Post* story that the president asked DNI Director Dan Coats and NSA Director Mike Rogers to deny any public evidence of collusion between his campaign and the Russian government. You're a member of the Gang of Eight, were you briefed on this--

PELOSI: (UNINTEL). Well I can't tell you if I was briefed on it. So--

BASH: I gotta ask. (LAUGHTER) What-- what your-- what-- now that it's in the public--

PELOSI: Yeah.

BASH: --what's your reaction to the public report--

PELOSI: Well it-- it-- what-- if it is as-- I can't-- even confirm--

BASH: Right.

PELOSI: --or deny what is in the public. But the-- and that's why I had a concern about what the president did in the of-- Oval Office. The pres-- General-- McMaster's really a fabulous patriotic, great-- general, whom I respect enormously, came out and said the president did not say anything that has not been known publicly before.

Well if I were to-- and-- and the president can say-- you know, the law is the president can say whatever. The minute he says it-- it's not-- it's declassified, if he wants it declassified. But nonetheless, he is not held accountable for giving-- classified information. But for McMa-- the-- the general to say that was all-- not already in the public domain said to me-- he said something.

BASH: Yeah.

PELOSI: He said something. Or else, why would you say that's not--

(OVERTALK)

PELOSI: --in terms of-- my saying to you, even though it might be in the public domain, if I said I can confirm or deny that, I would not be allowed to do that. But let's just take it to the other issue. This-- is-- is dangerously flirting with obstruction of justice. That-- has two interpretations.

One, s-- it's self evident. But two, there are technicalities of the law as to whether this is legally obstruction of justice. So again, as I say to my members, all of it is interesting unless you have the facts, the actual facts, you can't make any judgment. And that's why we need an outside independent commission to investigate all of this.

I've spend many years on the ethics committee, more than anyone. I've spent many years on the intelligence committee, more than anyone. And-- and when you are doing any of this, let's just say the ethics (UNINTEL), it's about the law and the facts. It's not about: do you like this person, rumor, hearsay, anything (UNINTEL). The facts and the law.

So as I say to-- folks y-- you may have your suspicions and w-- you know, there's things that look like they add up to something, but we really need an independent commission so that the American people accept whatever. Let the chips fall where they may, whatever the outcome of it is. Because what has been happening, and this is my fear, and I'll close with this 'cause I see two zeros up there, (LAUGH) and I'm standing between you and lunch, I think, so you never wanna do that, is the following: what-- the acqus-- what-- seems to be in the news about the president's behavior, vis-à-vis Russia, is a concern-- be a concern to all American.

I wanna know what do the Russians have on Donald Trump politically, financially, or personally that he has put Putin on a pedestal and-- questioned whether NATO-- (MAKES NOISE) whether the-- sanctions should be c-- continued. Now he's changed his tune. But that's what he was saying before.

That's-- that's serious when it comes to our national security. So we have to secure our country. We have to secure our economy. One of the decisions that are being made tax-wise, show us your tax returns, that what-- so we can see how you might be impacted by some of this. That's about our economy.

And very seriously about our Democracy. Forget-- if you wanna forget all the rest and just talk about, I don't know how you can forget our security and all, but-- talk about Russia's undermining our elections. They did it. (UNINTEL PHRASE) have any question. They hacked, they leaked, they disrupted. The question is: was there collusion between (UNINTEL PHRASE). You can't know until you have the-full-fledged--

(OVERTALK)

PELOSI: --president say to the-- if he did, to the s-- the director of the F.B.I. or the-- DNI, the d-- director of National Intelligence, or the N.R.A. person that-- that-- that-- they should not go forward-- is-- it raises questions that need to be answer in a facts and law way, and not-- hearsay.

BASH: Before we go, one last question. Some of your colleagues, your rank and file, have used the I word, impeachment--

PELOSI: Uh-huh (AFFIRM). Uh-huh (AFFIRM).

BASH: That is something that you have, you know, the potential to-- to-- to do. Is it too early to-- to talk about impeachment?

PELOSI: I think that we should talk about the facts and the law. What-- what-- the-- the-- the i-- it's interesting that they've established-- a investigator-- what do we call him? A council, a special council. That's interesting. That's inside the Justice Department, accountable to Trump appointees.

But it's-- it's a step forward. It's a good step forward. It's important that the Congress conduct its investigation in terms of-- intelligence committee and the House and the Senate. And hopefully they will get cooperation-- from the Trump administration for information that they need. Once inside the Justice Department, the others inside the Congress, both very valuable, we need one outside all of that in the p-- independent-- commission-- to study where it is.

That's what we did with 9/11. I was instrumental in passing that commission. It was very important. And at the same time, I served as one of the co-chairs of the internal that the-- House/Senate joint-- investigation into 9/11, both of them-- very valuable. But we need the outside commission.

(OVERTALK)

BASH: --thank you so much.

PELOSI: Thank you.

 (OVERTALK)

PELOSI: (APPLAUSE) Thank you.

 (OFF-MIC CONVERSATION)

(NO AUDIO)

BASH: (MUSIC) Ladies and gentlemen, please make your way to the lunch and the lunch program behind the stage using the path to the left of the stage. Thank you and please enjoy your lunch.

 (NO AUDIO)

\* \* \*END INTERVIEW\* \* \*