

**SENATOR BOB BENNETT
RADIO NEWS CONFERENCE
(April 15, 2005)**

Participants:

**Tom Jordan, Metro News
Mike Traina, KMTI in Manti
Jennie Christensen, KVNU in Logan**

Topics Discussed:

Gas Prices
No Child Left Behind
Judicial Nominations
Agriculture Policy, Flood Relief
Oil and Gas Development, Oil Shale
Tax Reform
TPN- Remarks at the German Marshall Fund
Rural Business Conference
Iraq Update

Metro – I suppose the subject that is on most everybody’s mind, more than anything else right at the moment, is the price of gas. From your perspective on both the Joint Economic Committee and Banking Committee, what’s the impact of this? We probably won’t know for another month or two how it’s going to shake out on retail, but it would seem as if we’ve gotten to a point where the whole country is concerned, and should the government be taking an active role in doing something about it?

RFB – First, let’s understand what’s driving it. Many of the articles that I’ve read about this don’t confront the very fundamental fact that worldwide the demand for energy is going up quite dramatically. Not to pick out a particular country on this, but one of the reasons is China. We don’t recognize in this country how rapidly the Chinese economy is growing. As the Chinese economy grows, the demand for energy in China increases so that China is beginning to buy more and more oil worldwide, and, therefore, is not available for us to buy.

Per capita consumption of oil and energy in this country has been going down, but of course the number of people we have is going up so the total price goes up. But per capita consumption is down substantially more than it was in the 1970s when we had the oil shock, and the Arab countries in the Middle East started really sticking it to us, so from that point of view—more efficient automobiles, more efficient appliances at home, conservation, and so on—we’re doing fairly well.

In the world market the overall demand for energy continues to go up, and as it does we have to face the question, “What do we do about it?” We’ve taken one step here in the Senate within the last month or so when we finally agreed to increase the domestic supply of oil by contemplating drilling in ANWR. Now don’t anticipate that that’s going to have any immediate effect, because it’s going to take years before the infrastructure necessary to allow the oil to come down from Alaska can be put in place and take hold.

We have to look at increasing supply at the same time as we look at conservation and alternative sources of supply. Overall, we need to be realistic about the fact that, worldwide, the demand for energy is going up and as it goes up the price

goes up, and we're not immune from that. More supply, more conservation; this is not something that is going to be fixed easily overnight. If it were I'd be happy to tell you, but frankly, I think we're all better off if we face some of the facts.

KMTI- In relation to No Child Left Behind (NCLB) and school accountability, the Utah legislature seems to be unanimous in passing legislation to have state standards supercede federal standards in regard to NCLB. How do you see this playing out, and what can be done for a compromise from that end?

RFB- I think compromise is the right word, and I think that's where we'll probably come out in the end. The state is making a very strong point that some of the federal standards, while they may have validity nationwide, do not have validity in many parts of Utah. I voted against the No Child Left Behind Act because I recognized that Utah was already there with many of the standards that the Act was trying to establish in other parts of the country that were not doing as well as we were. I realized that it would be a hardship on Utah, which is why I opposed it.

I don't think we're going to have a train wreck on this, I think the state can benefit from the money that NCLB will put into the state. We're always looking for sources of money for our schools, and to turn our back on something in excess of \$100 million from the feds is probably not a good idea. We've gotten the attention of the federal Department of Education with the action taken in the state legislature. Negotiations are underway for some kind of a compromise, some kind of a middle ground. We have already seen some accommodations on the part of the federal department with respect to teacher certification. I hope we will see some more accommodation, and ultimately the state can get the money, and at the same time continue its own best practices without being forced into the one-size-fits-all federal mode.

KVNU- I'm wondering if you support the idea of ending the filibuster in Senate confirmation and instead going forth with a simple majority vote?

RFB- I do. I come to that position very reluctantly because I realize there is a great deal of emotion surrounding the question. There are those who are insisting this changes the rules in the Senate dramatically. It's true; it is a change in the rule. But there are two ways that we are governed in the Senate, one of them is the rule and the other is precedent, and interestingly enough, precedent usually trumps the rule. In other words, if we've done things a particular way for a long period of time, that has the effect of being like a rule, even if it's not the same legitimately as the rule. Precedent in the Senate, going back 200 years, is that judges never get filibustered. The rule has always said it's possible, but we have always, always followed the precedent that a judge is entitled to an up or down vote.

I remember the debates when President Clinton was sending some judges that the Republicans thought were pretty far to the left. We thought these judges would not be good for America, but we didn't have the votes to block them. Some of the members of the Republican conference were saying, "Well, we've got the filibuster, we've got 41 votes and we can block them with a filibuster." Orrin Hatch, who was chairman of the Judiciary Committee, and Trent Lott, who was the Republican leader, both said to us,

“No, don’t go down that road, don’t open the door to a filibuster of a judge, because we’ve never done it before and we don’t want to start it now. It’s more important to the institution to allow a bad judge to get on the bench here or there than to create the precedent that judges can be filibustered because that will prevent the appointment of many, many good judges later on.” So we Republicans, even though we had anticipated and had the rule available to us, deliberately made the choice that we would not change a precedent of over 200 years.

The Democrats decided in the last Congress that they would change the precedent. They were entirely within the rules. I am not suggesting they did anything that violated the rules, but they did, in my view, make a serious mistake in changing the way the Senate did business. What we’re trying to do now is bring the rule in concert with the 200-year-old precedent and say, “Okay, this is what we did for 200 years and the republic survived just fine, this is the way we want to do it going forward.” And the Democrats are saying, “Nope, we want the future precedent to be filibuster of judges.” While that may be to the Democrats advantage right now when they have a Republican president, I think they should all realize, and—more important than partisan—we, as senators, should realize that if we harden that precedent by saying, “Nope we’re not going to change the rule and the precedent has been changed and judges are now fair game for filibuster,” then we’re buying ourselves a whole series of problems in increased bitterness and partisanship further down the line.

So, while I’m reluctant to do it, I know that it’s highly emotional and there will be a great deal of angst and screaming in the Senate, I think it is the right thing to do and I will support it.

KVNU- Do you think the votes are there?

RFB- We’re doing that whip count now and Senator McConnell, who’s really the only one that knows, says, “I’m not going to tell you where the votes are or aren’t because I don’t want to create a situation where there’s undue pressure on those senators that may still not have made up their minds. They have talked to me privately and I want to keep that conversation private for the moment.” So, at the moment, nobody’s saying whether the votes are there or not.

METRO- You have recently been doing a series of hearings with the agriculture secretary, and although Utah isn’t terribly affected by the issue of subsidies and such, what sort of things have been coming out, in the way of agricultural policy, that might be affecting us?

RFB- Utah’s primary agricultural product is beef cattle. The Department of Agriculture does not affect grazing rights. Even though the Forest Service has grazing rights, and that’s in the department, it does not come before my subcommittee; it comes before the Interior subcommittee. The main thing that we have been talking about here in the Senate that affects Utah has been flood relief because that affects agriculture, particularly in southern Utah where some of the cattle operations are.

We have been able to get \$66 million for the southern Utah flood relief. That is in addition to \$6 million that was already available, and that all comes through the Agriculture subcommittee, which I chair. The \$66 million is in the supplemental appropriations bill that we're debating on the floor right now. I think it will stay there and I expect it will get to the president and he will sign it.

We've gotten the agricultural secretary to issue a disaster designation for Iron and Washington counties with respect to the floods, and of course, that will have an impact on crop losses as well as the grazing and cattle operations. The floods have been devastating. I think a lot of the folks in Salt Lake City don't understand the extent to which these floods affect the economy, and particularly affect agriculture.

KMTI- What has been the impact on rural Utah and the agricultural businesses of the possible new technology and exploring ways to get the oil out of the sandstone in Colorado and Utah?

RFB- There's no question that the high price of oil has a bigger impact on businesses than it does on personal drivers. Again, I pointed out that the per capita consumption of oil in the United States is down dramatically from where it was in the 1970s. So even though you're paying more at the pump, your cars are now more efficient and you are paying less per mile than you used to, but that's a small comfort to a farmer who has to put oil in his pick-up truck, has to put it in his farm equipment. The industry that's hit the hardest are the airlines, because as the cost of airline fuel goes up, that means the cost of travel and all the things connected with that, ripple through the economy as a whole. Rural Utah is probably hit harder by the increase in gasoline prices than urban Utah is, since rural Utah depends more on gasoline for driving the economy than somebody who's only connection with it is putting gas in his Pontiac.

This is obviously back to the point that we need to do everything we can to have conservation, cut down on the use of oil, but also make sure we increase supply.

You talk about the oil shale, that's a long way away. That would require changes in national policy. That would require some technological breakthroughs. We can afford those breakthroughs if oil stays above \$50 a barrel. One of the reasons we have not made the investment in the oil shale is that oil at \$20 a barrel or \$30 a barrel wasn't economical to spend the money necessary to take the oil out of the oil shale. Now, if oil stays above \$50 a barrel it can be economical, and I think you are going to see the effort to go after the oil there. Utahns don't realize there is as much oil in the oil shale in the western United States as there is oil in Saudi Arabia. We've got a tremendous reserve of it, but technologically we haven't developed the means of getting it out because it's too expensive. With the price umbrella standing at \$50 a barrel, that becomes economically feasible and we're going to start to see it.

One last comment on this. I'm holding a Rural Business Conference in Price on May 3rd and 4th at the College of Eastern Utah, and we're going to have a breakout session focusing on the energy permitting process. Individuals around Utah, mostly elected officials, who've expressed concern over the time it takes to receive a permit, will be focusing on that. Representatives from the BLM and the Forest Service, as well

as the state will give brief overviews of the permitting process and what we can expect to improve so that the oil and gas that is already in Utah in more traditional forms—primarily out in the Basin, Vernal and elsewhere—can begin to be recovered much more rapidly than it is now.

KVNU- Today, of course, is the day to pay taxes, and we keep hearing about tax reform proposals. Are there any out there seriously being considered, any that you favor?

RFB- There are a whole bunch that are being seriously considered and in a way that is the problem, but if you were to ask, “Are you in favor of fundamental tax reform?” You can clearly get a strong majority in the United States Senate. We had a resolution on that some years ago where my committee was instructed to look into the flat tax and other forms of tax reform and it passed with over 70 votes. I don’t know any one specific proposal that can get the 51 votes necessary to pass. Everybody’s in favor of reform, but everybody has a different idea of what reform really means, and that is the challenge.

President Bush has appointed a commission to look into this. It’s headed by two former senators—one Republican, one Democrat—Senator Connie Mack, of Florida, and Senator John Breaux, of Louisiana. I have talked to them about sifting through the various tax reform proposals and trying to give us a clear map as to what is the most logical, and they are going at it in what I think is the right way. That is, everything’s on the table, no proposal is ruled out to begin with, we’re talking very fundamental reform. I don’t think this commission will recommend tinkering around the edges, which is what Congress has always done. I think they’ll recommend a completely basic, new tax structure, which is exactly the approach that I favor.

The tax structure we have now was conceived in the 1930s, it was put in place in the Great Depression times and has been tinkered with, altered, added to, poked and prodded and pushed ever since. Through the second world war, when we had to pay for the war, and the post-war period, the Cold War; and the boom that came after the war; and tax changes were made for various business conditions and so on, to the point where it is now an indecipherable mess. I don’t think there’s a single person on the planet who understands it. It’s time to say, “We started with a brand new concept in the 1930s, that’s 70 years ago.” Let’s hope that this presidential commission, created by President Bush, will now take all the various ideas that are out there and say, “Here’s the direction in which we need to go in the 21st century. The 20th century solution just isn’t working very well anymore.”

METRO- I have been fascinated by your role on the Transatlantic Policy Network. What sort of things were you discussing with German Marshall Fund? It would be interesting to hear what sort of ideas you’re throwing around, because obviously this is an influential group of people that make up this organization.

RFB- I felt very honored to be asked to address them, the last American who had that podium was President Bush, so I figured I was in pretty strong company there. Basically, I tried to help them understand the American view of the world as opposed to

the European view. Not to suggest that one is right and one is wrong, but simply that if we are going to be partners, as the name of the organization that I chair implies—The Transatlantic Policy Network—we’re going to be partners between the two biggest economic blocks in the world. America is the biggest economy and the European Union, taken as an entity, is actually a little bigger. If we’re going to be partners, then we need to understand each other.

I tried to help them understand that Americans view the world through the prism of the American Revolution, where the most important thing is freedom—free markets, free governments, free elections. The Europeans view the world through the prism of European history which is balance of power—where one country always wants to offset another, to see that no particular country becomes too big. I said, “Americans don’t understand that.” And Europeans don’t seem to understand how committed Americans are to the issue of freedom. Furthermore, America is the only country in the world that is founded on an idea rather than a tribe.

I pointed out to them that when you look at Olympic athletes, and you hear their names, and you look at their faces, you can pretty much guess which country they are from, unless you’re dealing with the Americans. The American figure skaters are named Tara Lipinski, Michelle Kwan, Kristi Yamaguchi and Sara Hughes. Here in the Senate, in the last election, we elected Barack Obama, Mel Martinez and Ken Salazar to join a Senate with George Voinovich, Pete Domenici, and Danny Akaka. The majority whip in that Senate is named McConnell, and he’s married to the secretary of labor, Elaine Chao. Now, there isn’t a European country in the world that has that kind of diversity. So we cannot, as a nation, hold ourselves together with a sense of tribal loyalty. We hold ourselves together with a sense of commitment to an idea, and this is one of the fundamental differences.

I was very, very interested in their reaction. Many of the Europeans there had a fairly strong reaction to that description. Many of them started defending their tribes, and many of them put it in exactly that language. One German that spoke to me afterwards talked about how important it is for the Germans to have solidarity with Germans. He said German politics is built more on that concept, solidarity within Germans, than anything else. Even if it means that they are separate from the overall economic benefits and diplomatic benefits that could come out of a partnership with America, they are not going to go for those benefits if, somehow, it breaks up the solidarity that they feel they have. I said, “Well that’s the point I’m making here. If we are going to get together and be good for both sides, we each need to understand the other, and I need to understand that about the Germans just as you need to understand what I have had to say about the Americans.” That’s basically what came out of the last speech when I was over there.

KMTI- I wanted to give you an opportunity to talk about your Rural Business Conference. This is something that’s grown over the last few years and this year you’re holding it in Price. What’s going to be some of offerings over there and what will be some of the keynote speakers?

RFB- You're right to point out that this is an ongoing thing, we did it first in Cedar City, then in St. George, last year in Richfield, we're moving it around the state because we find that many rural businesses need the kind of expertise that comes from the breakout sessions. In this one, we're going to talk about effective rural marketing; access to business capital; the question, which can be very real in small businesses and small town, about finding and keeping quality employees; and then for the world in which we now live, growing in a seasonal climate. Sometimes there's a business that can flourish for four or five months, whether it's tied to the growing season or holiday season, or something of that kind, and you need to know how to manage to that. The overall theme of this conference is: Growing from within.

We're going to have Governor Huntsman join us along with Patrick Byrne, who is a distinguished Utah leader, founded and created Overstock.com, a very strong Utah success story. It will be May 3 and 4 at the College of Eastern Utah in Price. Registration is \$20. We hope everybody can join us. Thanks for the opportunity to make the plug.

KVNU- You have been to Iraq, could you briefly tell us how you feel things are going there right now?

RFB- There's still a tremendous amount to do in Iraq, and tremendous problems, but compared to where we were, we have moved in the right direction and are moving in the right direction in fairly significant ways. I was impressed with the degree of training that is going on with Iraqi security forces. In order for Iraq to be a success, the Iraqis are going to have to take over the question of security.

We questioned the intelligence officers and the military personnel on the question of the insurgency—how big is it, how strong is it, is it growing, is it shrinking? The indications are that it is not as big as some in the American press might have us believe. They made their best attempt to disrupt Iraqi political activity and Iraqi society just before the election. To try to prevent the election in January they were up to a level of 200 attacks per day. The assumption being, that was the maximum effort that they could possibly mount. They failed. The election had a tremendously significant impact. They are now down to 50 attacks per day, which is still far too many, but it's only one-fourth of what they were once able to mount.

So there was a general sense of optimism that we are going in the right direction and that things are going to work out. If it continues to go this way, I think we can start to see a draw down of American troops sometime later this year because the Iraqi troops are being trained; they are stepping into the American shoes, if you will. It's still too early to say that we've got the problem solved, but we certainly are going in the right direction, and there was a much stronger sense of optimism there this time than there was when I was there before.