

TRANSCRIPT: ITOWNHALL MEETING SEPTEMBER 14, 2011

Susan - Good evening and welcome to Senator Mike Crapo's live I-TownHall conference call. This is Susan Wheeler, Senator Crapo's chief of staff in Washington DC and I will be your moderator this evening. Thank you for joining us tonight and we hope that you find this call informational and useful. In just a few minutes Senator Crapo will be joining us for one hour live question and answer session, but first here's a short rundown on how the next hour will proceed. This is a live conference call with Senator Crapo but in order for everyone to hear, you are in listen only mode, in other words you can hear me but I cannot hear you nor can you hear each other. This I-TownHall meeting is not intended to take the place of a physical town hall meeting where the senator meets with Idahoans in person, you may be aware that he held a number of those kinds of town hall meetings in August when he was out in Idaho, rather this is an addition and lets him use technology to put thousands of Idahoans on a conference call at a time when he cannot be in Idaho to meet in person, such as when the senate is in session. Throughout the call you are welcome to join in with a comment or a question. If you would like to ask a question please press star(*) 3 on your telephone keypad, you will then be transferred to one of our staff member who will then get some brief information from you, your name and the question or the issue you want to discuss and then you will be placed into the question queue. So if you want to ask a question press star(*) 3 and we would encourage you to do that starting now rather than waiting until the call gets a little bit further along. The call will last about an hour, you can stay with us as long as you wish, and we hope it will be the full hour. During the call it may work well for you to place the call on speaker phone if you have that capability and it makes it easier for you to listen. Now since the senator would like to get to as many of your questions as possible we will try to move quickly. If you aren't interested in asking questions tonight you are still welcome to stay with us and learn about the issues confronting our country. Senator Crapo is now waiting to hear from you and the phone lines are open, remember to press star (*) 3 if you are interested in asking a question and you will be transferred into the question queue.

With that let's welcome Senator Crapo to the I-TownHall meeting. Senator, good evening. Thank you for hosting this call tonight, perhaps you would like to take a couple minutes to talk about the issues before we get to some questions.

Senator Crapo- Thank you Susan and I appreciate everybody who is on our I-TownHall meeting tonight and look forward to our discussion for the next hour. I will take just a couple of minutes and lay out what I see as the dynamic in Washington DC right now and I am going to focus my remarks on our debt crisis because I believe that is the major issue facing our nation, and frankly from what I heard from Idahoans when I was holding town meetings throughout Idaho in August it was clearly the dominant topic and properly so. Right now we face one of the greatest threats that I believe our nation has ever faced. It is the national debt. Our debt today is fourteen and a half trillion dollars and to give that some perspective, that is about a hundred percent of our domestic product, meaning our debt is about equal to the entire output of our economy. That is relevant because recently a couple of world-renowned economists published a major study that evaluated all two hundred, excuse me, every major nation in the world over the last two hundred years in relationship of their debt to the size of their economy. What these economists found out was that over the last two hundred years at least, no nation has ever

been able to sustain a debt to GDP level of over ninety percent, and yet the United States is already beyond that and moving at rapid speed toward an economic collision that will have consequences so damaging to every American that we must take action now in a major way to avoid it. Another aspect of this is, as many of you may be aware, I served on the President's Fiscal commission for over a year as we took evidence, listened to experts and evaluated possible solutions to this problem and one of the things we found was that if we don't have a plan adopted soon that will reduce our deficit posture by at least four to five trillion dollars over the next decade, we will not be able to avoid the economic collapse that is pending as a result of our excessive spending and debt. Unfortunately the United States has, for far too long, literally tried to spend its way out of difficulty through a tax and spend policy that has seen us literally drive that debt level to the danger zone that it is in now. I personally have participated, I think many of you are also aware, with a group of six senators, three Republicans and three Democrats, to develop a plan that was in that neighborhood of the size necessary to deal with our national debt and to put us at least into a position where we are able to avoid the economic collision the economists are warning us of. We have not yet seen that adopted by congress but we have seen congress take some significant steps. In the last year, contrary to what has happened over the past few years, congress is now debating how much to reduce our deficit rather than how much more spending to engage in. We have already reduced it by about one trillion dollars in terms of our efforts to reduce our spending patterns in the country. We have a special committee in place looking at finding at least another one to one and a half trillion dollars but as I indicated earlier we need at least a four to five trillion dollar solution before we are even able to stabilize enough to put the rest of the solution in place. I am personally encouraging this group, this new committee that has been formed, to go much larger than simply the one to one point two trillion dollar plan that they have been passed to do and one of the major things that I will be doing in the next little while is trying to encourage all Americans to recognize the dire nature of our economic problems and the debt crisis that we face and to weigh in with congress for a big solution to a huge problem because we don't have time any longer for the grid lock that has for so long stopped us from taking action. With that I welcome questions, I know there may be many questions on this issue but also other issues that people are interested in and I look forward to trying to get through as many of those questions as we can during the next hour.

Susan Wheeler- Thank you Senator Crapo. For those of you just joining us tonight, welcome and thank you for participating. I am Senator Crapo's chief of staff, Susan Wheeler, your moderator for this evening. You're part of Senator Crapo's I-TownHall meeting this evening which will last for about the next hour. If you want to ask Senator Crapo a question please press star (*) 3 to be put into the question queue and you can do that at any time during the call and we will try to get through as many questions as possible. Senator I have already noticed there seems to be a lot of questions coming up on the debt and deficit issues that you have already touched on but most particularly there are folks asking a lot about social security, a person mention the way that the congress has used social security funds to sort of mess around with the way the debt is viewed, you may want to address that. We are going to take the first question from Jeff; you have a question for Senator Crapo.

Medicare & Medicaid Reform- I have a question for you, sir. What are you going to do about people on Medicaid or people who need Medicaid?

Senator Crapo- Well first of all as I have said many times, because of the debt crisis that we face, the most serious threat to anybody whether it is someone on Medicare or Medicaid or someone hoping to see their social security be realized, the most serious threat to any of them is if we do nothing. If we do nothing we will see an economic implosion that will jeopardize the ability of the commitments in Medicare and Medicaid and social security to be met. That being said there are ways to solve the problem that will make it much less painful, in fact there are ways to resolve the issues in both Medicaid and Medicare if we take action now to reform the programs in a way that dramatically reduces spending but actually protects the level of benefits. Obviously some of the first and easiest places where we would look to address the fraud and abuse in these programs and achieve the savings there that would not only make the program more efficient but avoid the need to try to reduce benefits and secondly we can look at major reforms of the healthcare delivery system that will enable us to achieve much greater efficiencies and savings in the system that will again still provide top quality medical care and support to the recipients of this program and to do so in a way that achieves major saving in these programs. Those are the kind that I've supported as a member of the gang of six and that I've also supported as a member of the President's Fiscal commission. Like I say, it's the kind that we can achieve if we start now but the longer we delay the greater threat there is to the Medicare and Medicaid programs

Susan Wheeler- Alright, we are going to keep on the debt issues and are going to Scott in Boise with a debt related question.

Cooperation on Solving the Debt Crisis- Relative to the Bush tax cuts I am concerned there is such a hard line on that issue.

Senator Crapo- It is a concern that many people in the country are raising. Let me clarify the position that the Republicans are taking. With regard to virtually all the tax relief that was enacted in 2001 and 2003, there is an agreement between Republicans and Democrats that the vast majority of it should be maintained in place otherwise every American would see a tax increase. The place where the fight is occurring is over the President's insistence that we raise the tax rates on the upper income bracket. The president contends that that is simply taxing millionaires and billionaires and he uses examples of those who fly in corporate jets and the like but the reason that the Republicans are resistant to that, and I agree with this, is that that tax bracket doesn't just hit the managers of hedge funds and those who fly corporate airplanes, in fact that is a very tiny part of that bracket in our tax code. That bracket in our tax code actually very directly taxes small business income in the United States and at this time many of us believe that a tax increase on small businesses is the worst thing that we could do in terms of generating a stronger economy and more jobs and that the better approach would be to reform the tax code in a way that takes out some of those abusive tax loopholes and provisions that the president has identified and that others have identified but that doesn't enact a broad based tax increase on those across the country who are in a small business or small enterprise situations where they just reached the point where they are moving into the upper tax bracket and then they see another tax increase hits their business. It is really not the battle that some have characterized it being as namely in order to protect hedge fund owners or corporate jet fliers, it is really a battle over whether we want to tax that part of our economy that right now is the best shot for us to generate better jobs.

Susan Wheeler- Well I can see that we have a lot of folks who are waiting to ask a question but I wanted to mention briefly that if we are not able to get to you and get your question with Senator Crapo, after the call you are welcome to stay on the line and there is a feature that will allow you to leave the senator a voicemail message and we pick all of those up and make sure that he is aware of them and will try to respond to you through correspondence. I apologize that we can't get to everybody but it is only an hour and so we are going to go to our next question and stay on the deficit and taxing issue. We are going to Don.

Corporate Tax and Social Security Reform- I was wondering, do you support a cut in the corporation in taxes and also would you support allowing young people 18-24 to opt out of social security and have approximately a third of that money that normally goes to social security to be invested in the S & P 500 and the rest of that money would then go to support existing social security recipients?

Senator Crapo- The short answer to your question, Don is yes to both questions

Don- Well all I wanted was a short answer (laugh)

Senator Crapo- Well I agree with you all the way through but let me elaborate just a moment. With regard to the corporate tax, I am a very strong proponent of reducing our corporate tax. Right now the United States is either number one or number two in the world in terms of having the highest corporate tax rates in the world and that is driving a lot of business and a lot of job creation offshore and one of the things we need to do is to reduce that corporate tax, that is by the way one of the areas in which the president and I think the Republicans and Democrats generally agree and my hope is that that is one of the areas of tax reform that we can achieve in the near future. Again with regard to social security I have long argued that people, particularly in their younger years and just starting their careers and their lives in the work world frankly are not likely to be able to see a realistic return from the social security taxes that are being collected from them right now unless we reform the system. You properly pointed out that those who are toward the end of their employment cycle and have been paying into the system throughout their lives or are already retired and receiving social security should have their benefits protected, I absolutely believe that. There must be a way for us to also protect the future in a social security context of our younger workers and I believe one of the best approaches would be to allow them to utilize a part of their contributions in terms of managing an account like you indicated, conservative type account that we have in many of the savings plans of that states and the federal government but accounts that would allow them to manage their own investment.

Susan Wheeler- We have someone else who would like to mention something about the corporate tax rate. Von, you had some comments that you would like to make.

Another Corporate Tax Reform- Senator Crapo, thanks for what you do. My concern is the corporate tax which you just elaborated on but we've got our corporations going to Dubai, China, Mexico, India and Ireland where there's twenty five percent and those corporations aren't paying income taxes here, there business is over there, their offices. Look at the retirement life, look at the retirement tax revenue we could get if we would even put our corporate tax on zero and bring those corporations home where they will generate jobs. Look at the textile industry, they have a million jobs.

Senator Crapo- As I indicated in answering the previous question and I strongly agree with your point of view, the bottom line is that not only are we losing the tax revenue from all of the corporate business that we are forcing offshore with our high tax rate but we are also losing the jobs that they would be creating in the United States and that they want to create in the United States. I was talking with several economists about six weeks ago about this very issue and about what some of the strongest things that America could do right now to give strength to our economy, to make our economy stronger and these economists said that the number one that they were modeling in their analysis was to reduce the corporate tax rate and get business worldwide coming back into America as opposed to making America an unfriendly place for business.

Susan Wheeler- Well we are going to keep on the debt deficit issues and are going to Dale in Boise

Political Engagement- I am in agreement with you that our debt is going to be a real problem. Well my question is how best to influence some of our congress people and how to get our opinion out there so it is heard with our political people.

Senator Crapo- Well Dale that is an excellent question and I have a multi-part answer. First, many people say as you did that they appreciate the work of the Idaho delegation but that doesn't mean that everyone in Idaho is unanimous with that and the first thing that people in Idaho need to do is let their delegation know how they feel even if they agree with them because it helps us advocate more effectively. Whether you agree with us or disagree with us, it helps us to know that. Secondly, your question is really how we get other members of the congress, the senate and the house to realize the seriousness of the threat we face and the importance of taking prompt, immediate and big action. I believe that although many Americans think that congress is this distant place in Washington, DC that is answering to its own tune and moving to its own music and not listening to the rest of the world or even to their own constituents. The truth is that members of congress still listen very carefully to their constituents. What we are seeing though is that many of those constituents are organized into very powerful special lobbying interests and groups and they are the ones whose voices are being heard and they are the ones most often who are demanding that the spending continue and so forth and that they continue to object to proposals to control the excesses in Washington and so what I say to people is think of your own circle of influence. Think of your Christmas card list or your Facebook friends or email contacts list or whatever way that you contact or deal with people and there will be many people throughout the United States on that list; friends, family members, business associates and the like and I encourage you to get a hold of them and encourage them, whether it is with the click of an email or phone call or a letter, and encourage them to contact their senators and encourage them to do the same with their contact lists and to reach out. The dynamic we've seen in the United States it is called the tea party dynamic but it is much broader than that in my opinion. It is people doing just that, getting active and they're getting engaged and it is making a difference but it is more of it. I appreciate the question and I encourage you to reach out to everybody you can touch and ask them to do the same thing because grass root politics is still the most effective way to influence congress.

Susan Wheeler- Now we are going to keep on the debt issue but move a little bit further down in regard to the super committee. People are concerned on how that is going to go into effect, whether it is effective and if it is not successful what happens so let's go to Jerald with his question.

Supercommittee and Defense Spending- First of all let me preface the question by saying I've spent thirty five years of billion analysts on the department of defense and I'm interested in the situation there and if the super committee fails what cuts do you see in the department of defense if they have to be made to that level?

Senator Crapo- If the super committee fails, meaning it grid-locks, and cannot make more specific or fine tuned recommendations then the law provides that there will be an automatic across the board cut in discretionary spending, which as you know is about fifty percent security spending, not all defense spending because of homeland security and otherwise but you are right, there are very big cuts in our security budget. I believe two things will happen there: first of all there are a number of areas in our defense budget that many of us have identified where we can find savings and I believe there will be an effort to find those savings without diminishing the capacity of the United States to defend itself adequately and strongly as one of the primary reasons for the establishment of our federal government. We cannot let our national defense be weakened by this and I don't believe congress will but I do believe they will look for significant savings. I also believe that if the savings mandated by this across the board cut are deeper than can be achieved while still protecting and preserving our men and women in the military and our national security the best way possible then I believe congress will go back in and have either a second committee or a second evaluation and get right back into the business of dealing with the deficit with more fine tuned approaches. Let me just add that I also believe that if this special committee only does the bare minimum that it has been required, in other words it doesn't grid lock but it does just achieve the one point two trillion dollar savings that has been passed to it, that we will still be several trillion dollars short of the kind of plan that we need to keep our economy from tipping and that we will still need to have that further processing congress that I just mentioned where we go in, reform our entitlements, reform our tax code, reform the spending patterns in most if not all of the federal spending programs and achieve those necessary savings.

Susan Wheeler- Well we still have a lot of questions that deal with various parts of the debt deficit and few other scattered issues but we are going to stick with the debt problem and we are going to go to Kelly in Twin Falls on central spending.

Foreign Aid Spending- I am real curious about why nobody ever mentions cutting foreign aid. The money that is spent in foreign aid could make a big dent in our deficit problem. What is your comment on that?

Senator Crapo- Well first of all you are absolutely right, everything has to be on the table and foreign aid has to be on the table and it is in the proposal that I've put forward and that many of us have put forward and so the first is that you're right and that is a part of the proposal that many of us are fighting for. I do have to say, however, that the percentage of money in our federal budget that is spent on foreign aid is often misunderstood in terms of its size and how big a piece of the solution it could be. Right now, spending on foreign aid, not that I'm justifying it because it needs to be cut further, but it is

less than one percent of federal spending and so even if we eliminated it entirely it would just be a small part of any ultimate fiscal solution. I still believe that while we have the kinds of problems that we have at home, that we need to dramatically eliminate it. In fact I think the only kind of foreign aid that we should really promote with the threats we're facing here at home in the United States are those kinds of foreign aid that would facilitate our own kind of national security. There are some pieces of our foreign aid program where the expenditures that we make on the aid to certain countries that are allies of ours actually saves us greater spending in our own national defense budget and strengthens our security world-wide and so some of those parts of it, which are very small in comparison to the whole, but some of those parts of it are justified and I would support those. Bottom line answer to your question is that you're right, it is one of those areas which I think is ripe for further review and reduction and I support proposals to do that.

Susan Wheeler- Well we are now going to go to Kent with regard to deficit reduction. He has a particular concern about congressional perks.

Benefits for Members of Congress- Hello Senator Crapo, thank you for hosting this. I am concerned about honesty and what is being said. For example you talked about looking for a five trillion dollar reduction, I think the average person reading that or hearing that will think you mean in one year but I think it would really be over a ten year period, wouldn't it?

Senator Crapo- It is, it is over a ten year period.

Kent- So it is really only ten percent as good as it sounds when we hear it or read it. Another thing, and I in no way want to offend you because all that I've heard that you're talking about I am in agreement with but I know we can look up what a congressman's salary is but we have no idea how big the perks are. What percent of your salary, above your salary, how do your perks compare to that? Are they ten percent more, two hundred percent more? I don't expect you to answer that question because I don't think you know that off the top of your head.

Senator Crapo- I will take a stab at it though because you've raised an issue that is very relevant and that is many people say congress should lead in this and whatever revisions to our spending patterns are should be the very first and should be a good example of what they expect in other parts of the budget. I agree with that, the proposal of the gang of six and the fiscal commission proposal that I supported, both have early and strong reductions in member salaries as well as in budgets for offices in congress to show that congress is not exempt from what we expect either. In regard to the perks, a lot depends on how you define it but I don't think there are many perks left that members of congress have, there's a lot of information out there on the internet about things that members of congress have. I know one of them says that we get our full salary for life, which is not true and there are others out there that say that there are certain perks but that is not the case. Members of congress do participate in the retirement system that all other civil servants of the federal government do and members of congress are able to participate in the same savings plan that other civil employees of the federal government do, and I may be missing something, but there are not a lot of extra perks out there where members of

Congress are given extra money or extra assets or values other than really what most employees generally have which is, like I said, the retirement contributions, savings plans and things like that.

Susan Wheeler- Senator, if I could interject. There are a lot of internet rumors out. One that I have read says that members of Congress' children do not have to pay tuition at college and that is not true. Members of Congress actually have the same health care choices that any other federal employee has so they have the same options that senators do and senators would also contribute the same amount towards paying for those healthcare programs as any other federal employee would. A lot of the information out there is not exactly accurate. There is actually a page on your website, I think it is called "Is it True That..." and there are a number of those that are covered on that website and I will ask our communication folks if they would put a link to that on the issues spotlight on our website so that's easy for people to access. We are going to go to another call, this one from Mike; you have a question about the tax code.

Flat Tax- Good evening Senator Crapo, there is so much talk going on now about how they are going to revise the tax codes and you hear they are going to cut this loophole or that they are going to cut that loophole. Herman Cain who is running for president right now has this 999, which I am not saying I am sold on that but I guess what my deal is if we are going to revise the tax codes, which really has to be done, let's revise the tax codes. Let's go to a flat or fair tax and let's make everybody pay their fair share. People on welfare and whatever else, if they have to pay a buck, you know for a whole year, I think they can kick in a dollar for a whole year and you have billionaires that have to pay their twenty two percent, make them pay their twenty two percent or eighteen percent. The economists, people a lot smarter than I am can figure out what we actually need for a percentage but make them pay it. What's happening is the very rich, a lot of them are paying nothing but I'm not one saying that just because someone made the right choices or did the right things or is a little smarter than the rest of us and started a business and he became rich, I don't agree with Obama taxing them at high percents. But make him pay his fair share and it wouldn't be a graduated deal, it would be a fair tax for everybody. Let's revise the tax code. It costs me \$200 a year to go to an accountant and he pulls out two books and they have to be three or four inches thick to figure out what the taxes are.

Senator Crapo- Well you know Mike, I really agree with what you are saying. As a matter of fact I think the last one that you started to describe there is actually the gang of six proposal, the idea that I have supported but there are a lot of very good ideas out there and the bottom line is as you have said, we need to flatten out the code. I support the idea of a flat tax, which was what the gang of six proposal was. It didn't flatten it out entirely but it reduced it from six rates to three and then dramatically reduced and flattened those three rates which eliminated much of the complexity in the code, those two thick books you're talking about, it eliminated loopholes and the kinds of things you just described and it really flattened out the tax code. That's what we need to do. Right now there is a report out by the Congressional Research Service that identifies all of the, what's called tax expenditures of the loopholes and complexities and reductions and exemptions and so forth that are in the tax code and it is a thousand pages of a report that is just identifying them, let alone explaining them and analyzing them. So I completely agree with your notion that everybody should pay something and that whatever the rate is, it should be as flat as it possibly can and then we can actually reduce the rates dramatically and be

sure that people pay that rate and I think everyone would feel like that is fair. It is easily much more understandable, you could probably file your taxes on one piece of paper, and we would generate the same kind of revenue. I really agree with what you're saying. There are a lot of different ideas out there on how to do it and they all are good ideas. I think that America is ready for a flatter, fairer and simpler code. The last thing I will say is this: I think our current tax code is about as unfair, as complex, and as expensive and as anti-competitive to U.S. business interests as we could make, and we need the kind of simplification that you are talking about.

Susan Wheeler- Well, we have about twenty minutes left and a lot of questions to get to so we are going to try to move through these as quickly as we can. We are going to Brad in Idaho Falls, you have a question for the Senator, go ahead please.

S&P Downgrade- Thanks for taking my call, I appreciate all of the effort you have put into the gang of six. I have a question about how we are going to get this economy square around when we have the financial industry, the rating industry, that are rating junk derivatives as Triple A and yet the financial guys, the rating industries paid no penalty for this fraud they committed. Then they turn around and S&P downgrades the entire nation because of a two trillion dollar addition error and nothing is done. How are we going to get this economy back together when the people with all of the money, the big money that should be invested back into the economy, are actually figuring out ways to commit fraud on the entire nation to suck more money out of the economy?

Senator Crapo- You raise an issue that has been raised to me and other members of congress many, many times and that is we have the rating industries that completely fail to see the housing bubble collapse and didn't do anything to downgrade the Wall Street firms that were so heavily invested in the bad investments in the housing markets, yet they downgraded the United States. I can tell you this, I think they are clearly at fault for the failure to properly rate the various Wall Street firms and there have been significant efforts in congress to try to reform that and change the ways that the rating agencies operate. I believe that some of those are going to work, in other words I think they are going to dramatically improve the efficiency and reliability of our rating agencies. With regard to the United States downgrade, that is a troublesome one for me because I thought that S&P should have held off, I don't think they should have downgraded the United States when they did but I understand what they were saying. This gets back to what I was saying at the beginning of the program which is if the United States does not change its deficit posture by about four to five trillion dollars minimum over the next ten years then we are headed for an economic collapse that will be monumental in the United States. The latest plan that congress adopted, although it was a good step forward, it was only about half of the step forward that was needed as a minimum. What S&P was saying is, you just created a plan that only gets us half way there and so we are going to downgrade you. I believe that congress never intended for that plan to be the only step and that S&P should have held back, but I understand the warning that S&P was issuing when it was telling all American's that if we don't make a much bigger effort at solving our fiscal crisis then we are going to become insolvent as a nation. Like I say, I am a little mixed on it. I actually hope that America gets the message that S&P was trying to send but I also believe that S&P was a little bit premature in sending that message the way they did.

Susan Wheeler- Well I think we are going to keep on this same topic and let Erin take you one step further down on what you are talking about.

Consequences of Doing Nothing on Fiscal Reform- We are being told that we are at the tipping point as far as debt issue goes and what happens if this isn't brought under control and we, as you might say, tip over. What are the consequences that could happen to our nation?

Senator Crapo- Well, they are very significant. I have talked to economic experts from every part of the financial world, whether it'd be government, the private sector, and education and there is virtually an agreement among them that we are close to the tipping point and it is also what I mentioned earlier at the beginning of the broadcast. Our debt to GDP ratio is already at one hundred percent where no other nation in the world has been able to sustain a ninety percent debt to GDP ratio and the only way we have been able to keep this tipping point from occurring is by spending trillions of dollars in the last couple of years, throwing money at it, which in the short term has kept money flowing in the economy and kept it chugging but it has dug the hole much deeper. We have added over four trillion dollars to our nation debt in just the last two and a half to three years. What will happen, and it is hard for me to explain and I don't think any of the economists can say it precisely, but generally it is called stagflation. We will see interest rates rise and that will impact the cost of credit across the board in our economy; that will have its own ripple effects in stopping the formation of capital and freezing the economy and throwing us into very high unemployment and at the same time it is very possible that the price of commodities, the food or fuel or things that people need will go up so the cost of living could go up, the value of peoples life savings could go down because of the inflation and unemployment will be high and we will be a point where basically the economy will reset itself but in a way that will be extremely damaging to every American whether that are retired or employed or seeking a job or at any stage of their life. I don't mean to paint too dark a cloud on the horizon but I don't think Americans should under estimate the threat that is faced by our economy if we fail to take these strong steps. That is one of the reasons when I talk to people and they say what about this program or what about that program and what about this aspect of the federal government's spending, I say the biggest threat to those big programs and any threat to any individual or family is doing nothing. If we do nothing, our nation debt will sink our country and it will cause us to go into an extended and lengthy period of stagflation like I have just described.

Susan Wheeler- Well we have a little less than fifteen minutes left and there are still lots of questions about various issues regarding debt, deficit, taxes and budget but let's try to get a couple of other issues in here. We are going to go to Lani in Grace.

Energy Independence- Hi Senator Crapo, I would like to start off by making a comment that I think energy independence is one of the things that are critical to our nation security but we have been talking about this since Nixon was in the Whitehouse. If we started drilling for oil and gas and building nuclear plants and going with coal technology and so forth, we could put a lot of people back to work and it looks to me like it's all independence and energy and I don't know why it's taking so long and whether we are energy independent or not.

Senator Crapo- Lani, again you bring up an excellent question. All of these questions show how connected Idahoans are and how they get it. To tie this into the debt discussion we were having, I think in addition to controlling our spending, one of the things America has to do and has to do soon is engage on a pro-growth agenda and make us and our economy stronger. As I already said, I think tax reform is a key part of that, probably a foundational part, but right along with tax reform is energy policy reform and you're right on. I personally think that we need an aggressive effort to become energy independent and to, frankly, diversify our energy portfolio. I think that today in our economy we are too dependent on petroleum, but the fact is that it is still a major part of our economy and we should be developing our own petroleum and to not be dependent on foreign sources of it. We ought to be expanding nuclear power and looking at all kinds of diversifiable and renewable fuel and have a diversified portfolio of energy like anyone would have in their own investment portfolio. To answer your question about why it is not happening, that is a frustrating thing. I could point you to a dozen bills that I have co-sponsored and other have co-sponsored and that we have actually pushed to a floor vote in the senate in the past decade where we have tried to do exactly that and we have failed each time. The reason we have failed is because we have a strong disagreement between the two parties about the role that petroleum and coal and other carbon based resources, natural gas, and so forth, the role that they should play in our energy portfolio. Unfortunately there is a very strong disagreement with those kinds of energies with enough senators that they vote to stop our efforts, to open up our development and production of petroleum and coal and natural gas and so unfortunately, I don't like this answer, but the answer to your question is that we have a huge philosophical debate in America taking place about whether we should develop our carbon based resources or whether we should just shut down the development of them and move to some other kind of energy form. Let me summarize, I am fine with moving to a much broader, diversified focus in our energy policy but we can't ignore the fact that right now natural gas, petroleum and coal are the core of our economic strength and we should be developing our own resources in that regard.

Susan Wheeler- Now we are going to move to illegal immigration and we have a number of questions about that and then health care and the benefits and many other issues related to that.

Immigration- Good evening Senator, thank you for hosting this. I kind of agree with Lani on this one, I've been hearing for I don't know how many years now how we need to reform illegal immigration, how we need to close our borders and how we need to do this and we need to do that. Basically my question is why aren't we? And what is taking so long?

Senator Crapo- Well you know, unfortunately, and I don't like giving these answers any more than you like hearing them, but it's the same answer. We fall to filibusters in the senate because we don't have the votes to push through these kinds of reforms. The bottom line is that I believe that we should not grant an amnesty program in our immigration policy and by that I mean those who illegally immigrate into the country should not be able to get an advantage towards citizenship or permanent legal residence as a result of illegally crossing the border. There are many in congress who believe just the opposite, who believe that those who are here should be given citizenship and that they should be allowed to basically participate by getting in front of the line of those who have stayed back and followed the immigration laws trying to come to America. Because of that huge divide and debate we

are having in the country over that issue, we have not been able to get the votes to pass over any kind of immigration bill. The one part of it that we did for a period of years get some progress on was the effort to close the borders. Many of us said: look, if we can't agree on some of the issues about how we deal about the people that are already illegally here then we should at least agree that we can close the borders and that we can give the necessary resources to the federal effort to shut down illegal crossings across the border and for a period of years we had put significant federal investment into that effort only to see it in the past two or three years under this administration watered down and not enforced as heavily. Again, we have a disagreement about exactly how it should go and the bottom line comes down again to that fact that it's in the senate where a filibuster is able to stop the legislation from moving until there are sixty votes. I want to say something about the filibuster though just in case I might be misunderstood. I pointed out that the filibuster is the reason why two major good policies have made it through in past years but I actually believe the filibuster is a viable and valuable part of our senate and the reason I say that is because there are just as many, if not more bad ideas that would have made things even worse that have not been able to get through the senate either because of the filibuster. So it is a two edge sword and it cuts both ways on both energy policy and immigration. The primary reason we have been stationary is because we have those huge disagreements that result in filibusters that are successful.

Susan Wheeler- We are going to go to another question but before we do that I wanted to mention one more time that we appreciate everyone who stayed on the call with us and we have a number of folks who have been on for nearly the entire call. If you wanted to make a comment and you weren't able or we weren't able to get to your question then please stay on the line after the call and you will be prompted on how to leave a voicemail message for the senator and we will be happy to make sure that he is able to listen to those and that we respond to you as well. Now we are going to Bob for a question for the senator.

E-Verification- I was interested in why we are not doing more on this E-Verification because of all of the unemployment we do have. We have too many people in our country that are unemployed, we don't need more people. Also, I'm curious about transparency. There are too many things where they are trying to make the continent: Canada, Mexico and the United States as one thing. These are all secret things that a lot of people don't know about.

Senator Crapo- Let me start with your second question first, the Canada, Mexico and U.S. trying to effectively make it one country. There are proposals out there that move dramatically in that direction however I do have to say that we have stopped all of them, that I am aware of, in the U.S. senate and frankly although that is a valid issue to be aware of, I don't believe that the proposals that move in that direction have any kind of support in either the house or the senate right now that would be sufficient to get them enacted and sent to the President's desk. With regard to the question of E-Verification, you raise a very valid point. E-Verification for the listeners, if you aren't aware of it is a program designed to help employers be able to know whether a person they are hiring is legal or not in the United States and therefore to help facilitate a proper guest-worker program. There have been a number of efforts to try to implement it. One of the concerns about it that has been raised, and one of the major reasons it has been slow to be supported on a broader basis is that the business community, those that are actually

doing the hiring, many of them have felt that the E-Verification system is not working properly and it not refined well enough and although they are fine with a system that allows them to know who is and who is not illegally in the country. They want to also have along with that the kind of reform that gives them a safe harbor, in other words that says that you can rely on the system, and if you do that you will not be sued or prosecuted by the federal government and we have not been able to get that far along the road in our immigration reforms and so concerns about both the efficiency and effectiveness of the system at this point and the concern about whether the accompanying reforms that need to go with it are going to pass, has caused a slowdown in congress' consideration of the E-Verification system.

Susan Wheeler- Well it looks like we are just about out of time tonight so if we were not able to take you call please stay on the line and at the end of the call in just a few minutes you will be able to leave a voicemail for the senator. Also I wanted to remind our listeners that Senator Crapo can be reached at 202-224-6142 in DC or one of the six state offices in Idaho. The website address is <http://crapo.senate.gov>. We will continue these calls in the future and if you would like to ensure that you will be in our next call please sign up on the website. I'd like to say that we have covered a number of topics tonight but we have mostly dealt with debt deficit, taxes and budget and we will be posting a transcript as well as the audio from this on the senator's website so if you want to refer your friends to it you are welcome to do that. Senator you have about a minute to make any final comments you want to make.

Senator Crapo- Well thank you and in the sixty seconds I have I just want to thank everybody who participated tonight. It is great that through the wonders of modern technology that we can have this kind of opportunity to talk about these kinds of issues. I know that Idahoans are extremely concerned and I know that they get it and I encourage you all to do just as Susan has said and contact my office and every other office of the delegation and let them know what you think. Going back to one of the questions that we had in the middle of the program, contact everybody in your circle of influence too and encourage everybody on your email list or your contacts list or your Christmas card list or what have you and tell them to get engaged because it is now that Americans need to be weighing in very heavily on the governing that needs to take place soon to help us deal with our debt crisis.