



U.S. Senator Dianne Feinstein  
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San Diego Chamber of Commerce

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Thank you, Mayor Sanders for that kind introduction. And thank you for the great job you are doing.

It's such a pleasure to be back here in San Diego. What an incredible city! When I first visited your city as a child, the only high-rise building was the El Cortez Hotel. It's still there of course, but San Diego's growth and skyline have changed dramatically.

And soon you'll have another building downtown, a new federal courthouse, which I've been proud to support. San Diego is booming, and it's great to come back and see all the progress.

I also want to thank the Chamber of Commerce for being such a wonderful host. I had the pleasure of speaking to you three years ago this month at a lunch much like this one and a great deal has happened since then. Despite the horrible fires three years ago, San Diego has recovered. And thanks to the concerted effort of the Chamber and so many others, San Diego was spared from base closures during the latest BRAC round.

And of course, you've got a great mayor in Jerry Sanders. Since he first took office, he has been a real advocate for San Diego in Washington. I've had the pleasure of getting to know him over the past year and it has been a pleasure to work with him on a number of issues like border tunnels, homeland security grants and efforts to protect the Mt. Soledad Cross.

I am pleased to tell you that the border tunnel legislation that I sponsored after visiting the tunnel with Mayor Sanders in an abandoned warehouse in Otay Mesa has passed the Senate, and hopefully it will soon pass the House soon.

I'd like to assure you all that Senator Boxer and I will continue the fight to restore homeland security dollars that should be going to San Diego, but are now being diverted to areas that face far less risk.

San Diego is one of the country's most heavily populated urban areas. It is home to vital military bases and one third of the U.S. Naval Pacific Fleet is home ported in San Diego Bay, including nuclear carriers and submarines.

It makes no sense that Department of Homeland Security has chosen to slash San Diego's funding from \$14.7 million last year to \$7.9 million this year. This is unacceptable! The Department needs to revisit this decision – and come up with a formula that accurately accounts for the real-world risks.

## Congress

Let me begin with what remains in the 109<sup>th</sup> Congress. As you know, we are in recess, set to return the day after Labor Day.

Senator Frist, the Majority Leader, plans to recess again by September 30, which leaves 16 legislative days before the November election. Very little time and a great deal of unfinished business.

The top priority will be spending bills. On the first day back -- September 5 – the Senate will take up the FY 2007 Defense Appropriations Bill, followed by the Military Construction and Veterans Affairs Appropriations Bill. Nine more appropriations bills remain unpassed.

We have other major bills – immigration reform, lobbying reform and offshore drilling – that have passed the Senate and House in different versions. But the two houses have not been able to reconcile the differences.

Revising domestic surveillance laws, creating an asbestos trust fund, telecommunications overhaul legislation, expanding identity theft protections, and a gang bill that I have been trying to pass for seven years. These are all major pieces of legislation that remain in limbo.

Unfortunately, the Republican leadership seems focused on forcing a 3<sup>rd</sup> vote to provide estate tax cuts for the wealthy, with a \$750 billion price tag that we cannot afford.

I'd like to take a few minutes to explain why.

This year alone the deficit is \$260 billion, and the national debt is upwards of \$8.4 trillion – a new record. And by 2011, that debt will be close to \$11.5 trillion, a number unsustainable over time

No solutions have been adopted to shore up our strained entitlement programs, such as Social Security and Medicare, as the retirement of baby boomers looms.

Never before has our nation sustained this level of ongoing debt. Pressing for tax cuts at a time of war with this level of debt and deficit makes no sense and is unprecedented.

You wouldn't run your business this way, and we should not run our nation this way either.

In fact, the President's tax cuts have already cost more than \$1 trillion and those enacted will be more than \$3 trillion over the next decade.

You would think that these tax cuts might have alleviated some of the growing financial pressures faced by working families. But millions of American families are hurting under this Administration's policies:

- Family income for working families is down by \$1,669;
- Housing affordability, a big problem in California, is at a 19-year low;
- Health care costs up more than 70 percent;
- Gas prices are up 104 percent, from \$1.47 per gallon in January 2001 to over \$3.00 today;
- College costs at public universities up 57 percent;
- Medicare costs up nearly 20 percent;
- 37 million Americans living below the poverty line; and
- 45 million people going without health care, including 6.6 million in California

Now, I would like you to take a look at the chart that has been left on your tables. I believe this chart is a good demonstration of the dilemma we face.

Most of the money the federal government spends in a given year is not controllable. It's spent on entitlements -- Social Security, Medicare, Medicaid, Veterans benefits.

And if you add interest on the debt, that's about 60% of everything spent in a given year. So that leaves almost 40%. Half is the defense budget (20 percent) and half (19 percent) is everything else.

There's a war going on, so it's very difficult to cut defense spending.

This means the squeeze is on everything else -- on the programs that matter most to Americans.

So while this Administration's tax cuts give millionaires huge tax breaks, many of the key programs that benefit American families are cut deeply.

For example:

- Food stamps, cut by \$272 million, this program helps nearly 650,000 households in California.
- Commodity Supplemental Food Program, cut by \$111 million in the President's budget -- this program provides food packages to roughly 44,100 low-income elderly Californians;
- COPS -- which put over 118,000 police on the streets nationwide -- is being cut by \$370 million (or 15,000 officers nationwide);
- CDBG -- cut by 25 percent under the President's proposal (San Diego County would lose \$1.2 million under this proposal);

- Job Corps – by \$55 million;
- Mass Transit – by \$100 million;
- Children’s Hospitals – The Children’s Hospitals graduate Medical Education program is cut by \$198 million. Children’s hospitals in California provide graduate medical training for nearly 700 full-time residents, of whom 352 are in pediatric subspecialties;
- And Education – The President’s signature education program -- No Child Left Behind – would be underfunded this year by more than \$15 billion and \$55.7 billion since it was enacted.

And the list goes on and on.

I truly believe we need a new direction in America, one that does not mortgage the future of our children and their children, and that is what this November’s election is all about.

We must restore fiscal responsibility.

## **Iraq**

The great issue on the minds of most Americans today is Iraq. What to do – stay or change the course.

I believe the situation in Iraq is the product of a failed strategy and tactics. The time has come to move in a new direction and recognize that the present course is deteriorating and moving that country into civil war.

No question, Saddam was an evil man. But it is now clear the Administration’s strategy was regime change sold to the Congress as a threat of weapons of mass destruction.

And it turns out that this Administration has been wrong at almost every turn.

**First**, there was a massive intelligence failure. The Administration misused the intelligence that was there. And they pressured analysts to find bits and pieces that supported their claims.

In the end, the intelligence product was misleading and wrong. And I for one would not have voted to authorize the President to use force if I had known then what I now know.

**Second**, the Administration consistently made inflammatory statements that proved to be false.

**Third**, there were major tactical failures following the “shock and awe” of the initial campaign:

- Failure to produce an adequate follow-on force – too few troops;
- Failure to protect the infrastructure;
- Failure to stop the looting;
- Failure to engage the insurgency early on:
- Failure to enforce the border;
- Failure to protect the streets;
- Failure to secure huge caches of munitions now being used to kill Americans and innocent Iraqis.

And most importantly, in my view, a de-Baathification policy that stood down the entire Iraqi army and prevented anyone who was a Sunni Baathist from working: doctors, nurses, government workers. The effect was double edged:

**First**, it fueled an insurgency that has grown over the past three years and is now reaching the proportions of a civil war; and **secondly**, it left Iraq's ministries and government operations without qualified people because only Sunni Baathists had been eligible for these jobs under Saddam.

Yes, today there is a permanent government in place. But the ministries do not function properly, and there is widespread terror, kidnapping and assassination. Iranian influence is growing, government ministries do not function properly and Shia militias infiltrate the police and carry out killings of Sunnis.

Civilian killings now top 3,000 a month and a Sunni-Shia civil war is emerging with American forces caught in the middle. And as long as the Iraqi government fails to make a political accommodation with the Sunnis, this is only going to get worse.

It is clear we need a new direction, staying this deteriorating course is not the answer.

### **Here is what I believe needs to happen:**

1. The President, I believe, would be well served to **replace Secretary Rumsfeld** and bring in a new leadership team. Donald Rumsfeld is a stubborn leader, who does not admit mistakes, does not show much flexibility and does not listen to many others. He seems to really know what he wants to do and he's going to do it no matter what the cost.
2. **Develop a clear timeline and exit strategy** and share it with Congress and the American people. This war has gone on for 3 ½ years and the time has come to have Iraqis take primary responsibility for their security. I believe we must also consider that a partition of Iraq into separate Kurdish, Sunni and Shia areas may be the inevitable outcome.
3. **Transition the American Mission** – to one of logistics and training, and get U.S. forces out of the middle of this brewing civil war.
4. **Redeploy substantial numbers of U.S. forces** to areas of need: Afghanistan, where the Taliban is coming back, the Horn of Africa, Southeast Asia, and other hot spots in the

War on Terror, which most certainly continues. The War on Terror will continue and we must be able to respond in other places.

6. **And remove all U.S. forces from Iraq by end of 2007.**

**Immigration Reform**

Now let me turn to an issue of great concern to California -- immigration reform.

Congress is stalemated – the House and Senate have passed significantly different bills and the Republican leadership of the two Houses have refused to meet in an effort to rectify the differences.

It appears increasingly unlikely that anything will be approved by Congress before the November elections.

I believe it *is possible to break this stalemate* – but only if members on both sides of the political aisle and the Bush Administration come to the table ready to move toward a practical, workable, comprehensive framework.

I believe such a framework should include:

**First**, tough border security and enforcement measures which include:

- 12,000 new border patrol agents;
- 2,500 new inspectors;
- a 3-layered 370 mile fence in Arizona;
- 20,000 additional detention spaces;
- a large technology package including unmanned aerial vehicles, cameras and sensors to surveil the border;
- and a joint partnership of the Department of Homeland Security and the Department of Defense to carry out these surveillance activities.

**This border patrol initiative should be well in place before beginning the rest of the program.**

**Second**, an agriculture workers program. The agriculture industry depends on undocumented workers. Without them, agriculture will collapse.

- The Fallbrook - Pauma Valley north of here is known for avocados – but county agriculture officials say there is a 30 percent shortage of labor. Avocadoes that are ripe and ready are falling to the ground because there are not enough workers to pick them.
- There is a similar problem in the Imperial Valley, which is short 30,000 workers. The economic losses are not yet known – but they are expected to be large.

The Senate approved a measure -- which I added in the Judiciary Committee -- to allow 1.5 million undocumented immigrants **already** in this country to continue to work in agriculture. A similar measure has broad, bipartisan support in the House.

Those who have worked in agriculture for at least two years, pay a \$500 fine, are current on their taxes, and have not been convicted of any serious crime, and are willing to work for another three to five years in agriculture, would be eligible to become permanent legal residents.

This is not an open door. It is a pragmatic solution to the real world fact that too few Americans will perform the difficult tasks of farm labor. Because of the urgency, this part of the bill should move forward with the border control measures.

**Third**, an employer verification system that works. This would be an electronic system that would confirm identity and eligibility to work, rather than the current paper system that is subject to rampant document fraud.

**Fourth**, a realistic system to deal with the 10-12 million undocumented immigrants in the U.S., of which about 2.4 million are in California today.

Many simply ignore this problem, believing 10 to 12 million people should be rounded up and deported, including many people who have been here for years, even decades.

I do not believe this is possible. That is why I have proposed that certain of these people should receive a biometric, non-transferable "orange card," which, if they qualify would enable them to work legally.

This would be a secure identification card that would enable the government to know who is here and what they are doing.

It would not confer citizenship or permanent legal status. Rather, it would bring them within the boundaries of the law. It would require them to pass a criminal and national security background test, learn English, pay a \$2,000 fine, and pay their taxes.

If they meet the requirements of the program, they would be put at the back of the line for a Green Card in a ranking where those who have been here the longest would come up first.

I believe the vast majority of Americans favor a comprehensive solution -- one that protects our border and faces up to the reality that there are already millions of undocumented immigrants living in our nation.

I stand ready to work toward such a solution.

## **Global Warming**

Now, I'd like to discuss global warming -- the greatest environmental challenge facing this planet -- and my highest environmental priority for the next six years.

The first seven months of this year were the warmest since climate record-keeping began in 1895. (*National Climactic Data Center*) And based on nearly every scientific projection, it's only going to get warmer. The question is how warm?

If temperature increases are kept to 1 to 2 degrees, it is manageable. But if warming increases to 5 to 9 degrees or even more, the effects on our planet will be catastrophic. We must begin to take certain steps now.

How did we reach this point? **Quite simply, we are addicted to fossil fuels.**

And it is the burning of these fuels – coal, oil, gasoline and natural gas and the resultant greenhouse gas emissions – that is the primary cause of global warming.

**And here is the key:** Carbon dioxide doesn't dissipate. It stays in the atmosphere for five decades or more – causing Earth's temperature to rise.

That means that the carbon dioxide produced in the 1950s, 1960s, 1970s, and 1980s is still in the atmosphere today. And the carbon dioxide produced today will still be in the atmosphere in 2050 and beyond.

Many of the world's most preeminent scientists – including those here at the Scripps Institute – all predict very serious consequences for our planet unless we make wholesale changes.

They say that to stabilize the planet's climate by the end of the century, we need a 70 percent reduction in carbon dioxide emissions below 1990 levels by 2050.

The Earth has already warmed 1 degree over the past century -- and we're seeing the effects in the world around us:

- The 1990s were the hottest decade on record.
- Glaciers are melting; coral reefs are dying; species are disappearing.
- Today, there is more extreme weather – heat waves, droughts, hurricanes, and floods – and they are occurring with greater frequency and greater intensity.

And things will only get worse as temperatures rise, unless we take action.

**In the United States, the first major piece of the puzzle is the transportation sector – cars, trucks, planes, cargo ships – which accounts for approximately one-third of carbon dioxide emissions.**

Fundamentally, there are two ways to reduce emissions from transportation.

**First**, improve the fuel efficiency of vehicles, and second, move away from oil and gasoline-based fuels and toward alternatives.

Twelve Senators have agreed to cosponsor legislation Senator Olympia Snowe, R-Maine, and I have introduced requiring that fuel economy standards for all cars, pick-up trucks, and SUVs be increased from 25 to 35 miles per gallon over the next 10 years.

If it becomes law, it would:

- Prevent 420 million metric tons of carbon dioxide emissions from being released into the atmosphere by 2025, the equivalent of taking 90 million cars (or 75 million cars and light trucks) off the road in one year.
- Save 2.5 million barrels of oil a day by 2025. By coincidence, this is how much oil our nation imports daily from the Persian Gulf.

**The other side of the coin is alternative fuels.**

As long as our nation continues its addiction to oil, we cannot sufficiently slow the warming trends.

Rather, we quickly need to get up and running on developing new, clean technologies and alternative fuels, including the electric plug-in hybrid, bio-diesel fuels, hydrogen power, and E-85 made from cellulosic ethanol.

**The second major piece of the puzzle is the generation and consumption of electricity.**

And the biggest culprit is pulverized coal.

Today, coal-fired power plants are the largest source of U.S. carbon dioxide. Coal, alone, produces about 30 percent of annual emissions, or 2.5 billion tons every year.

It's absolutely critical that we find ways to clean up coal or find alternatives.

And I'm working on legislation to do this – creating a national framework for coal plants, utilities and other carbon dioxide producers to reduce greenhouse gases.

Here's how it would work:

- A cap on the amount of critical global warming gases would be established on all major emitters.
- The cap would remain at present levels for a period of time to allow companies to change their operations.
- Gradually, these caps would be tightened, until the desired level is reached.

**But this alone is not enough. Americans also need to be more energy efficient in their daily lives.**

One of the most overlooked elements is how much bang for the buck there is in energy efficiency and conservation.

An aggressive energy efficiency program that encourages green construction, the purchase of ENERGY STAR appliances, and renewables could reduce energy use by 20 percent by 2020. (Department of Energy)

It is doubtful, in the short time remaining in this legislative session, that we will see action on the global warming front. So on the first day of the new Congress in January I plan to bring in the three following bills:

- A sound mandatory cap and trade program, which could reduce emissions by 10 percent or more by 2025;
- A mandatory requirement that all passenger vehicles – cars, SUVs and light trucks – have increased mileage of 10 percent within the next 10 years. That means mileage would go from 25 miles per gallon today to 35 miles per gallon by model year 2017.
- A national energy efficiency program -- modeled after what California has achieved, including strict appliance and building standards and requiring utilities to use energy efficiency measures to meet a portion of their demand.

The bottom line is this: there is no single silver bullet to abate global warming. But I believe we can reduce our emissions sufficiently to stabilize the Earth's climate, to minimize warming, and dramatically slow global temperature increases if we act now. If we wait, the climate will tip and the likely results could be catastrophic by the end of the century.

And later today, I'm going to meet with the experts at the **Scripps Institution of Oceanography** to get their view of the problem and to discuss these proposals. And from this meeting, I hope to have some new ideas on how to address the issue.

### **Stem Cells**

And finally, the Senate passed major legislation last month that would have expanded the number of lines available for stem-cell research. It was hard fought and long overdue.

Stem-cell therapies are the bright new frontier of medicine and may well offer cures for catastrophic diseases such as Parkinson's, Juvenile Diabetes, Alzheimer's, and yes, even repair severed spinal columns.

Since it was already passed by the House a year earlier, the bill went to the President for signature. But he vetoed the legislation, dashing the hopes of millions of Americans suffering from catastrophic diseases.

We will reintroduce this legislation in January when the new Congress begins. And the fight will go on!

Scientists around the globe continue to demonstrate the great promise of this research. Let me share a few examples:

Researchers at Scripps have turned mouse embryonic stem cells into heart muscle cells. One day, **this could lead to promising new therapies to replace heart tissue damaged by cardiovascular disease and heart attacks.**

Scientists at UCLA announced this month that they manipulated human embryonic stem cells into T-cells, which are the body's main weapon against disease. **This may ultimately help in the fight against AIDS.**

Scientists at Johns Hopkins used stem cells from mouse embryos to repair damaged nerves in paralyzed rats. **This could lead to promising treatments for spinal cord injuries, as well as ALS and multiple sclerosis.**

No one would have thought that any of these things could be done, even a few years ago. The possibilities of stem cell research are rapidly changing our conception of what is possible.

It will take much more work before these advances can be safely used in humans. And this work will require new lines of human embryonic stem cells.

Without a change in the President's policy, these early advances may never turn into full-fledged cures.

The President himself recognized the great promise of stem cell research when he announced his policy 5 years ago. The time has come for the President to admit that his policy has failed.

He should listen to our researchers, physicians, and scientists, and give them the stem cells lines they need to allow this promising research to move forward.

He could reverse his failed policy today. On behalf of the millions waiting for cures, I urge him to do so.

## **Conclusion**

So there you have it. We have a lot of work to do back in Washington, DC. We can no longer afford to maintain a stay the course policy approving tax cut after tax cut. The budget must be balanced and the debt cut.

We can no longer afford to stay the course in Iraq.

We must break the stalemate on immigration.

We can no longer ignore the threat of global warming.

We can no longer ignore the scientific promise of stem cell research.

*We need a new direction.*

Thank you, I'll now take some questions.