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FACE THE NATION

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BOB SCHIEFFER, host:

Today on FACE THE NATION, the situation in the Middle East is even worse today. Lebanese Hezbollah forces bombarded the Israeli city of Haifa with rocket fire, and Israel sent its bombers back to Beirut. With no sign the violence is abating, is the situation about to spread into a wider regional war? We'll get reports from our correspondents in the region. Lara Logan is in Israel, and Elizabeth Palmer in Beirut.

President Bush is in Russia for the economic summit, but economics has been pushed aside by the war. So we'll go there to talk about it with Secretary of State Rice, and we'll have analysis from White House correspondent Jim Axelrod. We'll get more perspective from Richard Haass, president of the Council on Foreign Relations, and Jane Harman, the ranking Democrat on the House Intelligence Committee. Then I'll have a final word on whatever happened to American diplomacy in the region.

But first, reports from the scene on FACE THE NATION.

Announcer: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now, from CBS News in Washington, Bob Schieffer.

SCHIEFFER: And good morning again. Here is the latest: Hezbollah terrorists in Lebanon launched their heaviest rocket attack yet on the northern Israeli city of Haifa, and one of the bombs hit a train station and killed nine people. That sent Israel's bombers back north again. There were more attacks in Beirut and at guerilla camps in southern Lebanon.

At the economic summit in Russia, the president and the western allies call for restraint, but President Bush said again today Israel has a right to defend itself.

We go first this morning to Haifa, and our chief foreign correspondent Lara Logan.

Lara, it looks pretty calm there now, but it must have been very bad a few hours ago.

LARA LOGAN reporting:

It was, Bob. You know, residents here woke up to thunderous explosions, one after another, and it continued for hours. Even at the scene of the most deadly attack, down inside a train maintenance depot, inside the industrial court here where the most casualties were incurred, where there were bodies scattered across the platform, even there in the middle of the emergency workers trying to remove the bodies and attend to the wounded, there were repeated air raid sirens, and everyone had to run from the scene and take cover. On one occasion, a further four explosions were heard nearby. We were told they landed inside the ports and didn't cause any damage. And then these emergency teams went back to attending to the dead. I saw one of them actually wiping the blood off the face of one of the bodies before they wrapped him up. They take great care here in Israel with their dead, and there are teams--religious teams whose only job is to make sure that they gather every part of the remains.

But the significance of this scale of attack on Haifa really cannot be underestimated. It's not just that it's the deepest inside Israel the Hezbollah have struck, it's the fact that Haifa is such a large, densely populated city with strategic oil reserves. Bob:

SCHIEFFER: And we have to remember that this is the start of the work week in Haifa. So there were a lot of people out. What are the people doing now? How are they handling this, Lara?

LOGAN: Well, most of the restaurants and businesses that we passed in the city have shut down now. People here, there's a mixture. I mean, you get people who are just amazingly still walking in the streets and going about their business. But at the same time, we also stopped in at shelters where families were cowering during the air raid sirens. And obviously at the scene of the attacks people were extremely upset. But what is interesting about this is that calls into the radio, the newspapers here, the general mood amongst the people we speak to is that they are behind their government, and they want them to go all the way and finish off Hezbollah.

SCHIEFFER: Lara, thank you very much.

Israeli jets could be heard over the Lebanese capital of Beirut before dawn, and much of that city remained in darkness for a time because some of the city's power had already been knocked out by air strikes. US teams and helicopters have arrived at the American embassy there to begin work on evacuation plans for the Americans who are stranded in Lebanon.

Our CBS News correspondent Elizabeth Palmer is in Beirut this morning.

Elizabeth, what's been going on there? Give us the latest.

ELIZABETH PALMER reporting:

Well, the main political development is Lebanon's prime minister, who has announced that the Italian prime minister approached him with what he says is the terms of a cease-fire from Israel. Two main stipulations, one that Hezbollah gives back the two kidnapped soldiers, and the second is that Hezbollah withdraw 12 miles north of the Israeli border. So far no response. The country is braced for a major attack as a reprisal for the Haifa rocket attack that Lara spoke about in the south of the country. In fact, the Israeli commanders have expressly warned civilians in southern Lebanon to leave the area, that a big attack is coming sometime in the next couple of hours.

SCHIEFFER: And you have already had some attacks earlier today. Am I right?

PALMER: Yes, we have, a couple of big explosions. One of them took out Hezbollah's television station, Al-Manar, which is a national network. But after a little stutter--they were off the air briefly--they're back on the air now. So they clearly have some backup broadcast facilities.

SCHIEFFER: And the Americans who are there, maybe 25,000--we don't really know the number--are plans being made, Elizabeth, to evacuate them and how would they go about doing it?

PALMER: There are plans that are gradually firming up as the crisis gets more dangerous. Apparently now the US military is actively working on some kind of a convoy, if you like, probably by sea, to Cyprus. They think that between two and eight or 10,000 people may take them up on this offer of evacuation depending on, of course, how bad things get in the coming week.

SCHIEFFER: And in the meantime, you're there bracing for another attack.

PALMER: Yes, we are. So far the main attacks are in the southern suburbs where Hezbollah supporters live, and we're in the business center, so far relatively untouched.

SCHIEFFER: All right. Well, thank you very much, Elizabeth.

The president, as we mentioned, is in St. Petersburg this morning for the so-called G8 economic summit, but the Middle East is also topic A there, and that's where Secretary of State Condoleezza Rice is as well.

Madam Secretary, this appears to be worse than ever this morning. What is your assessment from there?

Dr. CONDOLEEZZA RICE (Secretary of State): Well, clearly we're concerned about the growing civilian casualties. We're concerned about the general instability in the area. Bob, I think we have to be committed to dealing not just with the immediate crisis but to laying a foundation so that, when we are out of this set of circumstances, we don't have repeated violence again. We all want a cessation of the violence, but we also want a return to the international framework--Resolution 1559 in the case of Lebanon; the road map in the case of the Palestinian territories--that will give us a permanent and firm foundation rather than one--a cessation of violence that would be held hostage to the next time that Hezbollah or Hamas decide that they want to attack Israeli territory.

SCHIEFFER: Well, Madam Secretary, what exactly is the United States doing here? The Lebanese leader yesterday called on the United States to call for a cease-fire. The president says he is not going to do that. What exactly are we doing here?

Dr. RICE: We are working with all of our allies in the region, including Egypt, Saudi Arabia, Jordan. We are working with members of the G8 here. We're working with the secretary-general, and, of course, we're talking constantly to the Israelis to the Lebanese and to the Palestinians. And what we're trying to do, Bob, is, obviously, to have a cessation of violence. That's going to be important. But I want to repeat, you have to have a cessation of violence that moves this process forward. If you simply say, 'OK, let's cease the violence,' and it leaves the conditions in place that allow these extremists to launch these attacks in the first place, then I can assure you we will be back here three weeks from now or three months from now talking about another need for a cessation of violence. This time we need to make sure that Resolution 1559 is--is enforced for Lebanon. That resolution says that unauthorized groups should not be allowed to operate on Lebanese territory in precisely the way that Hezbollah did. What Hezbollah did was to use Lebanese territory to launch an attack against Israel without the knowledge of the Lebanese government. That shows the importance of 1559. We have to have a circumstance in which the Palestinian security forces are able to prevent attacks from Gaza into Israeli territory. We've got to get at the underlying circumstance here, which is that these extremist forces have shown their hand. They're determined not to let progress be made toward a two-state solution. They're determined not to have the Lebanese people have sovereignty and democracy. And we are equally determined to isolate the extremist elements and disable them.

SCHIEFFER: Do you believe that Syria and Iran are playing a part in this, Madam Secretary?

Dr. RICE: I absolutely see that Syria and Iran are playing a part in this. They're not even trying to hide their hand. Syria has held press conferences with radical elements of Hamas. They've held press conferences for Hezbollah. The radical elements of Hamas sit in Syria and find harbor there. And Iran is the major financier of these efforts. And Iran and Syria, like these extremist elements, Hezbollah and Hamas, don't really have a future in the different kind of Middle East that the president and his allies are building. Of course, through...

SCHIEFFER: Are we saying anything to either of them?

Dr. RICE: Well, many states are speaking with one voice to Syria and to Iran, most especially the regional states are talking about the importance of Syria, helping to get that--those Israel soldiers returned safely to Israel, of playing their role in stopping the attacks. Absolutely, there are efforts with Syria and with Tehran through states that have relations with them, of course.

SCHIEFFER: Madam Secretary, there are a lot of Americans in Beirut. How are you going to get them out of there?

Dr. RICE: Well, Bob, this is something I'm following really hour to hour. The ambassador there has full authority to recommend what needs to be done. We're going to protect Americans. We have contingency plans for evacuation of Americans should that become necessary, and we've already authorized some of the departure of embassy personnel, and we're helping Americans in any way that we can. That is an overwhelming preoccupation right now of our--of our embassy and of our consulate forces.

SCHIEFFER: What impact is this having on Iraq?

Dr. RICE: Well, Iraq is a piece of the puzzle of this different kind of Middle East. Nobody can imagine a different kind of Middle East with Saddam Hussein in the middle of it. You can certainly imagine a different kind of Middle East with a moderate Shia-led but multiethnic, multireligious Iraq. And so Iraq is a piece of this. But, of course, many of the forces that would like to destabilize the rest of the region would like to destabilize the young Iraqi government. We have to recognize what is going on here. This is now becoming very clear. The extremists are showing their hands, and we have to be equally determined that they're not going to succeed in Iraq, in Lebanon and in the Palestinian territories.

SCHIEFFER: And what is the president doing? Has he made any calls in connection with this this morning? How much of his time is he spending on this?

Dr. RICE: Well, the president was just this morning with Prime Minister Blair, where they spent the bulk of their time on this issue with President Chirac, where they talked in substantial agreement about the underlying problem here and the need to address the underlying problems. I would remind everyone that Great Britain, France and the United States were the co-sponsors of Resolution 1559 that relates to sovereignty for Lebanon. And so he is working very actively with his colleagues here, but he's also had phone calls with the Prime Minister Siniora and King Abdullah of Jordan and will talk to others as well.

SCHIEFFER: All right. Well, thank you very much, Madam Secretary.

Our White House correspondent, Jim Axelrod, is also in Russia covering the economic summit. We want to go to him now.

Jim, you just heard the secretary of state. She says that the president has not called for a cease-fire. He calls only for the Israelis to be very careful and try to hold down civilian casualties. Is he in concert with the other allies there at the summit?

JIM AXELROD (Chief White House Correspondent): Not really, Bob. In fact, I think that's really the whole story, the context that the G8 is unfolding in. The president and, to an extent, Tony Blair from Great Britain are both strong, firm, even fierce supporters of Israel. They're saying that the start and the sole cause of the conflict, the unfolding crisis, is Hezbollah, and that Israel should show restraint, but that Hezbollah is responsible and Hezbollah alone. What you hear from the prime minister of Italy, Prodi, or Jacques Chirac, the president of France, or Vladimir Putin, even, is varying degrees of blame for Israel for a disproportionate response. In fact, some of the rhetoric from President Putin just yesterday was questioning whether Israel's motives were something more than just getting the kidnapped soldiers back.

So you have this gulf, if you will, between President Bush's position, which is that Israel should show restraint but that Hezbollah is to blame and some of these other G8 countries which say Israel has a part to play in this, too, because of a disproportionate response. And so how are you going to end up on some sort of same page as far as a unified position coming out of the G8? That's still the big question here.

SCHIEFFER: Well, where do you think this goes from here? What will be the next step by the United States, Jim?

AXELROD: I think the rest of the time here, Bob, is going to be about getting some kind of unified statement, and that's going to be tricky. It's going to be all about language. And if you do hear, for instance, some kind of terms crop up to discuss Israel's role, for instance a principle about any country has the right to respond to an attack but needs to do so with restraint, you may see those other countries push for Israel to be mentioned by name and the US and perhaps Great Britain to just try to keep it as a general statement. The rest of the time here will be about getting some sort of unified statement, and could be at the end of the day they can't come up with anything.

SCHIEFFER: OK. Well, thank you, Jim.

And when we come back, we will get the perspectives of Congresswoman Jane Harman and Richard Haass, who is the president of the Council on Foreign Relations. In a minute.

(Announcements)

SCHIEFFER: And with us now, Congresswoman Jane Harman, the top Democrat on the House Select Intelligence Committee. Joining us from Salt Point, New York, Richard Haass, president of the Council on Foreign Relations.

Well, Congresswoman, you heard the secretary of state. What is your reaction to what she said?

Representative JANE HARMAN (Democrat, California; Ranking Member, Select Intelligence Committee): Well, I was positive about what she said as far as she goes, but she's left a few things out. First of all, the doctrine of pre-emption--the Bush doctrine--shouldn't just be at the end of a gun. It should be pre-emptive diplomacy. And had our government acted in 2004 to enforce Resolution 1559, we might not now have this Hezbollah problem. In addition, had our government done more to support Mahmoud Abbas before the January election in Palestine, we might not have had this Hamas victory there, so...

SCHIEFFER: Well what do you mean when they say "had they enforced this resolution"?

Rep. HARMAN: Well the--as, as Condoleezza Rice explained, the resolution says that there should be no foreign forces in Lebanon. That's now true since the Syrians have been forced out. But there should be no militias, either, and Hezbollah's a militia. In fact, it's the A-league of militias.

Let's remember, Hezbollah is the group that killed our Marines in the barracks in the '80s in Lebanon, that blew up our embassy, that attacked a Jewish community center in Buenos Aires. In fact, former Senator Bob Graham, former chairman of the Senate Intelligence Committee, said that we took our eye off the Hezbollah ball when we went into Iraq. They're more dangerous than al-Qaeda.

SCHIEFFER: How could we have disarmed them?

Rep. HARMAN: How--well, we could've insisted that the Lebanese government disarm them.

SCHIEFFER: I see.

Rep. HARMAN: They did not. They have a weak government. Their government's not able to do anything in the face of these Israeli attacks. And, by the way, I do think Israel has a right to defend herself--defend

herself. This was a premeditated, provocative act on the part of Hezbollah, and the missiles and rockets being used have an Iranian address, and they should respond.

SCHIEFFER: All right. Well, let's go to Richard Haass.

Mr. Haass, you, of course, were a member of the Bush administration during the first term. You're now president of the Council on Foreign Relations. You're just back from Israel. Where should we go from here?

Mr. RICHARD HAASS (President, Council on Foreign Relations): Well, the United States has got to take this very seriously. My own view is that if Israel does not get satisfaction in Lebanon, essentially if it can't force Hezbollah to stop shooting off missiles at Israel, it will have to think about expanding the war against Syria and Iran. Obviously, that would have all sorts of far-reaching strategic and economic consequences which we don't want to see. So I think what this does is essentially makes it urgent that the United States do two things. One is launch a high-profile diplomatic effort to see Hezbollah pushed back from the border in the context of the cease-fire and a prisoner exchange, and secondly, as part of this, I believe it's time for the United States to have an unconditional, broad dialogue with Iran. We have got to understand that Hezbollah, in part, takes orders from Tehran, and it's not good enough to say the United States will talk to Iran only on nuclear issues and then only if Iran first stops everything that they're doing in the nuclear area. This points out that we really have to sit down with them and deal with regional issues across the board.

SCHIEFFER: So when you talk about a high level diplomatic mission, what're you talking about? A special envoy, some very high-profile person, some sort of shuttle diplomacy?

Mr. HAASS: It could be that. It could be a secretary of state, could be an envoy. But more important than who does it is that it include an Iranian dimension, a Syrian dimension and a Lebanese dimension. But we have to understand that this goes beyond Lebanon, and the Lebanese government itself simply lacks the capacity to fulfill its obligations under international law, which, as Congresswoman Jane Harman said, opens up Israel's right to use military force. Either Lebanon fulfills its obligations or Israel has a right to defend itself.

SCHIEFFER: Well, if you had a shuttle kind of diplomacy, Congresswoman, where would you be--your first stop?

Rep. HARMAN: Well, I think there's a problem, and the problem is that we have no relations with Iran, we have poor relations with Syria, we have bad relations with numerous countries in the region because of the way we have been conducting ourselves in Iraq. It's not just the military action. It's really not that. It's the post-war planning. It's the naive assumption that it would be an easy victory, and then democratization would spread throughout the Middle East. Obviously, the opposite has happened. So I think Richard Haass is a very wise man, and I do agree that we do need to be talking to Iran, but I think before we start shuttle diplomacy, we need to have an itinerary. And the UN is sending high level envoys there. We actually have some high level envoys there. We have Elliott Abrams, and David Walsh there, and we have an excellent ambassador in Lebanon. And I think we need to let this unfold a bit more.

Israel is draining the swamp here, both in Lebanon and in Gaza, and that's something, actually, that many of the neighbors in the region, although they're not in the front line here, support. Saudi Arabia supports--has condemned what Hezbollah is doing.

SCHIEFFER: Mr. Haass, do you see a connection between this and Iraq?

Mr. HAASS: No, not a direct one. I think Iraq, as I've called in the past, was an unfortunate war of choice. It's one that has tied the United States down. If there is a connection, it is that countries like Iran see the United States very much tied or bogged down.

Rep. HARMAN: Right.

Mr. HAASS: And they, therefore, feel that they've got more freedom to act. They feel less pressure. They're less concerned about US military options. So if there is a connection, it would be just that, that they see us, in some ways, distracted, more important, bogged down, and that, therefore, gives them a little bit of an opening to be more aggressive. And this is clearly, Bob, part of a larger radical effort to assert themselves. They see there's no longer a Soviet Union. The United States is seen as somewhat weaker because of Iraq, also because of our enormous energy dependency on the region. And what we're seeing is a bid by radical forces--Iran, Syria, Hezbollah--to essentially establish a certain primacy in the region. And this could be the beginning of a new region, a new era in the Middle East, where the United States and Israel have to contend with, if not quite a radical coalition, something getting close to it where they are--they are bidding to redefine the political nature of this part of the world.

SCHIEFFER: All right. Well, I'm going to thank both of you for adding this perspective this morning. We'll be back with a final word in just a minute.

(Announcements)

SCHIEFFER: Finally today, when the war broke out in the Middle East, the first thing I thought about was the old story of the frog and the scorpion who were trying to cross a river there. The scorpion couldn't swim, the frog was lost. So the scorpion proposed a deal, 'Give me a ride on your back, and I'll show you the way.' The frog agreed, and the trip went fine until they got to the middle of the river, and then suddenly the scorpion just stung the frog. As they were sinking, the frog asked, in his dying breath, 'Why would you do that?' To which the scorpion replied, 'Because this is the Middle East.'

It is worth noting that the Palestinians in the Gaza Strip did not kidnap that Israeli soldier and provoke all of this because the Israelis were invading Gaza. No, all this happened in the wake of the Israeli withdrawal, which was what the Palestinians supposedly wanted. But this is the Middle East. Why would fundamentalists in Gaza and Lebanon choose to provoke this war at this time? There is no real answer except this is the Middle East. Israel had every right to respond, and it did. But again, this is the Middle East, so perhaps a response may have made it all worse by giving moderate Arabs in the region an excuse to distance themselves from Israel.

There was a time when American spent a lot of its diplomatic effort on the Middle East, and sometimes it actually worked. Jimmy Carter's Camp David Accords, after all, removed Egypt as the main threat to Israel. But in recent years, we have stepped back. Why? That's hard to say. Except this is the Middle East.

We'll see you next week right here on FACE THE NATION.