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TELEVISION PROGRAM TO "CBS NEWS' FACE THE NATION."



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GUESTS: JOHN BOEHNER
R-Ohio, Speaker of the House

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TRANSCRIPT

HARRY SMITH: Today on a special edition of FACE THE NATION, House speaker John Boehner and President Barack Obama headed for a showdown over the debt crisis. As the nation reaches the limit on its debt, both sides say it should be increased, but Republicans want strings attached.

REPRESENTATIVE JOHN BOEHNER (R-Ohio/Speaker of the House): Without significant spending cuts and changes in the way we spend the American people's money, there will be no increase in the debt limit.

HARRY SMITH: The President says, no way.

PRESIDENT BARACK OBAMA: Let's not have a-- a-- a-- the kind of linkage where we're even talking about not raising the debt ceiling. That's going to get done. But let's get serious about deficit reduction.

HARRY SMITH: Hearing what the President has to say, what does it make you think?

REPRESENTATIVE JOHN BOEHNER: Well, it makes me think that he's really not serious about tackling the big problems that face our country.

HARRY SMITH: You don't think he's serious about the deficit reduction?

REPRESENTATIVE JOHN BOEHNER: He's talking about it but I'm not seeing real action.

HARRY SMITH: We'll also get the speaker's thoughts on the Republican plan for reforming Medicare, the mortgage crisis and what's next after Bin Laden.

All ahead on FACE THE NATION.

ANNOUNCER: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now from Washington, substituting for Bob Schieffer, Harry Smith.

HARRY SMITH: Good morning and welcome to a special edition of FACE THE NATION. We're at the Capitol this morning and we are speaking to the Speaker of the House John Boehner. Mister Speaker, good morning.

REPRESENTATIVE JOHN BOEHNER: Good morning.

HARRY SMITH: I'm going to get back to Monday when you were in New York speaking to the Economic Club and you made a lot of news because you said, you know what, we can have a conversation about raising the debt ceiling but it's got to go hand in hand with reducing the deficit. Have you given serious thought about what parts of the deficit, what-- what would be traded here?

REPRESENTATIVE JOHN BOEHNER: Well, I think it's the time to deal with the big problems that face our country. We've got spending that's out of control. We've got an economy that's not producing jobs. A lot of economists believe that-- that all of the debt and all of the spending is causing uncertainty and causing job creators to sit on their hands. I used to be a small

businessman. I understand what uncertainty does. And I think it's time to deal with the pressing fiscal problems that we have here in Washington. I've been here for twenty years. I've watched leaders who look at this problem. It's like looking up at a mountain and seeing how tall it was and how steep it was and deciding, nah, we'll kick the can down the road. Well, guess what? We're running out of road to kick the can down. And I want us to deal with the big problems that are facing us here in Washington.

HARRY SMITH: We had a town meeting earlier this week with the President talking about economic issues. And we talked about that very subject. I'd like you to take a look at what he had to say.

We-- we came precipitously close to a-- a government shutdown--

PRESIDENT BARACK OBAMA: Yeah.

HARRY SMITH: --within recent memory. And now the next potential real falling out is with the debt ceiling. And Speaker John Boehner said this week, "You know what, we'll be happy to help you raise the debt ceiling. We want equivalent deficit reduction for every dollar we raise the debt ceiling."

PRESIDENT BARACK OBAMA: Hm.

HARRY SMITH: Can you-- can you even start a conversation on that?

PRESIDENT BARACK OBAMA: Well, first of all, we both agree, John Boehner and I agree that we got to reduce our deficit. Second of all, we both agree that we've got to raise the debt ceiling. Now a lot of Americans, by the way, when you ask them, should we to-- increase the debt ceiling, and they say no we've already got enough debt. Why would we you know, increase our limit on our credit card when we can't pay what we've already got on there? The-- the-- the problem is that the way the federal government finances itself is we sell debt to investors, other countries, et cetera, through Treasury bills and if at any point somebody thought-- if investors around the world thought that the full faith and credit of the United States was not being backed up. If they thought that we might renege on our IOUs, it could unravel the entire financial system. We could have a worse recession than we already had. A worse financial crisis than we had already. So we can't even get close to not raising the debt ceiling. But we also have to reduce the deficit. And-- and what I've said is let's not have a-- the kind of linkage where we're even talking about not raising the debt ceiling. That's going to get done. But let's get serious about deficit reduction. And I've put a-- a plan on the table that takes four trillion dollars out of our-- out of our deficit and debt. The question is, are we going to have some compromise? Is it going to be balanced? Are we going to make sure that no single group, not seniors, not poor folks, not any single group is carrying the entire burden? Let's make sure that the burden is shared for making some tough choices.

HARRY SMITH: Hearing what the President has to say, what does it make you think?

REPRESENTATIVE JOHN BOEHNER: Well, it makes me think that he's really not serious about tackling the big problems that face our country.

HARRY SMITH: You don't think he's serious about deficit reduction?

REPRESENTATIVE JOHN BOEHNER: Well, he's talking about it. But I'm not seeing real action yet. And I just think this is the moment. We all know what the problems are. Why don't-- why don't we just deal with them? No more kicking the can down the road.

HARRY SMITH: Hm.

REPRESENTATIVE JOHN BOEHNER: No more whistling past the graveyard. And now is the time to deal with the fiscal problems we have in an adult-like manner.

HARRY SMITH: Including Medicare?

REPRESENTATIVE JOHN BOEHNER: Medicare, Medicaid, all-- everything should be on the table except raising taxes because raising taxes will hurt our economy and hurt our ability to create jobs in our country.

HARRY SMITH: Well, one of the things that the President also said during this town meeting was, well, let's have this conversation but the rich have got to start paying more of a fair share.

REPRESENTATIVE JOHN BOEHNER: The top one percent of wage earners in the United States--

HARRY SMITH: Mm-Hm.

REPRESENTATIVE JOHN BOEHNER: --pay forty percent of the income taxes.

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: The top ten percent of wage earners pay ninety percent of the income taxes. The people he's talking about taxing are the very people that we expect to reinvest in our economy--

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: --and to create jobs in our country.

HARRY SMITH: But he's talking about going back to, say, Clinton-era tax levels at which point you had what about a four percent annual growth in-- in GDP? I mean just a-- just to kick the can back a little bit.

REPRESENTATIVE JOHN BOEHNER: We don't have an economy as good as we had during the-- the Clinton-era, when Republicans were in charge of the Congress. We're trying to get our economy moving again. And you can't do that by taxing the very small business people that we expect to invest and create jobs.

HARRY SMITH: We need to talk about Medicare because the trustees report came out this week. And it said that Medicare will be insolvent five years earlier than they had anticipated in the past because of the failed economy and because of increased costs of other-- other medical services. How-- how is this going to get done? Either your way or the-- or the Democrats' way or-- people in this country feel so strongly about-- about Medicare. It's sort of-- you don't touch that. That's our right. We're entitled to this.

REPRESENTATIVE JOHN BOEHNER: Oh, no. They are entitled to it and we should keep our commitments. But we have to find a way to make this affordable not only for seniors but for our kids and grand kids who are going to have to pay the bill. Harry, we've waited too long to deal with this problem. Today there are ten thousand new people signing up for Social Security and Medicare every single day, ten thousand more every single day. And as a result, the money in the so-called trust fund doesn't exist. And it has to come out of current revenues. And that's why everything needs to be on the table. We've put for-- forward our plan.

HARRY SMITH: Hm.

REPRESENTATIVE JOHN BOEHNER: And our plan said that no one fifty-five or older would-- would-- would have any changes to their current plan.

HARRY SMITH: But that's-- isn't that--

REPRESENTATIVE JOHN BOEHNER (overlapping): But for those fifty-four and younger--

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: --I think it's time to make changes to those plans--

HARRY SMITH: Yeah.

REPRESENTATIVE JOHN BOEHNER: --or they won't exist. Remember, the greatest threat to our country and to our economy is doing nothing.

HARRY SMITH: Isn't that a way, though, to say we're not really serious about it because the fact is, you-- the-- the biggest part of the population, the baby boomers are just coming into the plan now. You're saying don't worry fifty-five and over, you're fine. Well, guess what? A lot of-- even more revenue than we can possibly comprehend is going to get chewed up in this thing just in the next ten years.

REPRESENTATIVE JOHN BOEHNER: That was our proposal. It was our budget that we moved through the House. But we haven't seen the plan from the President.

HARRY SMITH: Mm-Hm.

REPRESENTATIVE JOHN BOEHNER: We haven't seen a plan from the Senate Democrats. It's time for them to put a plan on the table.

HARRY SMITH: Paul Ryan talked about addressing Medicare in a significant way. And he talked about budget deficit reduction. And once that happened, it really turned into a-- a political football actually more of a hot potato, excuse the-- the metaphor. And some of Republicans started running away from it because their constituency said don't touch this. This is--

REPRESENTATIVE JOHN BOEHNER: Harry, that's just not a fact. You know, a few-- I've talked to all of our members--

HARRY SMITH: Mm-Hm.

REPRESENTATIVE JOHN BOEHNER: --who did town hall meetings during the two-week Easter recess--

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: --all over the country. MoveOn.Org and some of the unions sent some people in there to make noise.

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: But you can ask any one of our members and they'll tell you that on average eighty percent of the people at these town hall meetings--

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: --were supportive of taking big steps--

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: --to put our fiscal House in order.

HARRY SMITH: So the next time you go home to Ohio and you're standing around in a tavern some place all the retirees are going to come and put their arms around you and say, please, please, change-- change-- change Medicare?

REPRESENTATIVE JOHN BOEHNER: No, no. Listen. The retirees are going to be taken care of. There's no ifs, ands, or buts about that. But we all know that if nothing is changed, seniors' benefits are going to get cut. Why? Because they're unaffordable. And that's why we have to deal with this. And we need to deal with it now.

HARRY SMITH: Can Republicans and Democrats have a serious conversation? Is there a middle ground? Is there a place they can meet?

REPRESENTATIVE JOHN BOEHNER: I would hope so. And I think-- I think we will. Listen, I understand what the President was saying about jeopardizing the full faith and credit of the United States. Now that's why I've said in every public and private utterance that our obligation is to raise the debt ceiling.

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: But to raise the debt ceiling without dealing with the underlying problems is totally irresponsible.

HARRY SMITH: So, you-- you believe it's true because there is some doubt now with even people in this building, who have said Geithner is overstating it. We didn't, maybe we don't-- there-- there's-- there's places where you could do some better bookkeeping and-- and this raising the debt ceiling is not that necessary?

REPRESENTATIVE JOHN BOEHNER: Well, I think it is necessary but I understand the doubts. Remember, two days after I was sworn in as speaker, I got a letter from Mister Geithner telling me that we had to raise the debt limit in the next sixty days. And then, they've pushed the date

back and they've pushed the date back and pushed the date back. So I understand the-- the doubts and the questions. But at some point, it's clear to me that we have to increase the debt ceiling. And as we do, we're going to do it in a way that addresses America's long-term fiscal challenges.

HARRY SMITH: The other concern that's out there is this is going to turn into another soap opera--high drama, you know, countdown clocks down to the last minute as we just went through last month with extending the-- government's ability to pay for itself. Can this get done in a way, to-- to take the drama out of it because the higher the drama, the less the credit markets are going to like it probably.

REPRESENTATIVE JOHN BOEHNER: I'm ready to cut the deal today. You know, we don't have to wait until the eleventh hour. But I'm not going to walk away from this moment. We have-- we have a moment, a window of opportunity, to act, because if we don't act, the market's going to act for us.

HARRY SMITH: Hm.

REPRESENTATIVE JOHN BOEHNER: Our creditors are going to act for us. And we could see exorbitant interest rates. We could see the end of our economy--

HARRY SMITH: Hm.

REPRESENTATIVE JOHN BOEHNER: --if we don't act. And so, I'm committed to-- to making sure that we have real reductions in spending and real changes to the budget process, so this problem will never occur again.

HARRY SMITH: You know, they've been-- President's met with Republicans and Democrats this week. And there's been a little bit of talk about maybe this is one of those Reagan/Tip O'Neill moments, a-- a Clinton/Gingrich moments, where two ide-- two sides-- theoretically, at absolute odds could come together. Is that, is it-- is it ripe for that possibility?

REPRESENTATIVE JOHN BOEHNER: Well, I think at the end of-- this process. It's going to have to come to that. I've talked to the President all year privately about the fact that we were not going to increase the debt limit without serious changes. I mean, this conversation's been going on for quite a while. I've offered the President, I said Mister President, come on, you and I, let's lock arms and we'll jump out of the boat together. I'm serious about dealing with this. And I hope he's just as serious. No gimmicks. No automatic claw backs. But I've had it with all of that. We know what needs to be done, let's just do it.

HARRY SMITH: All right. Mister Speaker, we're going to take a break. And we'll continue with Speaker John Boehner from the capital on FACE THE NATION right after this.

(ANNOUNCEMENTS)

HARRY SMITH: Welcome back to special edition of FACE THE NATION. I'm Harry Smith sitting in for Bob Schieffer. Mister Speaker, one of the things that seems to be dragging down the economy, doesn't seem to be but you've got one in four mortgages in the United States that are underwater. Some estimates say, there may be another five million foreclosures in the pipeline still to come. People are scared to death about what's happening with their biggest single investment. Has Washington done enough to alleviate some of that pain, to help folks out who

many through no fault of their own ended up in a cataclysm that was really created by the banks?

REPRESENTATIVE JOHN BOEHNER: Well, over the last couple of years Congress has really set up four programs to help those with mortgage problems. And unfortunately, none of those have worked. And all they've really done is dragged out the length of time for-- for the market to clear, for the problem to resolve itself, which is unfortunate. Until we get our economy moving again and until we get more people employed, taking care of themselves, taking care of their families and able to purchase a home, we need more buyers, that's what it all boils down to. And you're not going to have more buyers until we-- until the economy improves.

HARRY SMITH: So the government is off the hook on this?

REPRESENTATIVE JOHN BOEHNER: Well, I-- I don't that-- I had-- I was skeptical of these programs when they were approved.

HARRY SMITH: Mm-Hm.

REPRESENTATIVE JOHN BOEHNER: I'm even more skeptical today that there's anything the government can do to-- to resolve these problems.

HARRY SMITH: Well, if I'm sitting in that situation, I'm gainfully employed, I maybe working two jobs or whatever it is, I've done what I'm supposed to do and I look at, you know, the banks got bailed out but they've actually paid the money back. They're making money. The CEOs are-- are fat and happy and I'm sitting here with, you know an anvil over my head.

REPRESENTATIVE JOHN BOEHNER: Well, it's-- it's-- there's no easy answers to this. If there were, then they'd have been passed and Congress would have acted and President would have signed it. But when you-- when you look at how big the problem is, it's pretty clear to me that the sooner the market works through this process, the sooner we deal with the-- the problem mortgages, we get those homes back on the market and sold--

HARRY SMITH: Hm.

REPRESENTATIVE JOHN BOEHNER: --the sooner we get through this, the better off the country will be.

HARRY SMITH: I'm-- I'm going to go back to something you said in the-- in the first segment. You really feel that the deficit reduction is the key to getting the job market--

REPRESENTATIVE JOHN BOEHNER: Hm.

HARRY SMITH: --to lighting a fire under it?

REPRESENTATIVE JOHN BOEHNER: I think the-- the debt that we have 14.3 trillion dollars, a budget deficit this year of one and a half trillion dollars. The fact that we're borrowing forty-two cents for every dollar that the federal government spends this year, that's hanging like a cloud over employers. They see all this deficit spending. They see this debt and it scares them to no end. That's why economists have written to me on several occasions over the last six months suggesting that if we were to cut spending and begin to address our long-term debt problem--

HARRY SMITH: Mm-Hm.

REPRESENTATIVE JOHN BOEHNER: --that it would lead to a better environment for job creation in America.

HARRY SMITH: All right. A couple of other subjects very quickly. Osama bin Laden killed in-- in-- in Pakistan. That was one of the main reasons we went into Afghanistan and in the first place was to find this guy and either bring him back or-- or make sure that his life was over. Is it time for a serious reevaluation of the United States' role in Afghanistan moving forward now?

REPRESENTATIVE JOHN BOEHNER: It wasn't just Bin Laden. And I'm glad that we got him. I congratulated the President and President Bush along with our military men and women and our intelligence officials who did a great job in tracking him down. But it was Bin Laden and al Qaeda. And as we've seen over the years, al Qaeda moves people up through the ranks as they need to. And they've needed to a lot here over the last several years--

HARRY SMITH: Right.

REPRESENTATIVE JOHN BOEHNER: --but the-- our-- our goal in-- in Afghanistan is to make sure that we're not ceding ground to the Taliban, al Qaeda and others--ground where they can plan, train and execute attacks on Americans here and abroad. That-- that-- that effort has to continue because there are others out there, the attacks are continuing. But we've got to work with-- with the Afghans and the Pakistanis, where a lot of the-- the-- the Taliban and al Qaeda continue to exist in the tribal areas and-- and they've got to be eliminated.

HARRY SMITH: So you're with staying in the course then? I've-- I'm basically hearing you say--

REPRESENTATIVE JOHN BOEHNER (overlapping): We have--

HARRY SMITH: Even though, al Qaeda to a large degree has basically been eliminated in Afghanistan.

REPRESENTATIVE JOHN BOEHNER: --we have hundreds of billions of dollars that we've spent in Afghanistan and in Pakistan. We've lost thousands of lives. This is not the time to just walk away from the fight. We've got an awful lot invested here in lives and in treasury. And I think that we need to make sure that we put Afghanistan on a solid foundation before we walk away from there.

HARRY SMITH: You said Pakistan, and we have spent-- that's another place where we have spent billions going back a long, long time. Do you feel like we've gotten our money's worth?

REPRESENTATIVE JOHN BOEHNER: They are an important ally of the United States. And I think that at-- at this moment in time we should reengage and strengthen our relationship with Pakistan, not walk away from it. This is a country with over a hundred nuclear weapons. The terrorist threat to them is just as great as it is to us. And I believe that it is-- it-- it's time that-- that we strengthen our relationship. Let's not forget that the Pakistanis have lost more people in the fight against these terrorists than we have. But having said that, there are some real questions that remain about their relationship with us. And I think it's time to look to the Pakistanis in the eye and to make sure that we're-- that we're-- that we have both feet in our camp. Not one foot in this camp and another foot in another camp.

HARRY SMITH: Mister Speaker, we sure appreciate your time. Thank you very much.

REPRESENTATIVE JOHN BOEHNER: Thank you.

HARRY SMITH: FACE THE NATION will continue right after this.

(ANNOUNCEMENTS)

HARRY SMITH: For you at home and for Bob, a glimpse at what you missed behind the scenes, when we spent time this week with the President and the Speaker of the House.

(Begin VT)

HARRY SMITH: So I'm-- Bob Schieffer isn't here because he has pneumonia.

PRESIDENT BARACK OBAMA: Right.

HARRY SMITH: And that's--

PRESIDENT BARACK OBAMA: Yeah.

HARRY SMITH: I'm--

PRESIDENT BARACK OBAMA: I-- I-- I-- was disappointed but--

HARRY SMITH: Well, they called me and they said I-- you--you want me to do what? I've got to go to see who?

PRESIDENT BARACK OBAMA: No-- no rabbit ears behind me or anything? For at least another ten minutes.

HARRY SMITH: Right.

PRESIDENT BARACK OBAMA: Have you ever noticed how cold it is on these things? It's freezing. Yeah, I mean, they don't want, you know, the sweat. So the rest of us all have to suffer. Good tip for next time. Wear-- wear-- wear long johns.

HARRY SMITH: Is it okay if they--

ERICA HILL: Back there.

PRESIDENT BARACK OBAMA: What about the cameras? Go ahead.

HARRY SMITH: Yeah. Fire away.

PRESIDENT BARACK OBAMA: Wait, wait, wait. What-- what-- what I've got to do is I've got to stand up. First, I'm going to this group. I'll-- I'll-- I'll do like that. All right. Everybody say cheese. Well, no stay seated so that-- all right. Everybody say cheese.

CROWD (in unison): Cheese.

PRESIDENT BARACK OBAMA: Cheese.

REPRESENTATIVE JOHN BOEHNER: Pretty nice view.

HARRY SMITH: Not bad.

REPRESENTATIVE JOHN BOEHNER: Yeah.

HARRY SMITH: Yeah.

REPRESENTATIVE JOHN BOEHNER: Pretty nice view.

HARRY SMITH: First time you came out here on this balcony and stood here. What did you think?

REPRESENTATIVE JOHN BOEHNER (overlapping): Well, that was a long time ago. Oh, you mean--

HARRY SMITH: Oh, no as speaker.

REPRESENTATIVE JOHN BOEHNER: Oh.

HARRY SMITH: This being your balcony then?

REPRESENTATIVE JOHN BOEHNER: Looks nice. I don't get too excited about things.

HARRY SMITH: Yeah.

REPRESENTATIVE JOHN BOEHNER: You know, just a regular guy with a big job. That's all. All right.

HARRY SMITH: Thank you. I wasn't trying to make you cry.

(End VT)

HARRY SMITH: Bob Schieffer is on the mend and will be back next week. I'm Harry Smith. Thanks for watching FACE THE NATION.

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