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## **October 18, 2009 Transcript**

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## TRANSCRIPT

JOHN DICKERSON: Today on FACE THE NATION, White House Chief of Staff Rahm Emanuel on Afghanistan, health care, and the economy.

Plus, John Kerry from Afghanistan.

President Obama is only weeks away from announcing whether he'll send thousands more troops to Afghanistan--could concerns over the unstable government there delay the decision, will he change strategy, and does the President have to step up his efforts on health care reform. We'll ask his chief of staff, Rahm Emanuel. We'll get reaction from Senator John Cornyn, Republican of Texas. And we'll talk to Senator John Kerry, chairman of the Foreign Relations Committee, who's in Kabul, Afghanistan.

But first, White House Chief of Staff Rahm Emanuel on FACE THE NATION.

ANNOUNCER: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now from Washington, substituting for Bob Schieffer, CBS News political analyst John Dickerson.

JOHN DICKERSON: With us now Rahm Emanuel, White House chief of staff. Welcome.

RAHM EMANUEL (White House Chief of Staff): Thanks, John.

JOHN DICKERSON: I want to start with something Senator Kerry said, which we're going to play later in a show in an interview. He said that he didn't think the President should make a decision, whether he adds troops or not in Afghanistan until there's stability in the government. Is the President going to delay his decision?

RAHM EMANUEL: Well, it's not a matter of delay. He-- the review will continue. He had-- had a meeting just yesterday with his national security team or parts of his national security team. And the review will continue the next week and the following week. So, there will not be a-- a delay in the review. Obviously, what I think Senator Kerry was pointing to, which is absolutely correct, which is the essential part of the strategy or in key component or a leg on the stool is an Afghan partner that is ready to take control of both the security situation in Afghanistan and the civ-- civilian side of that.

JOHN DICKERSON: But the problem is that partner may not be ready by the time the President is done with his thinking.

RAHM EMANUEL: You got to notice what we noticed, John, which is, that is, a-- a very important point. And even then-- I mean, look, you will have an Afghan government. There's two roads here.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: One is, obviously, a run-off election or a negotiated settlement. But what's most important about that process is that there's a credibility and legitimacy to the government at the end of that process. So which road they choose? That's up to them. It must have-- be legitimate and incredible in the eyes of the Afghan people. But--

JOHN DICKERSON (overlapping): Let me ask you-- go ahead.

RAHM EMANUEL: No, go-- go ahead.

JOHN DICKERSON: It's a run-off question. A lot of people are concerned it's gotten too cold there, that it's too late for a run off. What's your view?

RAHM EMANUEL: Well there's-- well, I have not been to Afghanistan or--but what are people are clearly pointing to is that it becomes more difficult to have it. You could do it. It-- I think weather is a factor. The most important factor, though, is credibility and legitimacy. What I wanted earlier to say is what I think Senator Kerr-- Kerry is pointing to, which is important, is a-- the strategic review on whether to send more troops is only one piece of the puzzle.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: Important piece. But the puzzle is much more complicated than that because when you're creating what the American forces would be expected to do as in General McChrystal's report is create a space and an opportunity for the Afghans to fill.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: And the question is do you have a credible partner that could then fill that space that we're asking the American troops to create. And what is I think clear after the five meetings and the review is that, basically, this war for eight years was adrift. There really wasn't any build-up of the army, the police, or the civilian side of delivering services to the different parts of the region.

JOHN DICKERSON (overlapping): Let me--

RAHM EMANUEL: So we are starting, literally, from scratch on that key component.

JOHN DICKERSON: From scratch on that key component. But let's go back to the partner, because the partner is in our American national interest what happens in Afghanistan. And, therefore, are we putting pressure on Karzai to take one of these two roads? This isn't just about the Afghan people. It's about our national security.

RAHM EMANUEL: No, the-- right. But what would be, as you probably know, it would be worst is if the Afghan people thought that the cho-- the course that was chosen was done by the determination of the United States. And then it would lose the legitimacy and the credibility to the Afghan people.

JOHN DICKERSON (overlapping): So--

RAHM EMANUEL: And you are right about the-- that piece. I would add--the second point is that-- that, in fact, in Pakistan, you know, they have a different view about whether we should add troops.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: So there's a com-- there's a-- decision about Afghanistan has ramifications to the region which is why we have strategy that's comprehensive in its review.

JOHN DICKERSON: Final question quickly. On our partner here, is the President going to make his decision on the strategy, including all of those little many legs of the stool before we have some kind of answer about the government?

RAHM EMANUEL: Well, as I said when we-- you asked the first question. The review is going to be ongoing. I think we're getting closer and closer to where the President wants to be, but is-- the review will go on. The Afghan-- obviously, the parties will decide which course of action. The most important there get a government that-- that is seen as legitimate to the people and has the credibility to be a partner in the effort to secure Afghanistan. So it's not a haven for al Qaeda or other-- or other type of terrorists or international terrorist organizations.

JOHN DICKERSON: Okay. So I hear that-- I-- I don't hear a-- a notion that there's going to be a delay. Let me move on to this question of having General McChrystal testify. The Republicans really want this to

happen. After the President makes his decision on the strategy, will you encourage McChrystal to testify in front of Congress?

RAHM EMANUEL: No. When the President is going to, you know, that question will get to-- the first question is getting the policy and the review correct and then being able to explain to the American people what the President is asking of the country and its armed forces.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: And not just the armed forces but the country. And also what we're expecting to achieve there in sense of Afghanistan and then the-- the entire national security team will obviously be available to walk-- walk the Congress and the American people through that.

JOHN DICKERSON: Including McChrystal?

RAHM EMANUEL: Yeah. If that is necessary, of course.

JOHN DICKERSON: Let's move to health care.

RAHM EMANUEL: But I think in the President's view the most important place for General McChrystal would be is in the theater of battle.

JOHN DICKERSON: Yeah, Afghanistan. Let's move to health care.

The so-called Cadillac plans, one of the things the President supports is taxing very expensive insurance plans. He-- he's getting hit from the left and the right.

RAHM EMANUEL: Mm-Hm.

JOHN DICKERSON: Republicans say this will mean, essentially, a tax on the middle class as insurers pass on that tax and unions are very angry with you because a lot of them have those Cadillac plans. Is the President going to stick by this?

RAHM EMANUEL: The President, you know, addressed the subject in the joint session because one of the most effective ways of putting downward pressure on health care premium increases is disincentive to ever expansive and expensive plans. And that was seen by the Congressional Budget Office as an important piece of controlling health care costs.

I found it ironic because some of the critics on the right were the people that called for, in fact, eliminating the tax exclusion. Now they've become the biggest defenders, which, you know, is-- is-- tells you something about Washington and the debate. There is a very important way you can design this to protect working families but it is important to do it in a way that you also achieve the objective that disincentifies health insurance industries from continuing to offer plans that basically just run-up costs and premiums and it gets to a point and a little noted study that was done just this week by required by-- requested by the Business Roundtable, done by Hewitt and Associates. They showed next year no matter what health care premiums will go up ten percent, largest increase in over a decade.

So if you do nothing, if you defend the status quo, you're guaranteed to see health care costs go up by ten percent, the largest increase in over a decade.

JOHN DICKERSON: One of the ways to get those premiums down, some people say, is the public option, create competition.

RAHM EMANUEL: Correct.

JOHN DICKERSON: The President has been a little vague on this question. He's for it but you've got a problem in the Senate where they say a public option cannot be part of health care reform. In the House they say it must be the President. When is he going to start leading and saying, this is exactly what I want?

RAHM EMANUEL: Well, first of all, John, two points. One is he spoke to the issue of a public plan and why he thought it was important for competition because in many parts of the country where a single industry, say health care company rather, dominates eighty percent. That's where the largest premium increases are. Public option brings that type of competition and then, therefore, downward pre-- pressure on prices and cost.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: Second is he thinks it's important but it doesn't define all-- the entire process of health care. Third to your question about whether, in fact, we've been involved. The fact is you know, as you know, the President has been actively involved. Been calling members--

JOHN DICKERSON: On these questions?

RAHM EMANUEL: On the entire process of health care.

JOHN DICKERSON: Okay.

RAHM EMANUEL: How else do you think, for a moment, health care has been debated for five-- by five Presidents--

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: --over the last sixty years. You're at this historic moment where all committees reported in the coming weeks we're going to go to the floor which has-- which has not happened in any previous health care debate. That has happened because of the efforts by Speaker Pelosi, Senate Majority Leader Reed, and also the efforts of the White House to continue to move that process forward and we're at this historic juncture because the White House for literally eight months has been working the process and offering guidance and counsel.

And, lastly, each of the bills while different in major areas are very similar which also tells you why this is--

JOHN DICKERSON: Okay.

RAHM EMANUEL: --we couldn't have gotten to this point if it wasn't for the efforts put in by all the parties.

JOHN DICKERSON: Let me ask you another question off of health care which is you cannot have liked this headline in the New York Times: Bailout helps fuel a new era of Wall Street wealth.

Bonuses are back on Wall Street. The President has called in bankers in March and he also talked to Wall Street and said, basically, stop doing this. They haven't listened.

RAHM EMANUEL: Yeah, well, you've got-- you've seen what we've seen and that is what is very frustrating, John, is literally about nine months ago to a year ago when all Wall Street froze up and the economy-- and with it the economy froze up, they came and the only people that could help them were the government, i.e., the taxpayers to help bail them out, number one.

JOHN DICKERSON: Right.

RAHM EMANUEL: Number two, we did that to stabilize the situation and what's worse is that they literally after they've gotten a sense of stability and came at the request of the taxpayers to bail them out they are now literally lobbying against the very reforms that would prevent this very issue. And--

JOHN DICKERSON: Exactly. So, is the President helpless in this case? Can he do nothing?

RAHM EMANUEL: Oh, no, no. As you-- you know, Congressman Barney Frank and the chairman of the Financial Services Committee, committee I used to serve on, has marked up the bill. This week they'll be marking up the consumer protection which is essential to protecting consumers. The entire effort here is to do two things--protect consumers from financial fraud and type of irregularities and from hidden costs; and second is to make sure that the financial sector does not take on the reckless type of risk that takes over and literally takes the economy over a cliff. And what it will--

JOHN DICKERSON: Will, the bonuses stop?

RAHM EMANUEL: Well, some, obviously, if you-- you know some private companies it can't.

JOHN DICKERSON: Mm-Hm.

RAHM EMANUEL: In other companies we can do what we can do within the law. The bonus is an issue is because people are frustrated that Wall Street is back to a behavior having just basically four months ago been in a different situation and the only way they got out of it is through the good graces of the government and the taxpayers.

JOHN DICKERSON: Okay.

RAHM EMANUEL: What is most frustrating and I want to get back to this point is--

JOHN DICKERSON: We're going to have to leave it there. We've got to go. I'm sorry, Rahm.

RAHM EMANUEL: It's been a great pleasure. This is just like at home.

JOHN DICKERSON: We're running out time. Rahm Emanuel, thanks very much.

Let's turn now to Senator John Cornyn. Welcome, Senator.

You've written a letter to the President. You wrote a letter in September in which you said you found his strategy review puzzling. But given the unstable nature of the government in Afghanistan, isn't it-- shouldn't the President be taking a little bit of time before he goes forward with this troop request just because our partner there is so unstable?

SENATOR JOHN CORNYN (R-Texas/Finance Committee): Well, deliberation is a good thing. When-- when it comes to fighting wars. But, of course, we've been at war for eight years in Afghanistan following 9/11. We've-- we know that we've got young men and women on the ground now. We've got our blood and treasure at stake there already. And so, at some point, deliberation begins to look more like indecisiveness which then becomes a way of emboldening our enemies and allies and causing our allies to question our resolve. So we shouldn't let what one component of this determine our national security here which depends on providing an Afghanistan that-- which denies a safe haven to terrorists as well as stabilizing Pakistan. Those are our two national security interests at stake in Afghanistan.

JOHN DICKERSON: Senator, to make sure I'm-- I'm hearing you right, you say there's the possibility we could embolden our enemies. But you-- do you think that's happening yet?

SENATOR JOHN CORNYN: Well, I think-- you know, the problem is this-- you have to look at Afghanistan also in a-- in a global context where we've-- we've canceled basically our missile defense

system undercutting the Czech Republic and Poland. We-- we've I think not dealt with Iran with the kind of resolve that would show that we understand the nature of that threat. I think all of these are data points that begin to create a narrative or begin to create a picture that shows a lack of resolve when it comes to our national security. So that's my biggest concern.

JOHN DICKERSON: Senator, should President Obama make a decision on Afghanistan if there's not an established government in Afghanistan?

SENATOR JOHN CORNYN: Well, I don't think all-- our national security should des-- depend solely on that. But clearly that's an important part of it. I hope President Karzai understands that our-- our national security interest don't depend entirely on his decision there whether to allow a recount. Obviously, the legitimacy of that government is an important component of it. But my-- my point is, it shouldn't be the lynchpin for us deciding whether we're going to protect our national security interest in that region.

JOHN DICKERSON: Turning to health care, you're on the Finance Committee, which voted out the health care bill this week. Olympia Snowe, a Republican voted yes for that legislation. Do you think that any Republicans will support the final bill and will there be more than just Olympia Snowe?

SENATOR JOHN CORNYN: Well, John, we're still waiting for the President's plan. You know, he gave a Joint Sessions speech to Congress where he repeatedly talked about his plans and said if you like what you have, you can keep it. It won't raise taxes on the middle class, and will actually make health ins-- coverage more affordable. None of the proposals we see now do that.

In fact, all of them raise taxes. They will raise premiums on people that have ins-- in-- coverage now. And, it will explode the deficit, which was recently reported at 1.4 trillion dollars. In fact, this week, majority leader Harry Reid has scheduled to vote on a-- the first installment of health care reform, which will violate the President's promise not to raise the deficit by one dime. In fact, it will raise the deficit by two hundred and fifty billion dollars.

JOHN DICKERSON: Do you think it's unstoppable, the health care process as it moves forward? I mean, what can Republicans do?

SENATOR JOHN CORNYN: Well, so far, we've been largely shut out of the process. Almost every amendment we've offered to try to improve the proposals has been voted down along party lines and what we see now as Democrats who hold the vil-- filibuster proof majority, sixty votes. They're finding differences between themselves but I think clearly we could find a way to work on this on a bipartisan basis. But so far, the President has let Democratic leaders and Congress basically run the show to the exclusion of any constructive Republican sugus-- suggestions, which I think could be a way out of this in a way that would actually reduce the cost and make health care more accessible to more people, which ought to be our focus.

JOHN DICKERSON: Final question. As a political one, Senator, you are in charge also of making sure Republican senators get elected. CBS had a poll last week that said sixty-one percent of Americans want something to pass. Only twenty-nine percent don't want something to pass. Are you worried about being in the category where you only have twenty-nine percent on this question of health care?

SENATOR JOHN CORNYN: Well, I think they want something good to pass. If you ask more detailed questions, some of the components of the President's proposals or, I should say, the leadership proposal in the Senate-- in the House are very unpopular. And when people realize it will raise taxes, raise their insurance premiums' costs, and explode the deficit, they-- they think twice about it.

JOHN DICKERSON: All right. Senator John Cornyn from Austin, Texas, thanks very much for being with us. We'll be--

SENATOR JOHN CORNYN: (overlapping) Thanks, John.

JOHN DICKERSON: --we'll be right back.

(ANNOUNCEMENTS)

JOHN DICKERSON: Senate Foreign Relations Committee Chairman John Kerry is traveling in Afghanistan and Pakistan this weekend. We spoke to him yesterday during his stop in Kabul. He met with General Stanley McChrystal, the U.S. commander in Afghanistan, and I asked him what questions he put to the general.

SENATOR JOHN KERRY (D-Massachusetts/Chairman, Foreign Relations Committee): Well, I asked him as many questions as I could in-- in-- in a few hours. I-- I-- I wanted to test his own assumptions and predictions about what is possible here.

I think the most important thing for us to make judgments about is what can we really do? What can we achieve? And in order to achieve what we need to here, we don't just need the fabulous troops we have and their extraordinary ability and we have that. What we really need in addition is the government that has the capacity to be able to deliver at a local level as well as do some of the rebuilding of both the national army as well as the police. And then we need a construction civilian program at a level yet to be determined. And that's part of why I'm here.

I want to know what it's going to take to be able to support the fundamental mission that the President has defined. And-- and I think there are a lot of questions still outstanding about that.

JOHN DICKERSON: General McChrystal has essentially said "escalate or fail." Does he make that case compellingly in person?

SENATOR JOHN KERRY: Well, I don't interpret that exactly as what he has said, frankly.

Escalation is different from a request for additional troops to do a different mission. I think what he's doing is trying to recalibrate the mission here according to what the President has appropriately defined it. We need to deal with the problem of al Qaeda, make sure that they can't have a sanctuary in Afghanistan, and guarantee that we have regional stabilization and particularly focused on Pakistan. The question is, you know, sort of what is the Afghan mix going to be and our ability to be able to do that and how fast.

So the General has asked for additional troops to be able to make all of those components work. But it isn't going to be just troops that make them work. The Afghans themselves have to deliver. And in whatever they deliver, they will create the atmosphere for the civilian sector to be able to deliver. We still have a lot of questions to answer about our capacity to do both of those parts of the mission.

JOHN DICKERSON: Speaking of the partnership with the Afghan government, the President is going to make his decision probably in the next couple of weeks. Is there anything we're going to learn about a government that's been called corrupt and-- and a lot of other bad descriptions? Is there anything we're going to learn in those next couple of weeks that's going to help the President make his decision?

SENATOR JOHN KERRY: Absolutely. The fact is that as I am sitting here today, we do not have a decision yet on the election with respect to how the President here, President Karzai, is going to respond. And we don't know what shape the government here is going to take. That's going to be determined over the course of these next weeks. I don't see how President Obama can make a decision about the committing of our additional forces or even the further fulfillment of our mission that's here today without an adequate government in place or knowledge about what that government is going to be.

So there's some very fundamental questions that have to be answered about the status of the Afghan government. I think this is a moment for President Karzai to, frankly, step up and help to share with the world a better vision for how the government here is going to deliver and be a full partner. And-- and so there's a lot that we have still to see unfold with respect to the many components of this mission.

JOHN DICKERSON: Senator, people have been calling for President Karzai to step up for months and months and he doesn't seem to be doing it. What exactly does stepping up mean? What does he have to do?

SENATOR JOHN KERRY: There has to be a reform within the government that is tangible, that we can actually measure and that we have confidence is going to provide some of the differences that, I think, are essential to our troops to be able to carry out their mission and to the longer-term interests of our country.

You know as General McChrystal will tell you often, there are three critical components of any counterinsurgency strategy: One is the security component. Our troops are the best in the world. I have absolute confidence in the ability of the troops who are here or additional troops to do their part. What I'm not, yet, convinced of is our ability to be able to deliver on the civilian side of this as well as whether or not President Karzai and his government are prepared to make some of the changes necessary for them to deliver. Those are absolutely essential ingredients in the ability of the United States to be successful here.

And the last thing that I want to see us do is ask more and more of our troops without guaranteeing that we're providing more and more of what's necessary to make the mission successful.

JOHN DICKERSON: Senator, do we need to change the counterinsurgency strategy that's been the heart of our strategy in Afghanistan so far?

SENATOR JOHN KERRY: I do think we need to make changes in the kind of counterinsurgency strategy we've been pursuing, yes. And that came out in my discussion with General McChrystal. It has come out in other discussions that I've had here. I think that, you know, every country presents its own particular challenges, different cultures, different histories, different religions, different people, and-- and-- and different ethnic make-ups in those countries present different challenges.

So I think, indeed, our-- our response on counterinsurgency needs to be finely tuned to the needs of Afghanistan. This is not Iraq. We don't have Sons of Iraq here. We don't have the same divisions here that we had between Sunni and Shia. So, we have a very different challenge. And I think General McChrystal is well aware of that. We had a very, very good discussion about some of the ways in which we can recalibrate to that. And, I think, he's got a pretty good sense of what the challenge is.

JOHN DICKERSON: But, Senator, just very quickly there. You're not suggesting scrapping counterinsurgency. You're just suggesting modifying it.

SENATOR JOHN KERRY: That's correct. I-- I-- I do not believe that a counterterrorism strategy all by itself without a sufficient level of counterinsurgency will work because if you don't have a presence on the ground that's effective, it-- it's almost impossible to collect the kind of intelligence that you need to be equally effective in your counterterrorism.

JOHN DICKERSON: All right, Senator.

SENATOR JOHN KERRY: And, obviously, one of your components of counterterrorism is avoiding collateral damage, civilian casualties. So knowledge and-- and relationships and intelligence are really critical components of that kind of a mission. I think there's a lot I've learned about how we can recalibrate that part of it but that's not the whole mission. Counting the numbers of troops is not going to define our success here.

There is no military success ultimately to Afghanistan. The Afghans themselves are going to define what happens here. And we have to convince ourselves that we have a strategy in place that empowers them to do that and that is realistic in what our expectations are from them and on what schedule.

JOHN DICKERSON: Yep. Okay. Senator Kerry, thanks very much. We'll have to leave it there.

We'll be back in a moment.

(ANNOUNCEMENTS)

JOHN DICKERSON: Thanks for watching. Bob Schieffer will be back next week.