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CBS News

FACE THE NATION

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GUESTS: Representative THOMAS TANCREDO (R-CO)
Chairman, House Immigration Reform
Caucus

Representative XAVIER BECERRA (D-CA)
Member, House Committee on Ways
and Means and Congressional Hispanic
Caucus

RICHARD WAGONER
CEO and Chairman, General Motors

MODERATOR: BOB SCHIEFFER - CBS News

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***FACE THE NATION - CBS NEWS
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BOB SCHIEFFER, host:

Today on FACE THE NATION, two topics: the battle over immigration and the future of the US auto industry. In more than 60 cities across America tomorrow, demonstrators will take to the streets to call for immigration reform, but yet another deal for such legislation fell apart last week. Will Congress ever find a way to do anything about it? We'll get both sides as we talk to Republican Congressman Tom Tancredo of Colorado, who wants to seal off the borders, and Democrat Xavier Becerra of California, who has an opposite view.

Then we'll turn to the embattled auto industry on the eve of the big New York Auto Show, one of the most important days of the year for car makers. US companies are losing market share, and the big one, GM, is teetering on bankruptcy. Where does it go from here? We'll ask the man who runs it, CEO Rick Wagoner.

Then I'll have a final word on something else that's broken: our political system and a Congress that can't seem to do anything anymore. But first, immigration wars, 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. And joining us from Denver, Congressman Tancredo. With us from Los Angeles this morning, Xavier Becerra, Democrat from California.

Well, gentlemen, I want to get right to it. The Senate felt the heat last week. It saw the pressure building. It's seen these demonstrations and decided to punt and go on vacation. Let me just ask you first, Congressman Tancredo, do you think that this issue is dead for the year? Do you think there's any possibility there will be any kind of an immigration bill before the elections in November?

Representative THOMAS TANCREDO (Republican, Colorado; Chairman, House Immigration Reform Caucus): Well, according to Chairman Specter and also the leader of the Senate, we should be looking at another bill. Both of them have suggested that another bill will be coming up. I, however, must tell you that the conditions I think are so difficult right now and the two sides so far apart, it would be very, very surprising to me. I don't think there's more than a 60/40 chance, and 40 being the chance that it would actually get out of the Senate.

SCHIEFFER: All right, because what you're talking about or what I guess the phrase they use in divorces these days, irreconcilable differences, because if the Senate does get a bill, which would include basically a guest worker program as these bills did include, or at least one of them did, the House is a long way from approving anything like that.

So Congressman Becerra, what do you think is going to happen here?

Representative XAVIER BECERRA (Democrat, California; Member Congressional Hispanic Caucus; Member House Committee on Ways and Means): Bob, I'm frustrated, but optimistic still because we did have the workings of a decent compromise, one that I think everyone had something to hate in, but also something that seemed that it would work. And you actually have a majority of senators that are willing to vote for the Hagel-Martinez compromise. It's a Republican bill and it does have the votes if it were allowed to just have a straight up and down vote without the far right sort of latching onto members and holding them accountable. So I think there's still a chance that certainly this week had to be very frustrating for those who thought that we'd get to some meaningful reform of our broken immigration system.

SCHIEFFER: Well, Congressman Tancredo, if a bill that included some of the things that were in the bill that Senator McCain and Senator Kennedy were offering, if that were to pass, would you think it would be best to have no bill rather than that legislation which does provide a guest worker program?

Rep. TANCREDO: Well, it not only provides a guest worker program--that's become a euphemism now for an amnesty bill. Almost every one of the bills in the Senate that have been proposed and that are characterized as guest worker are in fact amnesty bills, and any bill that has an amnesty in it will probably have a very tough time sledding in the House of Representatives. I would guess that it would not gain a majority of the Republicans on our side. Interestingly, we had 37 Democrats that joined us in the bill that we voted out of the House of Representatives December the 13th--that was an enforcement-only bill--37 Democrats.

By the way, 49 Democrats voted for the fence, an amendment that was added to that bill. So it is--it's interesting to me and certainly I think that if it gets to the--if a bill with an amnesty gets to the House, it won't pass. And I'm hoping, of course.

SCHIEFFER: Let me just ask you one question. It would be a question that--like if you were talking to a group of students that somebody might ask. They might say, 'Congressman, what's wrong with amnesty?' Give me your best answer to that.

Rep. TANCREDO: It tells--it sends a horrible message. It sends a terrible message to every single person who has ever come in this country the right way. People by the millions--and I--and I speak to them when people come in and they take their oath of citizenship and go through the naturalization process. I go and speak to them and I say, 'Look, I've come to give you two messages. One is welcome to America. The other one is, thank you for doing it the right way.' But for the millions of people who do it the right way--and by the way, for the millions of people out there who are waiting to do it the right way--when you tell people here that they can sneak across the border, stay here for some period of time underneath the radar screen and they will be given essentially all the benefits that we award to those people who do it the right way, it's a slap in the face to everybody who believes in the rule of law.

SCHIEFFER: So Congressman Becerra, what is your answer to that answer?

Rep. BECERRA: Well, amnesty means unconditional pardon. No one here is talking about unconditional pardon for anyone. For any immigrant to qualify for a guest worker program or for any program that allows them to stay in this country, whether temporarily or long-term, they have to pass any number of hurdles. The Republican bill, the Hagel-Martinez compromise which Senator--Senate Majority Leader--Republican Majority Leader Frist also supported, called a breakthrough, requires some 10 different hurdles before anyone could even stay in this country. It would still take them after they've been here on top of the five or more years they've been here another six years before they qualify to even then submit an application for residency. Then after that, they'd have to wait another five years before they could even qualify for citizenship. All along the way, they'd have to make sure they have paid all their taxes, paid any back taxes, not violated, violated any law, maintained a job throughout the entire 11 period--11-year period and have learned American civics, learned English and be able to pass all these exams. Senator Lindsey Graham said, he's got family members who probably couldn't pass these tests.

SCHIEFFER: Well, let me ask you this, Congressman Becerra. Do you think, from a practical standpoint, you can keep these people out? They're talking about building a 700-mile fence. Seven hundred miles is the distance from the Washington Monument to the Sears Tower in Chicago. That's a major undertaking. Do you think you can actually seal off that border and keep these people out? And the second question I would ask you is how do you get the ones who are already here back to where they came from?

Rep. BECERRA: Bob, you're asking all the sensible questions that everyone asks, and that's why we get to these sensible compromises that nobody necessarily likes completely, but they are workable. What the House of Representatives did was unworkable, it's unrealistic. And you're right, they're--let's put it this way, if you're in a country where you earn in one day what you could earn in the US in less than one hour, and that's at minimum wages in the US, are you going to let a fence stop you from finding the way to support your family? You're not. These folks aren't coming to get on welfare, they're working. This week, we heard that the immigrant unemployment rate is lower than for the native US-born citizen, and that's because they've worked so hard, they just don't earn very much.

SCHIEFFER: All right.

Rep. BECERRA: And so you're not going to stop them. And we have to be realistic about ways to try to keep them out, and that means not letting them have a job to begin with, and coming up with sensible reforms.

SCHIEFFER: Congressman Tancredo, do you think they can be kept out? And I'd like to ask you also a follow-up question: What's going to be the impact on the Republican Party--Party? George Bush got a lot more Hispanic votes than any other Republican has ever gotten. Isn't this going to hurt Republicans in

going after Hispanics?

Rep. TANCREDO: First of all, I can't let the congressman get away with his definition of amnesty. It has got nothing to do with the textbook definition of amnesty or the dictionary definition of amnesty. Amnesty is when you do not apply the law to the violation of the--I mean, you do not apply the law to when a violation of a crime has been committed, but after...

Rep. BECERRA: Amnesty implies there's no consequence to what you do.

Rep. TANCREDO: We do--we do--just a moment, just moment. There are all kinds of things in your--in the--in that Senate bill that of course have nothing to do with amnesty. When--allowing somebody to work here--by the way, that's not a penalty, it's--people come for a job, so saying that you have to have a job is not a penalty by any--in any shape or form. The idea also of having to pay a small fine, or anything like that, these things are not what we would claim--I mean, certainly, I'm not claiming that they are the amnesty--amnesty is when you let people stay here who have broken the law. It--and that is what the--both the McCain-Kennedy bill and the other bills that you have mentioned in the Senate have done. Now, in terms of how the...

SCHIEFFER: All right. Senator--I mean congressman, I'm very sorry, I asked you one question and you chose to answer another. That's just fine.

Rep. TANCREDO: Well, I just can't let him get by with it.

SCHIEFFER: You had a chance to--well, you had a chance to express your point of view, but we've run out of time now.

I want to thank both of you for being here. And I think it just underlines the wide divide that we still have in this country over this very controversial and very important question.

When we come back, we'll have a conversation about the future of the US auto industry with General Motors' CEO, Rick Wagoner, in a minute.

(Announcements)

SCHIEFFER: When the one-time head of General Motors, "Engine Charlie" Wilson, joined President Eisenhower's Cabinet as secretary of defense, he famously declared "What's good for General Motors is good for the USA." That may not be true, but what we do know is that when General Motors is in trouble, it is bad for the USA. After all, studies have shown that one job in the US auto industry supports about seven jobs in other businesses, in every segment of our society, from GM's suppliers to advertisers to financial institutions, and on and on.

And General Motors is in trouble. It has dramatically lost market share, it lost \$10.6 billion last year. And it has an unfunded \$64 billion obligation to pay for the health care of 1.1 million retirees. It's supporting health care for a group larger than the city of Detroit, the last time I checked.

Well, here to talk about it is the man who runs GM, Rick Wagoner.

Mr. Wagoner, nobody wants General Motors to go into bankruptcy, even the people who say this company probably deserves it because of business practices in the past, because bankruptcy would have reverberations all through the US economy. But those same critics say that you may have to go into bankruptcy, or if you don't, seek some sort of bailout like Chrysler once did from the government. What are you going to do?

Mr. RICHARD WAGONER (CEO and Chairman, General Motors): Bob, we think those approaches are not the right--right approaches for GM. We certainly are facing tough issues, some of them historically building over many years, but we've got a very firm action plan to address them ourselves, and we are firmly convinced that those kind of actions, whether it's working with our unions to restructure our health care commitments, whether it's right-sizing our capacity. Perhaps most importantly, whether it's devoting a lot of effort and resources to great new cars and trucks, that's the way to work ourselves out of a hole that we're clearly in.

Some of the other ideas that have come forth--bailouts, bankruptcy, these--these are not good ideas, they aren't good for our consumers, they aren't good for the people that count on us for our contributions to the economy. They're not--not the right thing for our business.

SCHIEFFER: Well, if you don't go for a big bailout Chrysler-style, are you considering things like tax credits perhaps, some sort of help from your--for your unions? Some sort of help from the government that would not be exactly a bailout, but some--something else? Because I know the president has pretty much told you to solve your own problems, he's not interested in a bailout.

Mr. WAGONER: The message has been clear, and we've been working on solving our own problems. So I--I guess the direct answer to your question is we're not looking to the government to--to solve our problems. You--you raise what about working with the unions? And I think if you look back even over the last six months, we've had some remarkable breakthroughs dealing in particular with United Auto Workers. Whether it's negotiate--negotiating changes to our health care commitments, where we reduced our obligation as part of this in a consensual agreement by \$15 billion, or 25 percent. We've recently reached an agreement on a significant early attrition program. These are tough things for us to do, they're tough things for the union leaders to do, but I think reflect a very committed attitude on both of our parts to get the company fixed, take advantage of the great new products that are coming to market, and get General Motors back on a winning track in the US, as it is already today in many other countries of the world.

SCHIEFFER: You know, some people say you will never cut-cost your way out of all of this, that the real problem is that Americans have decided they just like Japanese cars better than American cars. What did the Japanese know, what have they been doing that you don't know?

Mr. WAGONER: Yeah. First of all I think that's very simplistic about--don't

forget, one out of every four people in the United States who buy a car or truck today buy a General Motors car or truck, so by far more buy from General Motors than any other manufacturer, so we're obviously doing something right.

Second of all, I don't think it's fair to say that one nationality or one country has the silver--silver lining on what to do perfectly with your products. If you look at--at the products we've launched in the last 12 months here, they're setting record sales levels across the broad range of categories. So we know what we need to do, and I think it's really inaccurate to say that we aren't doing products that Americans want. Have we done everything perfectly in the past? For sure we haven't. But if you look at quality measures, if you look at design leadership, if you look at our great distribution network--we've got--we've got the best and largest number of dealers of any manufacturer.

These are assets that we're going to take advantage of to do exactly what you said: grow the revenue line while we also work on the cost side of the business.

SCHIEFFER: I have to ask you something else, and the only way to ask it is ask it directly, because your critics will point out that since the year 2000, under your leadership, market share has gone down, as you've just said. What is it, some 20-something percent now? Your corporate bonds have been downgraded to junk bond status, you lost over \$10 billion last year, you're dealing with six investigations into your accounting. Last week you had to sell General Motors Acceptance Corporation, which is one of your crown jewels, the lending institution. The critics say that maybe it's time for you to resign, that that is an option to be considered. Do you have any plans to resign?

Mr. WAGONER: I have no plans at all. I wouldn't--wouldn't be in this job if I didn't think I was the right guy to do it. But--but really the efforts are and have always been focused on 'What do we need to do to get General Motors on track?' And while many of the facts you cite are true, or--or at least in--in the direction of things that we're facing, we have to be realistic that we're--we're a company in transition. We've been in business a long time. To a certain extent we reflect changes that the whole US economy is seeing. And now we need to show that we can restructure this company to be successful in a global, open economy where others, for example, don't pay the kind of health care bills that we do. The question is, can we come up with doing it in a way that's sensitive to the obligations we've agreed to in the past, but in a way that lets us compete in the future? We think we can do that.

SCHIEFFER: Delphi, the auto parts-making company that you spun off, is now in bankruptcy, and the people there are threatening to strike if their CEO, Steve Miller, forces them to take the deep pay cuts that are included in the bankruptcy plan. Now, Delphi supplies I think, what, 40 percent of the parts that you buy at General Motors and use? I want to ask you, are you preparing for a Delphi strike? I mean, are you stockpiling parts? Are you taking other action in the event that they do strike?

Mr. WAGONER: Yeah, what we're doing--we're doing some of that, Bob. But that is not going to really avoid the issue. What we're doing is very proactively working with the key constituents in this important restructuring--obviously, Delphi management, but very importantly the affected unions, the UAW and the IUE. We're working with them very proactively in the spirit of, "Hey, we have a tough issue, but it's in every one of our interests to bring it to a conclusion that it--that is fair to the parties involved that has sacrifices, but also insures that we can keep the businesses running, we can keep jobs at Delphi at the appropriate compensation levels, we can keep General Motors running, that Delphi can be restructured and be successful. We haven't solved all those issues, but the early attrition agreement we announced last week between Delphi, the UAW and GM and approved by the courts on Friday, by the way, is the kind of thing that we'll need to do more of to bring this thing to a reasonable conclusion.

SCHIEFFER: I want to ask you a little more about that, but let's--let me just ask you this: How long could you keep GM open if there is a Delphi strike?

Mr. WAGONER: Let me just say, Bob, we do not expect a long-term strike.

SCHIEFFER: Would...

Mr. WAGONER: You mentioned correctly Delphi is a big supplier to us across a broad range of components. We could run for a while. But we can't run for a significant period of time.

SCHIEFFER: Would it kill General Motors, as Mr. Miller has said, if there is a strike at Delphi?

Mr. WAGONER: A long-term strike at General--at Delphi would have huge ramifications for General Motors, for other OEMs, for the unions that represent the workers, and for Delphi. And that's why I continue to think, 'Shame on us, the leaders of all those groups if we can't come to a solution that avoids that kind of drastic action.'

SCHIEFFER: Now last month you offered buyouts for retirement to 131,000 hourly workers, and I guess maybe 5,000 people at Delphi that you're still responsible for their retirement. How many of them have accepted the buyout?

Mr. WAGONER: Yes, those numbers cover both Delphi and GM and some people aren't--aren't eligible for some of the options. But beyond the details we're working right now, we needed to get--particularly Delphi needed to get bankruptcy court approval to actually continue with that offer. They got...

SCHIEFFER: But do you know how many have taken the buyout plan now?

Mr. WAGONER: No, it's--it's a process that we're going to--to roll out. We need to systematically at each location roll out to the workforce what the options they have, and they will voluntarily decide. These are individual decisions that will be made.

SCHIEFFER: Do--do you have a target of how many you hope will accept it, or how many you'll need to get to be successful?

Mr. WAGONER: Well, we're hoping for a big, big acceptance rate, but based on where we are today I can't give you any predictions on it.

SCHIEFFER: Your largest investor, Kirk Kerkorian, who I guess own 10 percent of GM...

Mr. WAGONER: Mm-hmm.

SCHIEFFER: ...and has lost a lot of money with the GM stock that he owns, has his own man now, Jerry York, on your board, and he says you have sown--shown no sense of urgency about all that. What's your response to that?

Mr. WAGONER: Nothing could be farther from the truth. I mean, let's list the actions over the last six months. While continuing a very intense period, actually advancing the launch of many new products, we've--we've identified and approved and are implementing actions which will reduce our cost base in North America by about \$8 billion during a one-year period. I don't know Bob, I can't think of anybody whose taken those kind of actions. And very importantly, we've done it on the basis of sitting down face-to-face with the affected parties, particularly the unions, and come up with consensual approaches to this. That's not an easy way to do it, but it's a long-lasting way to do it and I think frankly...

SCHIEFFER: How...

Mr. WAGONER: ...the unions deserve some recognition for their willingness to work on these tough issues with us.

SCHIEFFER: How long do you think you'll enjoy Mr. Kerkorian's support?

Mr. WAGONER: I would suspect, if we keep doing the right things and get the business turned that he'll be right with us, because he shares the same interests that we do, which is a successful and vibrant General Motors.

SCHIEFFER: But I'd just close by saying you see no possibility of bankruptcy in the near future?

Mr. WAGONER: I think bankruptcy is a very bad option, a very bad idea, with down sides for consumers, for everyone who relies on us, our retirees, our employees. So it's not a strategy that we think is the right one for General Motors.

SCHIEFFER: Mr. Wagoner, thank you very much.

Mr. WAGONER: Thanks, Bob. Great to be with you.

SCHIEFFER: Thanks for coming.

Back with a final word in a minute.

(Announcements)

SCHIEFFER: Well, here we go again, another legislative deal, this time it was the immigration bill that has collapsed. But as senators ran for the door on another two-week vacation, they promised to try to work something out when they got back to town.

How many times on how many issues have we heard that? What happened in the Senate last week wasn't about immigration, it was about what's gone wrong with Congress, which can't do much of anything anymore. Here is the main reason: Our elected officials have lost the ability to compromise. In order to raise the money needed to get elected, they have to sign off with so many special interest groups before they get to Washington that their positions are set in stone long before they arrive at the Capitol.

You don't get special interest money by promising to give the special interest ideas a fair hearing and your best judgment, you get the money by promising to take their side come hell or high water. So most of the debate is just time-wasting talk; no one's mind is changed. Congress just nibbles around the edges of most issues, and nothing of significance gets done. Tomorrow, millions of people across America will take to the streets to demand immigration reform, but don't expect Congress to do much on immigration. Don't expect it to do much on anything. Our political system is so badly broken there's no longer very much that Congress can do.

That's it for us. We'll see you next week right here on FACE THE NATION.