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CBS News

FACE THE NATION

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GUESTS: Senator HARRY REID (D-NV)
Democratic Leader

JOSHUA BOLTEN
White House Chief of Staff

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, an exclusive interview with the incoming Senate Majority Leader Harry Reid. With the Democrats now in control of both the House and the Senate, what can we expect from the new Congress? Can the president and the Democratic majority come together to chart a way on Iraq? Are we in for real cooperation, or just more partisan sniping? We'll talk to the people who know: Senator Reid, and the president's chief of staff, Josh Bolten.

Then I'll have a final word on evolution--the political evolution of George Bush.

Senator HARRY REID (Democrat, Nevada; Democratic Leader): (In speech) The election's over, it's time for a change.

SCHIEFFER: But first, Senator Harry Reid 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. Well, joining us here in the studio, the Democratic leader of the Senate, Senator Harry Reid.

Senator Reid, thanks for coming.

Sen. REID: My pleasure.

SCHIEFFER: The president made no bones about it, he said that he took a thumping, as he called it, in this election. But you met with him, and--and the vice president last week. Let me just ask you to start, how did he seem to you?

Sen. REID: Well, George Bush is a very pleasant man, and he seemed just as pleasant as he always is in your one-on-one meetings. He just is a, you know, a jokester, a back-slapper, kind of. I enjoyed--I enjoyed the hour we spent with him.

SCHIEFFER: Well, did you get the sense he's ready to kind of cooperate with Democrats to try to get something done, or do you think there's still going to be a great division?

Sen. REID: Bob, I sure hope so. As I reminded the president, he said this same thing to me two years ago when I got the job as Democratic leader, and I told him, 'This time, Mr. President, we have to really do something.' And I really believe that. I think the time has come, with the new elections having been completed, and a whole precedent, that we show the American people that we can govern.

SCHIEFFER: Well, you returned to the Capitol, and said the first order of business was return to oversight. And in other words, to many people that

sounded like you were saying we need to have a bunch of investigations here, we need to find out how we got from there to here. What did you mean by that?

Sen. REID: First of all, bipartisanship. Secondly, I think it's very important we have openness, and second results. Part of results is going to be have Congress go back to what it's always done. For more than 200 years in this great republic, Congress has had congressional oversight. What does that mean? It means finding out what government is doing. There has been, for the last six years, a Republican-dominated Congress, has not exercised its prerogative constitutionally and had hearings on Iraq; had hearings on the Medicare program, it isn't working as well as it should; education; what's going on with health care in this country, generally? Why are we having these staggering deficits? Oversight is not investigations. There will be times, rare occasions, when these committees will have to offer subpoenas, but that will happen very infrequently. We will just be doing our jobs. That's why I'm saying return the way it used to be that worked so well.

SCHIEFFER: But aren't you going to have to look forward rather than backward? Shouldn't that be where the priority is, in trying to figure out where we go from here in Iraq, to figure out where we get to what--come to some understanding on immigration, rather than going back and trying to figure out what we did wrong?

Sen. REID: Yes. Sure. Sure, Bob. There's--most of our work should be toward the future. But there is stuff to find out what's happened in the past that's going to allow us to look into the future. And most the work has to be done in a visionary manner so we can find out where this country needs to go, not where it's been.

SCHIEFFER: The president throughout this campaign said all Democrats want to do is raise taxes. Tell us what you plan to do. Are you going to raise taxes? Is it inevitable that taxes be raised?

Sen. REID: The answer is no. But it is inevitable, as far as I'm concerned, that this country stop spending red ink. Bob, during the five years that President Bush has had--government's been completed, every year, all five years, the largest deficits in the history of the country. This year which is about completed, will be the sixth. He holds a record for all six. We can't do that. We can't be borrowing money from China, Saudi Arabia and Japan to have this government work. We've got to bring down the deficit. And the Democrats have something to go back and say, `Well, what happened during the Clinton years?' The last three years of the Clinton administration, we were spending less money than we were taking in. We retired the debt by about a half a trillion dollars. We need to return to those years.

SCHIEFFER: Well, President Clinton's secretary of the treasury, Bob Rubin, said just a week before the election that we have to get more revenue if we're going to get out of this hole we're in. Many people took that to mean that taxes are going to have to be raised.

Sen. REID: I love Bob Rubin, one of my friends, but he's not part of this

government. And we are going to have to work with the president. Of course we need to do things middle--with middle--middle class. I think they've been hit real hard. For example, Kay Bailey Hutchison and I have been trying for a long time to make sure that we return to where we used to be, and have people who pay sales tax in states, have that deductible. I think it's important we look at what the benefits have been given to the oil companies. They make billions and billions of dollars, why should they be given billions of dollars in American subsidies? They shouldn't. So I think that what we have do--to do is do as the new chairman of the budget committee has been so good at talking about and articulating, Kent Conrad, to have a pay-as-you-go budget system. That--what does that mean? If you want to have a new program, figure out a way to pay for it without raising taxes.

SCHIEFFER: A lot of people had said that the key here is to find some way to give some sort of relief to those in the middle, and the way you do that is by putting more taxes on the very rich. Do you rule that out as well?

Sen. REID: I think the American people are going to see that we are not going to be running around seeing which tax can be raised. You know, the world's been kind of turned on its head. I think the idea of liberals and conservatives kind of out the window. Conservatism has been what this country's had, but yet these staggering deficits, that isn't the way I understood conservatism, that you would see how much money you could spend by borrowing. I think that what we are going to try to do, and we're--we need the cooperation of the president--is to try to have programs that are paid for. We need to recognize that the tax system--we may need to take a look at the tax system. But we're not going to do this in the first six months, the first year. Maybe not even during this Congress. But we are going to stop the bleeding of red ink.

SCHIEFFER: Well, let's--let's talk about what's coming up next week. Because before all these newly elected people take office in January, you've got a lame duck session that starts next week. What's on the table and off the table there? For example, the president seems to want to resubmit the nomination of John Bolton to be the ambassador to the United Nations. Will the Democrats go along with that?

Sen. REID: Joe Biden, the new chairman of the Foreign Relations Committee, said, 'Forget about John Bolton.' And as we know, even before we took over--in a lame duck we don't take over--the Republicans didn't have enough votes to get the guy out of committee, so I think we should go to things we can work together on. And I think what we should do, Bob, one of the first things we should do in this lame duck session is finish what we started. I think we--the American public needs to know that we're not here as we've always been. And we passed under, I would hope, the direction of the Democrats, but certainly the Republicans in the Senate voted for it, and I had Barack Obama, who was the person I appointed to lead us on this, the most significant lobbying ethics reform in 25 years. We even had a provision in it pushed by Dianne Feinstein for transparency and earmarking. But that passed the Senate by a large margin. It was lost, as so many things have been lost these past--past six years, in the Republican House of Representatives. No

conference. I would like to see that get done. These--these are--these are some of the...

SCHIEFFER: OK. Well, let me ask you about domestic eavesdropping. That could come up for a vote. Are you going to put that off till next year, or would you take that up now?

Sen. REID: Well, we'll happy to take a look at it, but you know, the program is going on. Bob, first of all, understand Democrats. I believe that we have to do everything within our power, including the wiretapping, to get these bad people, these evil people, these terrorists. But in the process of doing this, we can't have the American people think that every telephone call that they have, that the government's listening in.

SCHIEFFER: Well...

Sen. REID: We must do it within the confines of the Constitution. And at this stage, that has not been resolved yet. I repeat, the president's program, as we speak, is ongoing.

SCHIEFFER: OK. Let's talk about the big issue that'll be the issue in the lame duck and next year, and that is Iraq. Democrats were very critical of the president's approach on Iraq. He has replaced his secretary of defense. What do you recommend be done now, and what could you cooperate with the president on?

Sen. REID: First of all, let's follow the law. The law of the land passed by a bipartisan group of senators and like number members of members of the House said that the year 2006 will be a year of significant transition. That is the law, as we speak. In addition to that, I think we need to look at the amendment that the Democrats often call the Reed--Jack Reed from Rhode Island--11 amendment, which said we need to do a number of things. What do we need to do? We need to have a redeployment in Iraq. What does that mean? Pull everybody out now? Of course not. But it does mean that we need to change our operation there to counterinsurgency, better training, and force protection.

Number two, we need to revitalize the re--reconstruction. Right now, there's less oil being produced than before the war, significantly less. Less water, potable water for people to drink, less electricity than before the war. Revitalize reconstruction.

And also what we need to do is have a regional conference led by the president of the United States and participating in it. Saudia Arabia, Jordan, Egypt, Syria. It's a regional problem. It's not all our problem.

SCHIEFFER: Would you--will you insist...

Sen. REID: Finally, though--finally, though--finally, this--finally this: We need to revitalize our military. They are in a state of distress. We do not have a single unit now in the United--Army unit that's here that's

undeployed that's battle-ready. And we've got to do what the Pentagon has told us to do, and that is...

SCHIEFFER: OK. One--one final question here.

Sen. REID: ...spend \$75 billion to make them as good as they were before the war started.

SCHIEFFER: One final question. Will you insist on a timetable for the beginning of the drawing down of the forces there?

Sen. REID: We're--there's going to--we need to redeploy. Who's going to make that decision of redeployment? The officers on the ground. And I think it should start within the next few months.

SCHIEFFER: But you're not going to insist on a specific date to begin drawing back?

Sen. REID: No, I am not and that's right. Absolutely not.

SCHIEFFER: All right. Senator, thank you very much.

Sen. REID: Sure welcome.

SCHIEFFER: We'll talk to you down the road. We'll come back in a minute with the White House chief of staff, Josh Bolton.

(Announcements)

SCHIEFFER: And with us now, the White House Chief of Staff Josh Bolten.

Thank you very much for coming, Mr. Bolten. Well, you heard Senator Reid. What's your reaction?

Mr. JOSHUA BOLTEN (White House Chief of Staff): Well, I'm--I'm encouraged by the--by the tone, the bipartisan tone that's been coming from both Senator Reid and Congresswoman Pelosi. The president met with both of them this past week, spent over an hour, I think, with each of them. And the tone coming out of those meetings was very good. You know, it's a big disappointment for--for us in the White House to have--to have lost control of both houses of Congress, but sometimes in adversity there's opportunity, and--and hopefully we can take advantage of--of this opportunity and the bipartisan spirit that seems to prevail, at least for the moment, and get some good things done.

SCHIEFFER: Well, many in the--in Senator Reid's party would like to see an immediate pull back of troops in Iraq. He did not seem to take that line, it seemed to me this morning.

Mr. BOLTEN: No and I'm encouraged by that. The president obviously wants to take a whole fresh look at what we're doing in Iraq. No--nobody's happy with what's--with our situation in Iraq is now. The president has said, Secretary

Rumsfeld has said that what we've been doing isn't working well enough and it isn't working fast enough. We need to take a fresh look. But, what we cannot do is pull out of there prematurely and leave a failed state behind.

SCHIEFFER: Could you...

Mr. BOLTEN: It's absolutely critical to our--to our national security that we succeed.

SCHIEFFER: Could you ever envision a signing on to a plan that had a specific date to start drawing down troops?

Mr. BOLTEN: I don't think so. And I think it would be a very bad idea. Nobody wants to get the troops out of there more than President Bush, but they need to be there to support the Iraqi government, to make sure that the Iraqi government succeeds. And as soon as we can--we can get them out, we will, but if you set an artificial timeline on it, if you--if you put a date certain on it, the enemy will just wait us out and we may end up leaving behind a failed state and a--and a much worse situation which would be a dangerous haven for terrorists, not just to us, but to the whole neighborhood.

SCHIEFFER: Secretary Defense Rumsfeld is out, the president has picked Bob Gates, the former CIA director in his father's Cabinet, to succeed him. What can he do that Don Rumsfeld couldn't?

Mr. BOLTEN: He brings fresh eyes on a very difficult problem. He's a--he's a great manager. He had a great reputation as the director of Central Intelligence and a long career in the Central Intelligence Agency. He's been an extraordinarily effective and popular manager of Texas A&M University, which is--which is no small feat. I think he'll--he'll be somebody that--that comes in with a lot of experience and understanding of these kinds of problems, but--but brings some fresh eyes, brings open ears to the advice coming from our military commanders, from--from foreign policy experts and--and the folks on the Baker-Hamilton Commission, of which he has been a member up until--up until the announce of his nomination.

SCHIEFFER: Is it--is it your feeling that he'll bring a whole new team of civilians into the Pentagon?

Mr. BOLTEN: I don't know. My guess is he'll want some continuity, but he'll want some of his own people as well. That's--that's going to be up for him to make a recommendation to the president on. But I expect the--the important thing is that he sit down promptly with our military leaders and help chart the best way forward in Iraq and elsewhere around the world.

SCHIEFFER: Were there problems between Mr. Rumsfeld and the uniformed leaders? We keep hearing that.

Mr. BOLTEN: I've--I heard it, I read it, I never saw it. The--the uniformed leaders, even in--even in the private conversations that I had with them had great respect and support for Secretary Rumsfeld and that's not what

occasioned the change here. The--the change was occasioned by conversations that the president had been having with Secretary Rumsfeld over several weeks about the need, given our--especially our situation in Iraq, to bring some fresh perspective, bring some fresh eyes and energy to the problem, and the president and Secretary Rumsfeld finally agreed on that this past week. And fortunately a man the calibre of Bob Gates is willing to serve his country again.

SCHIEFFER: It's been reported that you wanted a change at the Pentagon some time ago. Various books are reporting that. Now some Republicans, Newt Gingrich among them, are saying had you made this change before the election the Republicans might have kept the Senate and the House. What do you way to that?

Mr. BOLTEN: You know, far be it from me to--to second-guess the political judgment of Speaker Gingrich, who's in--who's a brilliant expert on these things, but I--you know, my guess is you could argue it either way, that it was--it would have been politically helpful to do it earlier, or I think you could argue it would have been politically harmful.

The important point is, it doesn't matter. The president was not going to make this decision based on partisan political interests. He was going to make the decision based on what's best for the national security of this country and he was determined not to inject an important national security decision into the electoral process just a few days before the election, because that would have sent a terrible signal to our troops, to our allies and to our enemies.

SCHIEFFER: You know, Newsweek has a new poll out today. It's not very complimentary, I must say, to the president. It says two out of three people now believe the president is a lame duck, and his approval rating has now sunk to an all-time low: 31 percent.

(Graphic on screen)

NEWSWEEK

PRESIDENT BUSH'S
JOB PERFORMANCE

APPROVE 31%
DISAPPROVE 63%

Margin of Error +/- 4

SCHIEFFER: How do you change that, Mr. Bolten? Because if you don't it's going to be very difficult for the president to get anything done, it seems to me.

Mr. BOLTEN: Well, I think we've got a moment of opportunity here. It--it certainly doesn't feel like lame duckism around the White House. On Wednesday I went around to several of the offices in the White House and to--because I figured I would need to buck people up, and I didn't need to. People--everybody was disappointed, but nobody was discouraged, and in particular the president who, as you know, is a very affirmative, optimistic and energetic person. We've got 800 days left--as of today we've got 800 days left in this administration, which is--which is a long time. It's almost the entire length of the Ford administration. And there's a lot that can be done there with some energy, with some bipartisan cooperation. So we actually take this as a disappointing moment to have gotten thumped in the election, but a moment of opportunity to bring people together and actually accomplish some good things for the country.

SCHIEFFER: Let's talk about this lame duck session that begins tomorrow. Will the president insist on trying to get John Bolton, the UN ambassador, who was never confirmed but just served out a recess appointment, will he insist that he remain at the UN?

Mr. BOLTEN: We're--we're going to nominate him again and ask that the--ask the Senate to give him a full and formal confirmation. You know, Bob...

SCHIEFFER: Well, you heard what Senator Reid say. He said it won't happen.

Mr. BOLTEN: I did hear, and I hope that--that if he won't reconsider, other members will. Some members already have. John Bolton has been a very effective ambassador. He's been, in many respects, the opposite of what his critics expected him to be. He's been a good consensus-builder. He got a North Korea resolution through the UN Security Council. He got a very good Lebanon resolution. He's--he's actually been a very good representative of the United States. He deserves to stay. We want to take him through the nomination process. If--if he was allowed to get to the Senate floor, we're confident that he would win that vote. We're going to ask the Senate to take him up and--and approve his nomination formally.

SCHIEFFER: Well, are you going to go through this--a lot of reports said you may try to give him another name like the deputy ambassador or special rep--something or another just so he can go and be ambassador without being confirmed. Will you try that?

Mr. BOLTEN: We're--we're focused on trying to get him done in the proper course of things, and that is get him to a vote on the floor of the Senate where we think he not only will prevail, he should prevail.

SCHIEFFER: Ken Mehlman, the chairman of the Republican National Committee, says he intends to step down. Do you expect that Karl Rove, the president's counselor and his number one political guru in the White House, will stay on the job?

Mr. BOLTEN: I hope so. I expect he will, and I think it would be--it would be terrific if he would. He's not just a political guru. He's--he's one of

the best minds in modern American government today. He's--he's brilliant on policy, he's brilliant on strategy as well as being brilliant on politics. I think he has a lot to add for this president, for the political process, and I expect to be working with him for some time.

SCHIEFFER: In light of that, where did the Republicans go off the track this time, Mr. Bolten? Because it seems to me that everything they tried just didn't work. What do they need to do to get themselves in position in 2008?

Mr. BOLTEN: You know, I think this election had a lot of different factors going into it. First of all, there were a lot of good victories for Republicans, a lot of close races--3,000 votes different in Montana, and the sen--the Republicans would still be controlling the Senate today, or 7,000 vote in Virginia. So there were a lot of individual close races. In the aggregate, the president's term, I think, was a good one. It was a thumping, and the Republican Party needs to recognize that, and go back, I believe, to some first principles.

SCHIEFFER: Which are?

Mr. BOLTEN: Which are a robust national security, limited government, fiscal responsibility, and moving forward on some of the priorities of the country, like immigration reform, energy independence. Those are the kinds of things where we actually may, today, have a better prospect of making progress than we did before, because Democrats are now in--in a difficult position. They have, for several years, been the party of opposition and rejection.

SCHIEFFER: All right.

Mr. BOLTEN: That's changed. They need--they need--they have some responsibility in governing now, and here's an opportunity for them to step up, show some responsibility. I'm very encouraged by what I heard from Senator Reid and from Congresswoman Pelosi.

SCHIEFFER: Well, thank you very much, Mr. Bolten. To be continued.

Mr. BOLTEN: Thank you.

SCHIEFFER: We'll be back with a final word in a second.

(Announcements)

SCHIEFFER: Finally today, a funny thing happened to George Bush on his way to the presidency. He became a base-based politician. When he first ran for governor, no one would have mistaken him for a liberal Democrat, but he believed the key to winning was to get the moderate and the independent vote. It worked, and once elected, he became one of the most bipartisan governors in Texas history, and one of the most popular.

In 2000, he began his run for the presidency the same way, convinced that people cared more about common sense and results than party ideology. Then he

was blind-sided in the New Hampshire primary by John McCain.

His advisers, frankly, panicked. Moderation may have worked in Texas, but the only way to win now, they said, was to move right, and appeal to the party's so-called base. And so, he went to the extremely conservative Bob Jones University, where his father had once been denounced as an agent of the devil, and reminded people that he, and he alone, was the candidate of the right. From that day on, he campaigned from the right, won, governed from the right, and was re-elected.

But playing to just one set of voters can take even a president only so far. The base-based strategy could not overcome an unpopular war, scandal and government ineptitude.

Where does he go from here? If he hopes to accomplish anything over the next two years, I believe he must return to his roots--not the buttering up of the so-called Republican base, but his deeper roots, the belief that you can accomplish more by bringing people together than by driving wedges between them. It wouldn't hurt if the Democrats gave that some thought, as well.

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