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

CBS News

FACE THE NATION

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GUESTS: Mr. MITT ROMNEY
Republican Presidential Candidate

Mr. MIKE HUCKABEE
Republican Presidential Candidate

MODERATOR/PANELIST: Mr. Bob Schieffer – CBS News

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FACE THE NATION - CBS NEWS
(202)-457-4481

BOB SCHIEFFER, host:

Today on FACE THE NATION, two days before the Michigan primary, and with South Carolina coming Saturday, it may be downsizing time for the Republican candidate field. If Mitt Romney can't win in the state where his dad was governor, where can he win?

Can Mike Huckabee rally religious conservatives in Michigan as he did in Iowa and keep John McCain from dominating the independent vote? The answers to those questions may decide who continues on in the race for the Republican nomination. We'll talk about it with Romney and Huckabee.

Then I'll have a final word on some good excuses the media can use for getting it wrong in New Hampshire.

But first, Romney and Huckabee 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: Good morning again. And we're starting this morning in Battle Creek, Michigan, where former Massachusetts Governor Mitt Romney is standing by.

Well, Governor, you heard the opening of the broadcast there. Isn't the pressure really on here for you? Because, after all, this is the state where you grew up. If you don't win here, aren't people going to ask where can you win?

Mr. MITT ROMNEY (Republican Presidential Candidate): Well, of course, I've already won one in Wyoming, and so we each now have one win. I've also got two silvers, so I've got more votes for president than anybody else in the race at this stage. I plan on winning Michigan, and there's no question, if it were just Republicans and independents, I'd win Michigan. But Democrats also get to vote in the primary here, so you can't be 100 percent sure. But I'm going on to South Carolina and Nevada. We're going all the way through February 5th, no ifs, ands or buts about it. This is a race that's not going to be decided by a few states, it's a race that I'm taking to the nation.

SCHIEFFER: All right. Well, let's talk about Michigan. There's no question that Michigan is in recession. Do you think, governor, that the nation is in a recession at this point?

Mr. ROMNEY: Well, I think the nation is headed towards a recession. I think that can be diverted. But I think there're going to be some lessons learned from here in Michigan. For 10 years, Washington has watched what's going on in Michigan, has seen a one-state recession and has frankly been either indifferent or incapable of acting. Washington is fundamentally broken. And as they've seen what's happened here to the auto industry and other industries, they've just been paralyzed, not taking action to get Michigan on track again. And if they can't fix Michigan, they won't fix the national economy. And that's why I believe it's so important for us to come together to help the ailing auto industry and other industries in this state get back to their--on their feet, and

make sure that what was once the envy of the nation as a manufacturing and technology center is once again.

SCHIEFFER: Well, John McCain says that some of the jobs there--he says all these jobs that have been lost in Michigan simply aren't coming back. Isn't that basically the truth? I mean, these manufacturing jobs that are going overseas, you're not going to get them back. You say that you can get them back. How exactly do you plan to do that, governor?

Mr. ROMNEY: Well, I'll tell you one thing. The last thing you need in a state like Michigan is more pessimism. And if he's saying those automotive jobs are not coming back, well, how about the jobs that are still here? How about the hundreds of thousands of people who still work in the automotive sector? Are they all going to lose their jobs, too? Or are we going to say it's simply unacceptable to us to have a major sector of the economy--transportation--turned over to people around the world? I believe we can come back. I can--I believe this industry can become the leader in the world again. It's going to take substantial investment in innovation and technology: new products, new science, developing the cars and the transportation vehicles of the future.

We've done that in other industries. We--for instance, in the area of space, we invested in Texas and Florida, rebuilt the space industry; led to a lot of companies taking off and growing as a result of that. We need to be investing in basic science here, and we need to stop throwing anvils around the neck of the domestic auto manufacturers. This idea, for instance, of saying we're going to have unilateral caps and trades on greenhouse gases that are not participated by other nations, that would only hurt Detroit, would only hurt American manufacturers. We got to stop thinking about being popular around the world and doing what's right for America.

SCHIEFFER: Well, are you talking about government subsidies for Michigan? What exactly are you talking specifically of doing for Michigan?

Mr. ROMNEY: Well, as an example, investing substantially more in basic science and research. We invest about \$4 billion a year is all in science relating to energy and fuel technology and material science, and yet we're buying \$400 billion a year worth of oil from other people. We should be investing far more money in fuel technologies, automotive technologies. We can do it here in Michigan and in other places where there're science centers. Those new technologies can be bled off and spun out into the private sector, creating automobiles and other transportation vehicles we can't even dream of today that will propel a strong and vibrant future.

But the only way a great nation like ours stays ahead of a very populous nation like China--or even Korea, for that matter, where they have low labor cost, is by investing in technology and innovation and leading the world in the development of new products. And we are frankly lagging behind.

SCHIEFFER: Well...

Mr. ROMNEY: What our nation invests in science...

SCHIEFFER: And let me just ask you...

Mr. ROMNEY: I was going to say, where we invest...

SCHIEFFER: Go ahead. Well, let me just ask this question and it--and I think it'll be part of your answer to this question. You're talking about investing in science, and yet when we've just passed a law that has told the automakers to make these cars more fuel efficient, the idea being to make the country more energy independent, you were against that.

Mr. ROMNEY: What I'm--what I'm against is saying to the automobile industry, 'Here, you have this big problem. It's an unfunded mandate. We'--I'd like to make sure that if we're going to put a mandate to improve fuel economy on cars--and I want to see our average fuel efficiency go up, up, up--that's important to all of us for energy independence--but I want the federal government to be part of the solution rather than mandating a change that the domestic auto industry is going to suffer from without providing any help. And the preferred way of providing help is in helping develop the new technologies and helping share the cost of that. But there are other ways, too, that we have to keep our mind open to.

But we simply can't sit back and say, 'Well, too bad for Michigan. They've got these new, big mandates that're going to get laid on them. It'll really kill the domestic industry. Those jobs are gone forever.' I don't believe it. I'm not going to do that. I'm not going to rest with Michigan in a one-state recession--recognizing, by the way, that if we can't fix Michigan, that this is going to bleed onto other manufacturing and to other sectors of our economy. You have to fight everywhere we have good jobs, and in the transportation sector we have good jobs.

SCHIEFFER: What do you say to people who are listening this morning that say, 'Wait a minute. All these things that have gone wrong with the auto industry, they happened while Governor Romney's party was in power'? That maybe we ought to let the Democrats have a chance at it.

Mr. ROMNEY: Well, you know, you don't have all decisions by Republicans all being made the same way. You got a lot of Republicans all running for the presidency, but I'm the only one that was born and raised in Michigan that's got the automobile industry in my blood veins, that is actually invested in Michigan, made investments here in this state. I'm somebody who cares very deeply about this state, and I'm the only guy who's actually spent his career in the private sector. I used to consult to companies. My business actually consulted here in Michigan to automobile businesses. I know business. I know how business works. I know why jobs come and why it--why they go. Frankly, if you want somebody who knows how Washington works, there are a lot of people to choose. But there's only one guy who understands how America works, and that's what I've been doing all my life, and I want to bring that expertise to help Michigan and other states that are suffering economically. And right now, that's something which Americans recognize we're going to have to do. Because we can't lead the world militarily unless we're also leading economically.

SCHIEFFER: Governor, to accommodate Governor Huckabee's schedule, we taped our interview with him that we'll show just a few minutes after--at the interview with you, but since you brought up your business background, I want to tell you about something that he said and get your reaction to it. He said when you were a businessman, your company was basically a leveraged buyout company, that you took over businesses and, in order to get them to running better, a lot of people got let go, a lot of people lost their jobs. He said that is not what Michigan needs right now.

Mr. ROMNEY: Well, you know, it'd be nice if Governor Huckabee would stick to the things he knows about. Frankly, if you'll look at our record, he'll note that we put the first dollars in the first Staples store, for instance. And that was a start up, and Staples now employs 80,000 people. We grew a number of businesses from nowhere to be very substantial enterprises. We also took on companies that people would've considered basket cases, where they thought they were gone, where people said, 'Well, you got to write those jobs off. They'll never come back.' And you know what? We went into those businesses, in some cases we performed painful surgery, cut back factories, cut back employment, rebuilt the business, invested in R&D. And those businesses are alive and well.

We weren't always successful, but we always acted out of a desire to save and grow the enterprise and protect as many jobs as humanly possible. And my own personal experience was, as a CEO, I took over a consulting firm that was in real trouble, where 1,000 people looked like they were all going to lose their jobs, we came together as a team, turned it around and it's now a very successful, thriving business.

So I'm happy to compare with anybody who's running for president. In fact, I think, unlike Governor Huckabee, I've had the experience of working in the private sector, working to build jobs. And don't cast rocks at people who are trying to create jobs and turn around businesses. We need people who know how to do that. And, by the way, we need some in Washington. One place we should be cutting employment is in Washington, and I know how to get that done, too.

SCHIEFFER: All right, let me ask you this. Governor Huckabee, as you know, is running ads out in Michigan talking about how he was a governor who cut taxes in Arkansas. It's my understanding you take exception to that.

Mr. ROMNEY: Well, you know, it's kind of disingenuous, I think, to say you cut taxes when you raised taxes more than you cut them. And I don't know how he keeps getting away with saying that because, of course, in our last debate, I asked him that question four times and finally in the fourth time he admitted that he did raise taxes. And when you consider the taxes he cut and then you compare them with those he raised, the amount that he raised more than he cut was \$500 million.

And that's why the Club for Growth is running ads against him all over these early states, because they recognize he's liberal. He's liberal on taxing, he's liberal on spending, he was liberal on commutations for prisoners. He put out pardons and commutations over 1,033. This is not the kind of Republican that you'd expect to go to the White House. And, of course, on illegal immigration, he gave tuition breaks. He fought for tuition breaks and in-state tuition, taxpayer tuition for illegal aliens. This is not the kind of Republican that I think people expect of somebody who's going to lead our party.

SCHIEFFER: All right. Do you think you're going to win Tuesday, governor?

Mr. ROMNEY: You know, I'm planning on winning on Tuesday. I expect if it were Republican and independent vote, I'd win quite solidly. The polls show that. Of course, who knows with polls these days. There will be Democrats that come in the race. Maybe some of them will vote for me because they remember what my dad did for Michigan and how he helped turn it around. But I know one

thing, that is right after--right after Michigan, we're going off to South Carolina and Nevada and then to Florida and we're going all the way through February 5th, we're going to hit these states.

SCHIEFFER: All right. Governor Romney, thank you so much. Hope we'll be talking to you again.

We'll be back with Mike Huckabee in just one minute.

(Announcements)

SCHIEFFER: And joining us now from Spartanburg, South Carolina, former Governor Mike Huckabee.

Governor, good morning. Let's go right to the economy because there is, with no question about it, a recession out there in Michigan where this next primary is going to be held. John McCain says some of the jobs have been in--lost in Michigan are simply not coming back. Governor Romney says he's going to try to get them back. Where do you come down on this? Isn't McCain really right about that? Some of these manufacturing jobs that have gone overseas, it's going to be impossible to bring them back.

Mr. MIKE HUCKABEE (Republican Presidential Candidate): Well, when we talk about manufacturing, you need to understand why manufacturing is important to America. It's not just about the jobs--though that's critical--and we want to be able to be--have the capacity to manufacture because those are the jobs that provide stability for the middle class. It's always been a critical part. But there's another reason manufacturing is critical for the United States. If we can't really produce our own weapons of self defense and we outsource our manufacturing, we've outsourced our freedom. And one of the things that I've said, there're three things we have to have for freedom: feed ourselves, fuel ourselves and fight for ourselves. The arsenal to democracy was what Franklin Roosevelt called America, and the heartland of that arsenal has been Michigan, where they really helped us to understand how to produce our airplanes, our tanks, our bullets, our bombs and to build things that provided for us the capacity to be free. If we lose that, we lose more than just jobs. We lose our very basis of freedom.

SCHIEFFER: Well, governor, I think everybody would agree with that, but what are you planning to do to get Michigan back on its feet?

Mr. HUCKABEE: Well, one thing we've done, Bob, we've had free trade agreements that we haven't enforced on both sides of the border. I'm a free trade guy, but I'm a fair trade guy and that's not what's happened. When you have one side that cheats by sending in products that are contaminated with lead paint or that makes our pets sick; when you have production methods that pollute the environment and mistreat and violate the human rights of workers, that's not a really free trade agreement that's being enforced. So a lot of Americans are finding that their government is not trying to help them keep their job, their government is working against them.

The United States government ought to work to make sure that, if we're going to have free trade agreements, that these are being enforced both sides. Otherwise, it's as if the United States government is working for the jobs to go to someplace else. And when you look into the face of a

Michigan worker, you look into the face of anxiety, of a person who's not sure that he's going to be able to get a paycheck, put food on his table and send his kids to college.

SCHIEFFER: Governor, do you have any plans for any kind of a cutting taxes to get the economy just, say, on a--on a national--on the national level? Do you have any kind of a plan to bring the country out of a recession? Maybe it's not in a recession nationwide, but a lot of people think it's very close to that. What do you plan to do about that?

Mr. HUCKABEE: Well, our tax system is part of the problem, Bob. It penalizes productivity. If you create a graduated tax system that graduates the tax rate on the level of productivity and the level of earning, it's counterintuitive to the economy. The reason that I support the fair tax is that it doesn't penalize productivity, it simply taxes people at the point of consumption. There's \$10 trillion of US capital that's been moved offshore, marked off in Cayman Island bank accounts...

SCHIEFFER: Governor, may I just interrupt you?

Mr. HUCKABEE: But I just want to make the point that that money is not...

SCHIEFFER: Well...

Mr. HUCKABEE: ...in the United States economy, and it could be.

SCHIEFFER: Yes, sir. But that's down the road. Let's talk about the problem right now. Is immediate action needed? The way you seem to be talking this morning is we can, you know, take these steps down the road. But is there an immediate problem here?

Mr. HUCKABEE: There's several things I'd do immediately as president. First thing, I'd make sure we didn't raise taxes. In fact, we tried to cut the marginal tax rates to stimulate the economy. Secondly, I'd make sure that we targeted particularly high unemployment states like Michigan with job retraining programs, and we'd use the Commerce Department and we'd use every resource that we had to try to make sure that we bring business and industry with incentives to some of these hard-hit areas so that we can keep the jobs. The final thing I'd do is I'd insist that we enforce both sides of the trade agreements that we have, and that we'd take a much harder look at the way that they're being carried out on the other side. The American worker going to his job today needs to know that his government is working for him, not against him.

SCHIEFFER: Governor, Governor Romney ripped you pretty good this morning on your ads that you're running about how you cut taxes down in Arkansas. He said, quote, "it is disingenuous" that you raised taxes.

Mr. HUCKABEE: You know, he's been throwing that at me for all this time. Here's what I know: He raised the fees in Massachusetts by over half a billion dollars. I took Arkansas, with the first-ever broad-based tax cuts in its 160-year history. We were one of 27 states that were under a state Supreme Court order to fix our schools, which we did. And by the way, this past week, Bob, got some good news. Arkansas schools are now rated the eighth best in the nation. That's a long way from 49th. And that's how you build jobs, you educate kids, you make sure people have access to

health care. We took a \$200 million deficit, I left the state with an \$850 million surplus. The business community supported what we did, they were supportive of the road-building program. I did not leave my roads and bridges falling apart when I was governor. I took one of the worst road systems, turned it into what Truckers magazine said was the most improved road system.

Ronald Reagan would have been criticized by Mitt Romney today, just like Mitt Romney criticized Ronald Reagan a few years ago when he said he wasn't part of that Reagan-Bush thing.

SCHIEFFER: Well...

Mr. HUCKABEE: But I was a part of that Reagan thing, and I just want to conclude: Ronald Reagan raised taxes when he was governor because governors balance budgets and act responsibly. But he also believed that lower taxes are better than higher taxes, and I believe that. And I believe less government is better than more government. And I govern that way. But you balance the budget, you don't leave debts for the next generation. And that's what people in America are looking for is competence, not political judgment, but principled judgment.

SCHIEFFER: But you did raise taxes, didn't you, governor? I mean, in addition to cutting taxes, you did raise some taxes.

Mr. HUCKABEE: Bob, when you're under a supreme court order, you do what you need to improve your schools, I worked with our legislature and we got major, really improvements done in our school system that, without, our kids would still be languishing in last place. I don't apologize for raising the expectations and the hopes and the opportunities for the kids of my state.

SCHIEFFER: All right.

Mr. HUCKABEE: I don't apologize for building roads, either. I'd apologize for leaving my roads in a mess, is what I'd be apologizing for if I hadn't have done it.

SCHIEFFER: All right. Governor, we're going to take a quick break. We'll come back and talk about this some more.

(Announcements)

SCHIEFFER: And we're back now with Mike Huckabee.

Governor Huckabee, talking about the state the--of the economy out there in Michigan, you know, you've been a governor, you were a Baptist preacher. While you were doing all that, Mitt Romney was a businessman and he was a very successful businessman, and he took over a lot of companies and he put them back to making money and made them successful. Why would you argue that you're better qualified to get Michigan back on its feet than, say, Governor Romney?

Mr. HUCKABEE: Because as a governor, I got Arkansas back on its feet. We had the largest number of job creations in the history of our state. We had the lowest unemployment numbers consistently in the history of our state. You know, what Mitt Romney did is admirable in some

quarters, but in some ways, there are a lot of people who lost their jobs when his company would take over, restructure a company, lay a lot of people off. Lot of times the CEOs and the people at the top got some pretty huge bonuses and made a lot of money. A lot of people went home without a pension and a paycheck. I'm not sure that's what Michigan's looking for.

I think what America's looking for--not just Michigan, but the rest of the country--is somebody that understands how to lead in a way that, when he's completed his leading, he can get re-elected. And I didn't just get elected one time and say that's it, but I continually went back to the voters of my state, and my leadership was affirmed by them. And that's pretty remarkable when you are a Republican in a state that's been dominated by Democrats for all those years. And even when I became governor, 90 percent of elected officials were of the Democratic Party.

SCHIEFFER: Let's just talk about a little bit about the politics of all this now. What do you have to do out in Michigan? Do you think you can win that state? Or would you be satisfied with second?

Mr. HUCKABEE: Well, I mean, we're going to be satisfied with being in the mix. Because John McCain won there eight years ago; he's got a good organization, is a known quantity, but I think people are beginning to say 'maybe we need someone from a new generation, someone who's not a Washingtonian, somebody who comes from the practicality of actually leading a state.' Mitt Romney grew up there, graduated high school there. His dad was governor there. His last name opens doors. I assure you, my last name hadn't opened a single door in Michigan. But I think people in Michigan are looking for somebody who relates to the way that they've struggled, and that's one of the reasons our campaign is even in play. Without a staff, without a big organization, it's about heart, message and soul. And if we can recapture the soul of the Republican Party, we can recapture the soul of America. I'm not going to predict a win in Michigan, but I'm going to predict that we'll surprise people by even being a contender.

SCHIEFFER: You know, you and Senator McCain have been very nice to each other. You've had some harsh words, though, for Governor Huckabee. Are you and Senator McCain in some way in cahoots?

Mr. HUCKABEE: Well, you said harsh words for Governor Huckabee. I assure you, I've never said a harsh about Governor Huckabee.

SCHIEFFER: I mean Governor Romney. I beg your pardon.

Mr. HUCKABEE: I'll say very nice things about Governor Huckabee. I think Senator McCain and I have a mutual respect for each other. We're both going after the same job, but I hope we've proved that you don't have to be angry and hostile and tear someone else down, you just ought to share what you have, what you bring to the job and let the voters make the choice. John McCain and I have tried to operate with a level of civil discourse that I am convinced a lot of Americans are hungry for in politics.

SCHIEFFER: Governor Huckabee--and you are Governor Huckabee--thank you very much. We appreciate it.

Mr. HUCKABEE: Thanks, Bob. Good to be with you again.

SCHIEFFER: Back with a final word.

(Announcements)

SCHIEFFER: And finally today, well, the media got it wrong, which means that the media has to explain itself. Maybe the best way to do that is to spin it the way the politicians would. To discuss this, I've decided to interview one of the leading members of the media, myself.

Let me put it to you straight, Bob, why did the media get it wrong?

Well, first, I would like to put that in context.

Well, first, I would like for you to answer the question.

Look. I think the more important question is, did we get it all wrong? And the answer is no. Yes, we got it wrong on Senator Clinton, but we got it right on Senator McCain's victory and we clearly said Dennis Kucinich was going nowhere even though his wife got that new tongue ring. So we're batting more than 500 here. In baseball, that's great.

Well, this is not baseball.

There you go again, stressing the negative. Besides, I want to talk about change.

But that's Senator Obama's line, and it's already been stolen by McCain and Romney and all the rest. What is it that you want to change?

Actually, the subject, if you don't mind.

Bob, I hate to tell you this, but people just don't like the media.

Now that hurts my feelings. Look, this is hard.

Thank you, Bob.

Thank you, you idiot.

He gets that way sometimes.

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