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

CBS News

FACE THE NATION

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GUESTS: Mr. JOHN EDWARDS
2008 Presidential Candidate

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Hillary Clinton's Communications Director

Mr. DAVID AXELROD
Barack Obama's Political Director

Mr. ROGER SIMON
Politico

MODERATOR/PANELIST: Mr. Bob Schieffer – NBC News

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BOB SCHIEFFER, host:

Today on FACE THE NATION, a big win for Senator Clinton, a must win for Senator McCain. Now it is on to Florida, and it will be the Democrats' turn in South Carolina. Where does that leave Democratic candidate John Edwards, who came in a distant third in Nevada? Will South Carolina, the state where he was born, be his last stand? Does he help Obama or Clinton by staying in? We'll ask him.

Then we'll turn to top Clinton strategist Howard Wolfson, and one of Obama's main men, David Axelrod. They'll face off. Then we'll get the analysis of Roger Simon of Politico, and I'll have a final word on some not so charitable giving.

But first, John Edwards 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, there's big news overnight. If it came too late for your morning paper, John McCain did win the Republican primary in South Carolina. This was really a must-win for Senator McCain over Mike Huckabee. And in Nevada, it was Hillary Clinton in a state where Barack Obama had the support of two powerful labor unions. And to put some icing on the cake for her, she got 64 percent of the Hispanic vote, which really augurs well for super Tuesday, when states like California and Arizona, which have large Hispanic populations, go to the polls. Mitt Romney won in the Republican Nevada primary, but the other Republicans really didn't compete there.

Joining us now, Democrat John Edwards, who I must say did not do well yesterday in Nevada, which raises questions about where he goes from here. He's in South Carolina this morning.

And I guess that's where we start, senator. Can you keep your campaign going?

Mr. JOHN EDWARDS (Democratic Presidential Candidate): Oh, absolutely. Absolutely, Bob. I mean, I'm now in South Carolina. I got my butt kicked in Nevada. And what you learn from that is, from all my life when that's happened to me, you just got to get up and start fighting, and particularly when you're fighting for the causes of your life, which is making sure that people who don't have a voice get a voice, and fighting for the middle class and low income families. That's what my life is about. And I'm here in South Carolina, the place that I was born, fighting with everything I got.

SCHIEFFER: Well, senator, let me ask you this. Do you think this has less to do with you and more to do with just historical forces, that you just sort of had the bad luck to run for president on the year when you have the first woman to be seriously considered as electable to the presidency running along with the first African-American to be seriously considered as electable?

Mr. EDWARDS: Oh, do I think that's a factor? Of course it's a factor. There's no doubt about that. And we've got a couple of candidates who've gotten massive publicity and raised \$100 million-plus each. But I'm not in the business of making excuses, Bob. Not about Nevada, not about the campaign. All three of us are going to be perfectly fine when this thing's over. The question is, will we have done what needs to be done for America? I mean, are we going to do what has to be done to preserve the middle class and help low income families and help single moms who have no health insurance and bringing this war to an end? I mean, that's what this is about. It's not about any of--any of us personally.

SCHIEFFER: Well, but the polling in Nevada yesterday seemed to suggest that Senator Clinton was the one who could do those kinds of things. I mean, here you had these big labor unions endorsing Senator Obama, and yet she carried union households when asked who's the candidate with exactly the right experience. She just swamped everybody in the field on that. I mean, what is it about your message--why can't you get your message out?

Mr. EDWARDS: Well, for all the reasons you just talked about, Bob. And first of all, congratulations to Senator Clinton. She should be congratulated for what happened in Nevada. But she and Senator Obama have both spent massive amounts of money there, put a massive effort into the--into the state. We didn't run a single radio or television ad.

But the excuses are meaningless. I mean, what matters here is what's going to happen for the country, what--Senator Clinton and Senator Obama both get an enormous amount of attention, as they have from over a year ago, but I think the key for me is to keep fighting for what it is I believe in. It's what I've done--I'm 54 years old, Bob, I've been doing this all my life, and I'm certainly not going to stop now, fighting for the people that I'm fighting for. And that's exactly what I'm going to do here in South Carolina, and this is a place I know very well.

SCHIEFFER: Well, what exactly is your strategy here, senator? I mean, are you trying to hang around to hope for a brokered convention? I mean, it seems to me somewhere along the way you got to win a primary here.

Mr. EDWARDS: Oh, of course I do, there's no question about that. But this is a long process. As much--as much as the media likes to think that all of America is obsessed with what happened in Nevada or in Iowa or in New Hampshire, we've had three states vote so far out of 50. We've got 47 left to vote. And if you take this as--in a long view, which I do--you know, I'm seasoned to this, I've been through it before--you know that there are lots of ups and downs in these campaigns. I mean, I see--I just heard you announcing Senator McCain's victory in South Carolina. The national media had written him off four or five months ago, said he was dead, had no chance. I heard it over and over and over, and all of a sudden he's now the Republican front-runner. I'm just telling you this is a long process, and this is going to go on for a while.

SCHIEFFER: You, in a strategy memo that was, quote, "leaked," and a lot of the news media picked up on, you referred to Senator Clinton and Senator Obama as the celebrity candidates, and you also talked about Senator Obama being too weak to stand up to the Republicans and Senator Clinton being too corporate. What do you mean by those characterizations?

Mr. EDWARDS: Well, first of all, let me just say about each of them, they're both very good candidates. There's a reason that they are where they are. It's not an accident. And they deserve credit for it. They have gotten an enormous amount of attention, but they've run very good campaigns, both of them. I think there are differences in the approach that each one of us take to this race. Senator Clinton, I think, is more the old style, Washington working the way it does, and it's OK to take the money from the lobbyists and the special interest PACs, which I've never done, and I'm proud of.

Senator Obama, I think, has a lot of--a lot of great ideas, and he does believe in change. I believe he believes in change. He believes in it deeply. But he has what I would describe as a more academic approach to it than I do. I think if you're going to bring about change you have to be willing to fight for that change, that it's not going to happen unless you're willing to take on these moneyed interests.

So I think each of us have a very different perspective on how we do what needs to be done for America.

SCHIEFFER: Some people in the Clinton campaign are telling me privately this morning they now believe that this thing will be wrapped up on super Tuesday. Why do you believe that's not so? Or do you?

Mr. EDWARDS: Oh, I have--this--we have a long way to go. And we got a primary in South Carolina this Saturday. There's no way--the one thing we know from all the polls and everything else, from these first three contests, is these races are enormously unpredictable. And that's certainly true here in South Carolina. And then we go to February 5th, where there're states all over the country, big states--like New York, California--but there're also a lot of other states--Oklahoma, Kansas--there're a whole group of states up from all across America that in many ways represents the cross-section of America.

And what we need to think about is--as a party--is who are we going to put up against who now looks like it may be John McCain on the other side. I mean, this is a guy who's a great advocate for campaign finance reform. So are we going to put a candidate against him who've taken in lots of money from lobbyists and PACs? And he's also a very strong candidate, with a long, long record, including an extraordinary record of military service. So he will be strong. And we have to put up somebody who's strong against him and somebody who represents change in a meaningful way.

SCHIEFFER: Do you think this controversy that broke out over--basically, over race between Senator Clinton and Senator Obama is over? Or will that come back?

Mr. EDWARDS: I don't know the answer to the--I don't--that's a good question, Bob. I don't know the answer to that. I sure hope it's over. It's not good for my party, and I think much more important than that, as much as I love the Democratic Party, it's not good for America. I mean, I grew up in the South in the '50s and '60s, and I've seen--I've seen too much of this. And I want to see us continue--we've made progress, we still have huge work to do on issues of race and equality in this country. But we shouldn't be stirring historical problems. Instead, what we ought to be doing is moving this country forward on this issue. It's a very important thing for America.

SCHIEFFER: One quick question. If you do not do well in South Carolina, do you plan to go on to super Tuesday?

Mr. EDWARDS: Absolutely. Absolutely. I've said over and over I am committed to this. My cause has not gone away, and I'm in it for the long haul.

SCHIEFFER: All right. Senator, thank you very much. Hope we'll talk to you again. And we'll be back in a minute to talk to some advocates for Senator Obama and Senator Clinton.

(Announcements)

SCHIEFFER: And with us now from Atlanta, Georgia, David Axelrod. He is one of the top strategists in the Obama campaign. Here in the studio, Howard Wolfson, who is the spokesman for the Clinton campaign.

I went to David the last time you two were together, so I'll go with you first, Howard.

Mr. HOWARD WOLFSON (Communications Director, Clinton Campaign): Great.

SCHIEFFER: You complained throughout this campaign in Nevada that the deck was stacked against Senator Clinton. You even charged some dirty politics from time to time, yet you pulled it out. What do you think happened?

Mr. WOLFSON: We did, and it feels great. You know, when the culinary workers endorsed Senator Obama there was a lot of thinking that it would be the margin of victory for him. Turned out not to be. Senator Clinton focused on a message of economic empowerment for people all across Nevada. She's got a plan to turn this economy around and it made the difference.

SCHIEFFER: Well, David, I must say that Senator Clinton looked very strong out there, getting 64 percent of the Hispanic vote, among other things. That augurs very well for her going into places like California and Arizona on super Tuesday. What do you do next here?

Mr. DAVID AXELROD (Chief Strategist, Obama Campaign): Well, Bob, let me first address something. Senator Clinton was ahead by 25 points six or seven weeks ago in Nevada. She had most of the Democratic Party establishment with her. They ran a very negative campaign in the media on things that were a little bit outlandish, and yet we ended up with more delegates in Nevada than they because we had a broader support and we did better in rural areas and in Reno and in some of the places where Democrats going to have to win in the--in the fall in order to win the presidency. And so we continue to have that broad appeal among people who really believe we need change in this country, not just change in word, but real change. And so I think that, you know, this race goes on. We've been--it's a dead even race and it goes on to South Carolina.

In terms of your question on the Latino vote, it was--it was a strong vote for her. It was a depressed turnout in part because of the threat of a lawsuit from the Clinton campaign.

Mr. WOLFSON: Actually...

Mr. AXELROD: But the truth is, in Illinois Senator Obama's had strong support in the Latino community. And I think there's a familiarity issue, and we're going to have to work hard to communicate to voters in those states about his record and his commitment dating back to his years as a community organizer when he worked with Hispanic steel workers in Chicago.

Mr. WOLFSON: Just a--just a...

SCHIEFFER: Let's let Howard Wolfson break in here.

Mr. WOLFSON: Just to correct a couple of things. The fact is, it was a tremendous showing on the part of Latinos, despite the fact that one of Senator Obama's allies, the union Unite Here!, ran an ad that was absolutely scandalous in its negativity, accusing Senator Clinton of disrespecting Latinos. Despite that, there was a huge outpouring of Latinos.

David, you know that we had an enormous turnout in Nevada, much larger than anyone predicted.

Mr. AXELROD: In Nevada, yes. In Nevada.

Mr. WOLFSON: Yeah, that's correct.

Mr. AXELROD: But not in--not among...

Mr. WOLFSON: And among Latinos as well, yes. Oh, yes.

Mr. AXELROD: No, no. No.

Mr. WOLFSON: And exit polls show that actually it was Senator Clinton who won the rural areas of Nevada, not Senator Obama. So they can try to spin a six-point loss into whatever they want, but the fact is Senator Clinton won a resounding victory. She won a resounding victory despite the fact that, when the Obama campaign got the culinary workers endorsement, the Obama campaign suggested that this would be the margin of victory for them. It wasn't. We overcame that because we focused relentlessly on the issues that people care about, most certainly the economy.

Mr. AXELROD: Howard, we never suggested that we were the--we're always the underdog in this race. You're the establishment candidate.

Mr. WOLFSON: No, your national field director said that whoever...

Mr. AXELROD: We never--we never said--we never--we never said that...

Mr. WOLFSON: No, no, no, you can look it up.

Mr. AXELROD: ...we never said that we were...

Mr. WOLFSON: The national field director said that whoever got the culinary workers was more than likely to win, David. You know that he said that.

Mr. AXELROD: But let's--but we did--we carried Reno by double digits, we carried the north. And that's why we ended up with more delegates.

Mr. WOLFSON: (Unintelligible)...rural areas.

Mr. AXELROD: That's why we ended up with more delegates than you.

Mr. WOLFSON: David, you can spin a six-point loss any way you want.

SCHIEFFER: Let me--let me squeeze in here with just a question. David Axelrod, it seems to me that the first part of your campaign, the introduction of Senator Obama to the national--to people all across the country, it seems to me that that went very well. But what is part two here? Where do you go from here? Aren't you going to have to do more than what you have already done? Because basically, you said 'we're for change.'

Mr. AXELROD: Well, Bob, no, that's not what we've said. We've been very specific about what change would mean. And I think actually to understand the kind of change that he would bring, you have to look at the things that he's done. Let's just look at the stuff he's done in the Senate. The first thing he did when he got to the Senate was pass the most impactful ethics bill since Watergate, took on both the Republicans and Democrats to get that done, forces lobbyists to disclose who they're raising money from, who they're giving it to. He worked with Dick Lugar, a Republican, across party lines to get an arms control bill done, the most significant since none--Lugar. And he worked with--across the aisle to get the federal budget put on Google, so the American citizens could be brought back into their own government and see what's going on.

And those are sort of a reflection of his approach. And I think it's a different approach than you get in Washington and, frankly, from Senator Clinton. It emphasizes...

Mr. WOLFSON: It is a--it is a...

Mr. AXELROD: ...transparency, involvement of the American people...

Mr. WOLFSON: Bob...(unintelligible).

David, it isn't...

Mr. AXELROD: ...pushing back on the special interest, push away--wait, Howard--pushing back on the special interests and bringing people together to--across party lines, across the great divide, so they've really...(unintelligible)...hard politics.

SCHIEFFER: OK. All right.

Mr. AXELROD: Because that's the change we're talking about.

Mr. WOLFSON: It is a--it is a different approach. Senator Clinton is focusing, as I have said, resolutely on the economy. People are hurting. She hears the voices of people who are hurting all across this country. The entrance polls in Nevada showed that, among voters who cared about the economy Hillary Clinton won overwhelmingly. And the reason is because she has a plan to inject stimulus into this system and turn the economy around. She's got a bold housing plan that would keep people from being foreclosed out of their homes. She's got a health care plan that will cut costs and make sure that everybody in this country is insured. So as people in this country are turning towards the issue of the economy, which is hurting so many people, Senator Clinton is listening to those voices and she has specific, detailed presidential plans to deal with the problems. That's why we won Nevada.

SCHIEFFER: Let me ask you...

Mr. AXELROD: Let me--let me just say this. They have...

SCHIEFFER: David Axelrod, I'm sorry, let me just interrupt.

I want to also ask you about something else she has, and that is her husband, Bill Clinton.

Mr. WOLFSON: Mm-hmm.

SCHIEFFER: The Reno Gazette said, 'Hillary Clinton continues to struggle under the cloud of her husband,' and 'that his baggage would follow her into the White House.' Now, he got more headlines some days out in Nevada than she did. What do you do with Bill Clinton from here on in?

Mr. WOLFSON: Well, we keep Bill Clinton doing exactly what he is doing. He is a huge asset for this campaign. Everywhere he goes he gets huge crowds, he makes a great case for Hillary Clinton. We want Bill Clinton on the road making the case for Hillary Clinton wherever he can go, wherever he can be.

SCHIEFFER: If she gets the nomination, will he play as large a role in the general campaign--election campaign as he has in the primaries?

Mr. WOLFSON: Look, Bill Clinton is like any other spouse in this campaign in that he is invested in making sure that his wife, in this case, becomes the president. And of course he's going to play a role. He is a huge asset. We want him out there, we want him doing what he's doing. He's going to be campaigning all this week, all around the country.

SCHIEFFER: Do you think he helps or hurts Senator Clinton, David Axelrod?

Mr. AXELROD: Well, I know this: He's been very active out there and very much on the attack in the last week. So he's sort of become their point person on making the negative case.

But let me just respond, Bob to something that Howard said earlier, because he's entranced by entrance polls. So the entrance poll said that half the voters, by far the largest, were interested in

bringing change to this country. And we carried those voters 2-to-1 because they understand that in order to get the economic stimulus package passed and all the other things that need to be done that affect people's lives--health care--and all these issues that we've been talking about for years--we've been talking about health care for two decades. Washington hasn't gotten it done because we don't have leaders who can bring us together, forge a consensus, push back on the special interests in the right way and get these things done. And so the change voters, by far the largest voters, were with Barack Obama. People understand the same politics are going to deliver the same results.

SCHIEFFER: All right, David. I'm--and we have to end it there. Thanks to both of you. We'll be back in just a moment.

(Announcements)

SCHIEFFER: And now a campaign quick check, and for that we go to Roger Simon of Politico.

Good morning, Roger. Glad to have you.

Mr. ROGER SIMON (Politico): Good morning, Bob.

SCHIEFFER: Have you, what do you think about what you just heard Wolfson and Axelrod talking about there? Do you think that Hillary Clinton is getting close to getting this thing now?

Mr. SIMON: Well she's certainly a step closer. I think Barack Obama certainly has to win South Carolina. This is a state where 49 to 50 percent of the Democratic primary voters are African-Americans. It is a built-in constituency for him. He's not going to get every black vote and he can't expect--and he doesn't expect to get every black vote, but if he doesn't win there he's in danger of being a one-hit wonder. He won Iowa, and then that's it. Hillary's won everything else. I think he's got to come back. He's an attractive candidate.

And both candidates, as you heard from that exchange, are finding difficulty with the race issue. It got pretty ugly in Nevada, and we don't know how far that's going to continue, except I think Democratic voters don't want to hear it. They're going to soon be asking the two party leaders, Obama and Hillary, for a little unity because they're going to--one of them is going to have to win in November.

SCHIEFFER: Next up, of course, is Florida. But does that really matter for the Democrats since they've--you know, because the state was penalized for moving its primary up. None of them are campaigning there.

Mr. SIMON: Right. This is a Republican contest, and it's a very important Republican contest. Rudy Giuliani has to win Florida. His whole campaign was this sort of mathematical construct that he could lose the first five states, he could go into Florida, win there, win some big states on super Tuesday like New York and New Jersey and California and then roll on to the nomination. The trouble is, he never really pulled out of the first five states. Spent millions of dollars there, spent some time there. And so now he goes into Florida sort of, you know, 0-and-5, and it has an effect

on how people look at him in Florida. I think more than any other candidate Florida comes down to where Rudy Giuliani has to finally get a win.

SCHIEFFER: I think McCain had to win South Carolina yesterday, don't you?

Mr. SIMON: Absolutely. And McCain is on his way to proving that he is the least unacceptable Republican. All the Republicans have problems with certain factions of their party. The old Ronald Reagan coalition of fiscal conservatives, foreign policy conservatives and social conservatives has shattered. And McCain is making the point, look, he is the best known to the party regulars. He was a maverick eight years ago, but he's an establishment choice now, and that even though certain factions of the party may have difficult with McCain/Feingold, or his stand on immigration, he is the most electable Republican in November, and that is his big pitch.

SCHIEFFER: You know, something a lot of people forget, that McCain's immigration policy actually plays well in Florida. It has not played well in some of the other places.

Mr. SIMON: I think that's very important for McCain in Florida. Florida has a large number of Cuban-Americans who vote in Republican primaries, and even though Cubans are not affected by comprehensive immigration reform--they have a separate law covering them--they are sympathetic to other Latinos facing the problem of earning their way to citizenship and coming to this country. And they don't view what John McCain did in trying to pass comprehensive immigration reform as selling out the Republican Party; they see it as courageous. And John McCain is going to get some benefit from that, I believe.

But there are some problems for John McCain in Florida. He is going to split some moderate votes with Rudy Giuliani, and the state as a whole is not as moderate as people think. People think it's a bunch of snow birds from the Northeast and they've all gathered in the southern part of the state and they're moderates. But a lot of them are panhandle voters and they're conservative Republicans.

The second challenge for John McCain is this is a closed primary.

SCHIEFFER: Mm-hmm. No independents.

Mr. SIMON: This isn't like New Hampshire where you can get independents and Democrats. You got to be a registered Republican and he has to show his strength with the Republicans.

SCHIEFFER: We're just almost out of time, but what about Huckabee? What about Fred Thompson?

Mr. SIMON: I think Fred Thompson entered this race to fill a void, but instead he's fallen into it. I'm not sure he is satisfying any niche in the Republican Party. I think if you're a social conservative, you might be attracted to Huckabee. If you're a fiscal conservative you might be attracted to Romney. If you're a foreign policy conservative you might be attracted to Rudy Giuliani or John McCain. Where is Fred Thompson's audience? I think, as a former national chairman of John McCain's campaign in 2000--and they're quite friendly--I think we can expect maybe he will pull out and endorse John McCain at some point.

SCHIEFFER: All right, Roger, thank you very much. Back with our final word in 60 seconds.

(Announcements)

SCHIEFFER: Finally today, after General Tommy Franks invaded Iraq with a force so small he didn't even have enough troops to guard the ammunition dumps that Saddam Hussein abandoned, I questioned the strategy. Sure, he was under pressure from Defense Secretary Rumsfeld, who was determined to prove a small modern force could do what larger forces used to do. But we don't hire our generals to rubber stamp every idea their civilian bosses come up with. We hire them for their expertise on military matters, and Franks went along with a plan that violated the first rule of warfare: never invade unless you have an overwhelming advantage and a firm idea of what to do next.

Franks has since retired, but I have questions now that go far beyond his military expertise. Congressional investigators have discovered he charged a professional fund-raiser \$100,000 to use his name to raise money for wounded soldiers, which leads me to ask: What kind of person would insist or even allow himself to be paid to raise money for those who were wounded while serving under him? Franks says he severed his connection to the fund-raiser when he realized most of the money he helped raise went to the fund-raiser, not the troops.

But doesn't he owe those troops a little more than that? Here are two names he may want to add to his Rolodex: the Walter Reed Society and the Yellow Fund, a yellow ribbon fund. They are mostly volunteers and, they'll see that whatever help he wants to give to the troops in the future will get to the troops, so many of whom served under his command.

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