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

CBS News

# FACE THE NATION

Sunday, January 27, 2008

**GUESTS: Senator HILLARY CLINTON (D-NY)  
Democratic Presidential Candidate**

**RUDY GIULIANI  
Republican Presidential Candidate**

**MODERATOR/PANELIST: Mr. Bob Schieffer – CBS News**

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BOB SCHIEFFER, host:

Today on FACE THE NATION, two exclusive interviews: Hillary Rodham Clinton and Rudy Giuliani.

Senator Barack Obama won big in South Carolina yesterday. What does it mean for super Tuesday? Will Hillary Clinton change the way she's been campaigning? Will she limit the role of her husband, former President Bill Clinton? We'll ask her this morning.

Then we'll turn to the Florida primary, two days away. Former New York Mayor Rudy Giuliani has staked his campaign on Florida, but suddenly he's running third there. Will this be his last stand? We'll ask him about that.

Then I'll have a final word on, whatever happened to the war in Iraq? But first, the campaign 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, it was quite a night. Barack Obama didn't just win in South Carolina, he swamped Senator Clinton in what turned out to be a rout. He beat her more than two-to-one in a three-person race, besting her in virtually every demographic--young and old, liberal and conservative, men and women. Just a few minutes, we'll get Senator Clinton's reaction and her first interview since those results were announced.

But first, we go to Boca Raton, Florida, and Rudy Giuliani, who faces the contest of his political life Tuesday in the Florida Republican primary.

Mayor, thanks for joining us this morning. Mr. Mayor...

Mr. RUDY GIULIANI (Republican Presidential Candidate): Thank you, Bob.

SCHIEFFER: ...you said repeatedly throughout this campaign that the winner in the Florida primary would go on to win the Republican nomination. But every poll now shows you running third in Florida. If you don't win in Florida, will you drop out?

Mr. GIULIANI: We're going to win in Florida, Bob. We have been campaigning here very steadily since the early voting began. There's been an unprecedented, I believe, amount of early voting. So I think we're going to do very well here, so I'm confident that we're going to win. I think our message to Floridians about taxes, being the person who has proposed the largest tax cut in American history and also having a history of cutting taxes, unlike my opponents, and I think our position on the national catastrophic fund is going to really make a big difference here in Florida.

SCHIEFFER: All right. Well, I'll ask you about all that in just a minute. I want to ask you, though...

Mr. GIULIANI: All right.

SCHIEFFER: ...what has happened, Mr. Mayor, to your campaign? You started out leading in the national polls, you were leading in a lot of these state polls, and then you decided to basically just pay lip service to those early contests and you kind of dropped off the earth. You started sinking in the polls. Do you...

Mr. GIULIANI: I don't know if I...

SCHIEFFER: ...think you made a mistake...

Mr. GIULIANI: I would...

SCHIEFFER: ...in the way you chose not to contest those early...

Mr. GIULIANI: I...

SCHIEFFER: ...contests?

Mr. GIULIANI: I believe the best strategy for us was one where we concentrated on Florida, given all the pros and cons of each one of our races and the assets that we had, the resources we had. The best chance we had was here in Florida, and I think that's going to be proven correct on Tuesday.

SCHIEFFER: Well, why do you--what do you attribute this drop in the polls to? Do--it--I mean, because if it wasn't a mistake in tactics, it would suggest that the more people found out about you, the more they didn't like you.

Mr. GIULIANI: I think--I think the reality is, of the people who won those primaries, they got all the attention. And now what we have to do is establish ourselves here in Florida and show that we can win. And that's been the concentration that we've had. We've unveiled here our tax plan, our plan for a single one-page tax form. It's actually already been introduced in Congress by Congressman Dreier and Senator Bond as legislation. It would not only be the largest tax cut in American history, it would--it would provide a single-page tax form as an option. One page in which you can fill out your taxes. So it would also be a tax simplification, as well as a reform.

SCHIEFFER: You talk about cutting taxes as the way to turn a government around. You said that's what you did in New York. But isn't that going to be kind of difficult with a war that's costing \$220,000 a minute, with now a new stimulus package that nobody knows how they're going to pay for that; and now you're proposing this catastrophic insurance fund. How much would that cost, Mayor Giuliani?

Mr. GIULIANI: Well, for...

SCHIEFFER: Could you pay for that and still cut taxes?

Mr. GIULIANI: Sure. Let--sure. First of all, you--the tax cut plan is to cut taxes that would raise revenues. For--when, in New York City, I cut taxes, I cut the income tax by 24 percent, I was collecting 48 percent higher revenues from the lower tax than the higher tax. A cut in the corporate tax, for example, that we're proposing right now, from 35 to 25 percent, would mean more jobs, more investment, more revenues. Cut the capital gains tax, you make money. So you have to look carefully at these tax cuts. They're strategic tax cuts that would actually bring you more revenues.

We also are proposing cutting spending, which hasn't gotten as much attention. We would cut spending by not rehiring half of the government employees who are coming up for retirement on the civilian side, by putting targets on the civilian agencies of 5 and 10 percent reductions. So it's not just tax cutting, it's also reducing expenditures where you can.

And the catastrophic fund is a backup. The government is spending that money anyway. When a--when a terrible catastrophe takes place, like Katrina or the four hurricanes several years ago here in Florida, the federal government gives out billions and billions and billions of dollars. The idea here would be that the federal government would be a backstop for a once-in-a-hundred-year or once-in-a-generation catastrophe so that people can get insurance. I learned that campaigning in Florida. People here in Florida are having a really difficult time getting insurance for their homes. Some can't get it at all, some can't afford it, and some have to really strain to do it. So this would allow them to get insurance, and then if, God forbid, there was a catastrophe like that, you actually would have more private money involved in it, more insurance money involved in it, and people would get it faster. I think it's a prudent way to do it, and it's a way in which you get communities ready for whatever might happen to them, which is part of homeland security in the first place.

SCHIEFFER: Well, when this came up at the Congress, Senator McCain said--put the cost at somewhere around \$200 billion. Did he know what he was talking about?

Mr. GIULIANI: Well, I--it--that's the cost of what a catastrophe sometimes plays out as. I mean, I think Katrina--correct me if I'm wrong, but I think Katrina has already involved about 120, \$130 billion in federal dollars. So--but the reality is, the federal government spends that money anyway. It spends the money after the fact. So if it acts as a backup before the fact and private insurance can cover a lot of it, in the long run it's actually going to save money, not cost more money.

SCHIEFFER: You know, Mr. Mayor, yesterday was not a very good day for Senator Clinton, that's for sure, but it also really wasn't a very good for you, because the governor of Florida, who has 70 percent approval ratings, announced that he was going to endorse John McCain. I think the day before, the state's Republican senator, Mel Martinez, a former chairman of the Republican National Committee, surprised a lot of people, especially Mitt Romney, who thought he was going to get his endorsement, and he endorsed Senator McCain. And that comes on the heels of your hometown newspaper, The New York Times, also endorsing Senator McCain. That puts you in a pretty tough spot, doesn't it?

Mr. GIULIANI: The reality is, I was surprised by the governor's endorsement, but everybody endorses. The attorney general, Bill McCollum, a long-time congressman here, now attorney general, endorses me, is my campaign chairman. We have a lot of support here in--here in

Florida, mayors and people up and down the state. The reality is, I think the people of Florida are going to make this decision, and I think the people of Florida see in me a proven tax cutter, someone who's actually turned an economy around, actually done what they would like to see done on a federal level; I already did that in New York. And of all the candidates that are running in the race, I'm the one who's actually lowered taxes in the past and turned around an economy.

And I have a significant amount of experience with handling the safety and security of millions of people. I think if people of Florida hear that, that's going to be the thing that decides this election. We all have endorsements--governor, senator, attorney general, mayor--we all have different endorsements, but in the long run it's getting your message to the people of Florida that's the most important thing.

SCHIEFFER: I want to give you a chance to respond to that endorsement by The New York Times, because they really took after you. They said your arrogance, your vindictiveness were, I think, are breathtaking, in their phrase. What do you say about that when people ask you about that?

Mr. GIULIANI: I was a mayor of New York City that I think brought about the biggest turnaround in the history of the city. Crime, welfare, the economy of the city, unemployment went from 10.5 percent to 5 percent, 600,000 people removed from welfare. I changed some of the rules, some of the social norms, some of the ways in which people look at things. The Times opposed most of my initiatives; they saw them differently than I did. So I was not at all surprised by their lack of an endorsement or their endorsement. I didn't expect it to go any other way.

Most of--most of my ideology that I put into place in New York City they opposed, including the one we've talked about most this morning, which is, you know, large tax cuts. But I truly believe that if you cut taxes correctly, you actually gain revenues and you gain revenues in a healthy way. You gain revenues by putting more people to work, by building businesses, building jobs, and it's a healthy way for an economy to grow rather than heavy taxes to transfer wealth, which I think puts a lid on an economy.

SCHIEFFER: All right. Well, mayor, I want to wish you the very best in that campaign on...

Mr. GIULIANI: Always a pleasure, Bob.

SCHIEFFER: ...Tuesday, and we hope we'll--we hope we'll see you again.

Mr. GIULIANI: I'll be sure--thank you.

SCHIEFFER: We'll be back with Senator Hillary Clinton in just one minute.

Thank you, Mr. Mayor.

(Announcements)

SCHIEFFER: And joining us now from Memphis, Tennessee, Senator Hillary Rodham Clinton.

Senator Clinton, thank you for joining us. They often say we...

Senator HILLARY CLINTON (Democratic Presidential Candidate): My pleasure.

SCHIEFFER: ...learn more from our losses than we do from our victories. You took a real drubbing last night in South Carolina. What did you learn?

Sen. CLINTON: Well, Bob, I congratulated Senator Obama and thanked the people of South Carolina, who really welcomed us all into their homes and their communities. And it is an ongoing process. We've got a long way to go. We each now have won a primary and a caucus. I also was very honored to win in Michigan. And we're going on. We've got the State of the Union on Monday night. We have Florida on Tuesday, and I'll be in Florida on Tuesday night. And then we've got the 22 states spread from Massachusetts to California.

But, as I have said so many times, you know, this election really isn't about us as candidates. It is about what we're going to do as a country and the lives of the people watching us and everyone else who is touched by whether or not the economy works and health care's there and, you know, all of the big challenges and opportunities we face. And I am particularly focused on doing what I can to try to get President Bush to be much more vigorous in responding to our economic challenges. From what I've heard and watched now, it doesn't seem as though he really gets it.

And the State of the Union is really about the state of Americans' lives. It's about whether or not we're going to be able to avoid a deep and long recession and get ourselves back on track, and that's why I've been pushing for, you know, solutions like putting a mortgage moratorium on so that people don't lose their homes for 90 days while we try to work it out to let them stay in their homes, and freezing these interest rates before they really go even higher and put so many more people at risk. And I obviously agree with doing some tax rebates, but I think in addition to that we've got to take care of the people who are losing their jobs, with more unemployment. We may have to look at food stamps for people who are falling out of the middle class. And I think we could do a great deal to get our economy on the right track with green collared jobs and I'd like to see us invest in that.

SCHIEFFER: Right.

Sen. CLINTON: So, you know Bob, I wake up every morning and I think about what I'm going to do today, what kind of a difference I'm going to make in people's lives, and that's what I am here in Memphis doing.

SCHIEFFER: All right. You hardly mentioned last night when you--when you got to Nashville, what had happened in South Carolina. Senator Obama--and perhaps that's understandable, because he won--he made quite a big deal of it. And one of the things he said, Senator Clinton, was he suggested that you and your husband are examples of the kind of partisanship that has to stop. I want you to listen to what he said.

Senator BARACK OBAMA: It's the kind of partisanship where you're not even allowed to say that a Republican had an idea, even if it's one you never agreed with. That's the kind of politics that is bad for our party, it is bad for our country, and this is our chance to end it once and for all.

SCHIEFFER: What's your reaction to that?

Sen. CLINTON: Well, of course I believe very strongly in finding common ground. That's what I've done in the Senate. But I also believe in standing our ground against some of the very poorly thought out and ill-conceived policies and ideas that we've had to fight against for the last 15 years. I don't see a contradiction there. You know, the fights of the 1990s over trying to get universal health care and eventually getting a bipartisan children's health insurance program that I was proud to work on, you know, that's part of what you have to do in order to both find common ground and stand our ground. I want, more than anyone, to bring our country together and to unify us. But to me, it is about working on meeting the big challenges that we face.

You know, when I look at universal health care, that's a core value for me. I'm not going to leave people out, I'm going to go and do everything I can to try to make the case that it is time for America to cover every single one of us with quality affordable health care.

SCHIEFFER: Senator...

Sen. CLINTON: When I take on the oil companies, I'm going to take on the oil companies over a new energy future. So yes, we do need to be bipartisan, but we also need to get things done for our country.

SCHIEFFER: I think he was not talking about arguing with Republicans, he was talking about the attacks that you had launched on him during the campaign. He suggested that you had taken his words out of context, and that that was the kind of partisan in-fighting that is really stopping the kinds of progress that are going on. And he was talking about the tactics of the--of the Clinton campaign team in South Carolina, it seemed to me.

Sen. CLINTON: Well, that's not how I heard it, Bob. But if that were the case, you know, we all have to compare and contrast our records. That's legitimate. You know, the idea that somehow someone's record, someone's words are off-limits, I've never--I've never seen that in American politics, to be, you know, reflective of my experience. And I think it's important that we draw these contrasts. You'll have to look at exactly what was said, but that's up to the commentators.

SCHIEFFER: Mm-hmm.

Sen. CLINTON: What I'm focused on is, you know, now we're moving forward. We have these 22 states ahead of us. I've always said that that's where we would be at the end of these early states. I'm very proud and humbled to be in this position, competing for our party's nomination. But, you see, I do think that it is part of a voter's rights to know how we respond to what one another has done and said, and I think that's part of a, you know, vigorous election. But at the end of the day, we will come together as Democrats. We will be a united and committed party to take back the White House in November.

SCHIEFFER: Let me just tell you what Congressman Clyburn--who, as you know, is a very influential African-American congressman in South Carolina--he said last night that--and he is neutral, as you know--he said that he hoped the results in South Carolina could change the tenor of the rest of this campaign. Do you agree with him, or do you think he has a point there?

Sen. CLINTON: Oh, absolutely, Bob. And, you know, I have been calling for that for quite some time. From where I sit, this is an absolutely, you know, necessary effort on all of our parts. And may I also add, including the press', because I think that, you know, we stand for so much bigger than, you know, what divides us. And we've got to make that case. And my husband and I have spent our entire adults lives, even really before we were adults, you know, looking for ways to heal divides, bring people together, repair the breach, as the scripture says. You know, I have spent my time trying to give voice to the voiceless, and...

SCHIEFFER: All right.

Sen. CLINTON: ...empower the disempowered. And that's what I'm going to continue to do in this campaign, and...

SCHIEFFER: All right.

Sen. CLINTON: ...my public service.

SCHIEFFER: That's a good point, and we'll come back and talk about it. I want to ask you about Bill Clinton when we come back in just a minute, Senator.

(Announcements)

SCHIEFFER: Back again with Senator Hillary Clinton, who's in Memphis this morning.

Senator, let's talk about your husband, the former president. He stirred up a lot of controversy down there. Some people said he was out of control, some people said he was doing exactly what you wanted him to do, and that is be the attack dog. He talked at one point about how in South Carolina Jesse Jackson had won the primary there twice, suggesting that, of course, Senator Obama was going to win because he was black. What about your husband's role? Will he continue in the same aggressive way, or is this going to change?

Sen. CLINTON: Oh, Bob, you know, my husband has such a great commitment to me and to my campaign. You know, he loves me, just like, you know, husbands and wives get out there and work on each other's behalf. I certainly did that for him for many years. And, you know, I'm very grateful for all of the help he's given, both supporting me, along with our daughter, and making the case for my candidacy. Anyone who knows him, who has followed his long and productive career, knows that he is committed to bringing our country together, that he has worked across all the lines that divide us. You know, I think that, you know, what he is doing for me is obviously out of a sense of deep commitment to me personally, but also based on his experience as president, as to who he thinks would best lead our country.

And I know that in my own support of him, going back some years, I sometimes got a little bit carried away. I confess to that. But he is going to continue to be with me and support me and speak out for me, and I'm very grateful for that.

SCHIEFFER: Has he gotten a little carried away from time to time?



Sen. CLINTON: Well, I think it's human nature, Bob. I think that, you know, the spouses of all three of us have, you know, been passionate and vigorous defenders of each of us and, you know, maybe got a little carried away. But you know, that comes with a hard-fought election. It also comes with sleep deprivation, which, you know, I think is marking all of us, our families, our supporters. But, you know, I am very, very proud of my husband's record as a leader in our country going back so many years, and what he's done. And people know his heart. They know, you know, what he has stood for. So I'm really glad that he's there with me.

And I think everybody just needs to take a deep breath. We need to be focusing on what's important in the lives of Americans. That's what I have spent my life trying to do, that's what my campaign is about. That's what I'll be doing for the next 10 days as we travel across the country.

SCHIEFFER: Senator, there was quite an unusual endorsement of Senator Obama this morning. In The New York Times Caroline Kennedy, the daughter, of course, of John Kennedy, said Barack Obama was the first politician that she has encountered that energized people the way her father did. That must have sort of hurt, didn't it?

Sen. CLINTON: No. I have the greatest regard for her, and I really appreciate the difficult choices people are making. There have been a lot of difficult choices on both sides, you know. When Congressman John Lewis endorsed me, I know that that was considered, you know, difficult for people in Senator Obama's camp. You know, these are hard choices, Bob. And I respect that.

I think part of the reason that, you know, there's so much intensity in this campaign is that we have a lot of mutual supporters. We have people who would be 100 percent for either of us were the other not in the race. And I am very sensitive to that, and I think that, you know, we have to do everything we can--Senator Obama and I--to make sure we set the right tone, that we, you know, tell our supporters and our surrogates and everybody just to, you know, be focused on what is important to the American people. When I go out, as I did last night in Nashville with 4,000 people, and answer questions...

SCHIEFFER: Senator...

Sen. CLINTON: ...for an hour, what people ask me about was their lives. And that's what the election should be about.

SCHIEFFER: Thank you so much, Senator. I'm sorry; we're out of time. We'll be back with a final word.

Sen. CLINTON: Let's do it again, Bob.

SCHIEFFER: Thank you very much.

Sen. CLINTON: Thank you.

(Announcements)

SCHIEFFER: Finally, this question: Does anyone remember Iraq? We ask because there hasn't been much to jog your memory on the campaign trail lately. The threat of recession has blown Iraq off television and the front pages. In South Carolina, a poll of Democrats showed the economy overwhelmingly outweighed the war as the most important issue. That's given the candidates a virtual pass, until John McCain accused Mitt Romney yesterday of favoring a timetable for withdrawing American forces, a charge Romney vehemently denied.

Republicans have hardly mentioned the war. That would force them to bring up George Bush, and, frankly, they'd rather talk about Ronald Reagan. Nor do Democrats bring it up. The surge of troops the president sent there last year reduced the violence, and that's raised questions about the Democrats' previous demands for an immediate American drawdown.

Yet, the war goes on. Last week 38 Iraqis died, hundreds were injured as a massive bomb went off in the town of Mosul. The Iraqi president promised to do something, neglecting to mention he'd been urged to do something in Mosul for months before the bomb went off. For the record, while the Iraqis have been trying to get their act together, the war has claimed more than 4,000 American military and civilian lives and left more than 29,000 wounded. Iraq may be off the front pages, but it is not over. The candidates--and the rest of us--should remember that.

That's it. We'll see you next week on FACE THE NATION.

