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CBS News

FACE THE NATION

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GUESTS: Senator JOHN McCAIN (R-AZ)
Republican Presidential Candidate

Senator BARACK OBAMA (D-IL)
Democratic 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, an exclusive interview with Democratic presidential candidate Barack Obama and Republican front-runner John McCain.

On Tuesday, more than 20 states will vote in the biggest primary day of the year. John McCain is the Republican front-runner now, but can he handle? Can he convince conservatives he's the man to win? We'll ask him.

And what does Democratic candidate Barack Obama have to do to catch front-runner Hillary Clinton?

It's all ahead, plus a final word on predictions.

But first, Obama and McCain 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.

Be--joining us in the studio this morning, Senator John McCain.

Senator, thank you for coming. You find yourself in being--in the position of being a front-runner. Can you handle that?

Senator JOHN McCAIN (Republican Presidential Candidate): Might be hard to do, Bob. We've been--we've been here before, but look, we--I'm very happy with where we are. I know that Tuesday is going to be hotly contested, but I'm very pleased where we are. I'm pleased at the gathering support from all parts of the party that we're gaining. But, you know, we'll wait till the votes are counted.

SCHIEFFER: Well, I must say, some of the right wing seems to be aghast that you're the--you're the front-runner. Rush Limbaugh says you're an imposter. The author Ann Coulter says she'd get out and campaign for Hillary Clinton if you get the nomination.

Sen. McCAIN: Whoa.

SCHIEFFER: What do you say to that?

Sen. McCAIN: I say that, look, I'm proud of the conservative support I have, people like Jack Kemp and Phil Gramm, and Steve Forbes just signed up, Bill Simon Jr. The--we're gathering support. I understand that primaries are tough, Bob. You've seen them. And the--sometimes there are some bruised feelings. But I'm the more--I am--have a strong conservative record that I'm proud to run on, and I believe--I know that I can unite the party once we get through this primary. And I'm--again, I'm proud of my record and I know that we can unite and move forward and win in November.

SCHIEFFER: Mitt Romney seems to be trying to fan this revolt on the right.

Sen. McCain: Mm-hmm.

SCHIEFFER: He says--and this is his quote, "you're not in line with the mainstream of the party."

Sen. McCain: Mm-hmm.

SCHIEFFER: What do you say to conservatives who see Mitt Romney out there saying that he's the firewall against you taking over the conservative Republican Party?

Sen. McCain: Well, first of all, if you examine my record, it's more conservative than Governor Romney says. I respect Governor Romney, and I understand that--the politics of this thing. But the fact is, in this last campaign he went--I went to Iowa and told them that I was against subsidies for ethanol, he was for them. I went to Michigan and said the old automobile jobs aren't coming back. New ones are, but old ones aren't. He wants to give them \$20 billion to Detroit over four years. He went to South Carolina, same kind of deal. So look, I'm--I am proud of my conservative record, and I will run on it, and I'm proud of the supporters that I have, people like--that I just mentioned, and will unite the party. But if you look at my record and you look at Governor Romney's record, particularly as governor of the state of Massachusetts, he--it's very different, and I'm far more conservative.

SCHIEFFER: Where are you? Let--I mean, let's just kind of settle this this morning.

Sen. McCain: OK.

SCHIEFFER: Where are you on tax cuts? Let me just show you something that Senator Obama said the other day.

Senator BARACK OBAMA (Democratic Presidential Candidate): (From CNN) I respect that John McCain, in the first two rounds of Bush tax cuts, said it is irresponsible, that we have never before cut taxes at the same time as we were going into war. And somewhere along the line, the Straight Talk Express lost some wheels and now he is in favor of extending Bush tax cuts that went to some of the wealthiest Americans who don't need them and were not even asking for them.

SCHIEFFER: So?

Sen. McCain: Well, I'm always pleased to have so much attention from the nominees, or the two contenders for the Democratic nomination. Look, I have a clear record of supporting tax cuts going back to Reagan revolution. I supported those tax cuts, but it had restraint of spending. I voted twice to keep those tax cuts permanent, and we need to do it, otherwise American families and businesses will experience a tax increase.

But it--I had a proposal in 2001, and it had significant tax cuts, but it also had restraint of spending. Now, they may have had been skewed a bit differently, but if we'd have done what I wanted to do and restrain spending, we would now be talking about additional tax cuts.

Bob, we can't have spending on the part of government. We need spending on the part of the consumer. And that way we're going to restore this economy--and by the way, one of the ways is to get the stimulus package done, eliminate the AMT, make the tax cuts permanent and give corporate America a tax reduction. We have the--corporate America has the second-highest tax rate of any country in the world, and businesses and jobs leave this country when that happens. So let's go ahead and move forward with tax cuts and restraint on spending and let's simplify the tax code.

SCHIEFFER: But do you think that rich people need a tax cut?

Sen. McCain: I think everybody needs a tax cut. I'm for lower taxes for everybody. And I'm not--I think what we just got from Senator Obama was this redistribution of the wealth, rich vs. poor, exacerbating quote "differences" between the wealthy people and poor. I want every American to have tax cuts. I want every American to have an opportunity in this country, and I think across-the-board tax cuts and reductions in taxes is good. But I also think government spending has to be brought under control.

SCHIEFFER: Let's just say that you do become president and a Democratic Congress raises taxes. What would you do? Would you veto it?

Sen. McCain: I'd veto it. Sure. Sure. Sure, I'd veto it. We--I think, if we're going to be in some shaky times--and by the way, I believe the fundamentals of America's economy's still strong--then the worst thing you can do is increase taxes at that time. And so I think we'll be able to reduce our spending on the war in Iraq as we continue to succeed--and by the way, I still think it's long and hard and tough--but--and I think that with spending restraint--look, the president signed into law in the last two years bills that had \$35 billion worth of pork barrel spending. Everybody says, 'Well, that's not a big deal.' Well, let me put it in a different fashion for you. It would be a thousand dollar tax cut--tax break for every child in America. So it does matter. It does matter whether we're going to do all this pork barrel spending, and I'm glad the president said he's going to not allow these quote "committee reports." But I would do it for last year's bills as well as this year's.

SCHIEFFER: Can you win in November if conservatives decide to sit it out?

Sen. McCain: Oh, I would doubt that, but I am confident--we're already seeing many of the conservatives. And in the state of Florida, we carried Florida in a Republican-only primary. We got very large percentage of the quote "conservative" vote. And I'm confident that electability, and I'm confident that once they examine my record, and as we unite against a common opponent that we'll do fine with them.

SCHIEFFER: There's a big meeting of conservatives coming up here--what?--CPAC.

Sen. McCain: Mm-hmm.

SCHIEFFER: Do you plan to go and talk to them?

Sen. McCain: Yes, I do, if I--if I have the opportunity to speak to them, of course. But I want to speak to all parts in the party. I want to speak, as I have, to the environmental wing of our party,

the old Teddy Roosevelt tradition. I want to talk to a lot of our party. We've got to--we've got to unite the party. And I think you can reach out to all parts of the party and not quote "pander." You can have it--discussions with them, find common ground and move forward. And that's what happens after every primary. And I understand, as I said, these are--primaries aren't bean bag, as you well know.

SCHIEFFER: Romney, out on the stump, talks about how you have co-sponsored legislation with Democrats. He talks about McCain-Feingold, which was about campaign finance.

Sen. McCain: Mm-hmm. Mm-hmm. Mm-hmm.

SCHIEFFER: McCain-Kennedy, which was about immigration.

Sen. McCain: Mm-hmm. Mm-hmm.

SCHIEFFER: McCain-Lieberman, which was about energy.

Sen. McCain: Mm-hmm.

SCHIEFFER: Are you proud of that?

Sen. McCain: I am proud of being able to go to Washington and get things done. Might mention McCain-Lieberman that established the 9/11 Commission and the legislation that we passed implementing that. We might talk about the work that I've done with Democrats on defense and national security issues. Look, I've been able to keep my conservative principles and reach across the aisle and get things done. I think that's what people want. When you look at polls of the American people, they are very frustrated with us in Congress because we don't work together on issues that are important to them. I have a record of knowing how to do that and, at the same time, maintain a very conservative record.

SCHIEFFER: Senator Obama, here's what he said about you. He's coming after you on the broadcast this morning, but to accommodate his schedule we taped an interview with him just a while ago.

Sen. McCain: Uh-huh.

SCHIEFFER: I'll tell you what he said. He said, "There's a vast difference between me and John McCain. He wants to continue the Bush economic policy, he's staked his presidency on following the Bush agenda on foreign policy. There's a sharp contrast between my and his candidacy.

Sen. McCain: I couldn't agree with him more. And the same thing applies to Senator Clinton. I could not agree with him more. I believe we will--if I can win on Tuesday--and you know I'm superstitious, but I'm--if I can win on Tuesday, looking ahead--which I hate to do--I think we're going to have very respectful but very sharp differences. They want to raise taxes, they want to lower taxes. They want to have the government run the health care system in America, I want the private sector to do it. On the issue of national security policy, there are very sharp differences. In my view, they want to withdraw from Iraq, and if we do that al-Qaeda wins and we see chaos and genocide in the region. So I think there are going to be sharp differences, but I can assure you we

will be respectful. But I'll be campaigning for every single state in America if I win the nomination of my party.

SCHIEFFER: All right. Senator McCain, thank you so much for joining us.

We'll be back with that interview with Senator Obama in just a minute.

(Announcements)

SCHIEFFER: And with us now from St. Louis, Missouri, Senator Barack Obama.

Senator, thank you for joining us. And I want to show you something I think you're going to like to see here. The front page of the Washington Post today, and what it says is that Obama and Clinton are now even in the national polls.

Senator, since the Democrats, when they go to the polls in all these primaries on Tuesday, it's proportional representation--nobody's going to get all the delegates--what would you consider a good night?

Sen. OBAMA: Well, as you said, I think the race is close all across the country. There are going to be some states where I anticipate Senator Clinton will do well. Her home state of New York; in California, she had a big lead that we're chipping away on. My home state of Illinois will do well. But I think that we want to make sure that we're getting a good chunk of delegates, and we think that we can win a lot of states that traditionally haven't taken a look at Democrats. I was in Idaho yesterday, and we were up in Boise. We had 13,000 people come out to a rally. Keep in mind that four years ago only 5,000 people participated in the Democratic caucus. And I think that's one of the untold stories of this campaign, is the enormous turnout that we've been seeing in the first four early states. I think that if we continue to bring people who haven't been voting--younger voters, independents and even some disenchanted Republicans--then I think we'll do pretty well.

SCHIEFFER: Let me ask you about what you said in Colorado. You asked Democrats to avoid choosing a nominee that would galvanize Republicans. Why do you think Senator Clinton would galvanize them more than you would?

Sen. OBAMA: Well I think there's some history there--not all of Senator Clinton's making, but I don't think there's any doubt that the Republicans consider her a polarizing figure. Now, keep in mind I don't expect that, should I become the Democratic nominee that I'm going to be immune from some of the attacks that I think the Republican spin machine is so accustomed to, but what we have found--this is true in Illinois when I was running for the United States Senate, I think it's going to be true nationally, is that the tone that I take, the ability to disagree without being disagreeable, the willingness to listen to Republicans about some of their ideas even though I may not agree with all of them, I think that creates a different climate, and I think that we can attract independents and Republicans in a way that Senator Clinton cannot.

I thought it was pretty revealing, when you look at the Nevada race, for example, where Senator Clinton won the caucus vote, but if you look at where votes came from, she got a lot of votes from Clark County from traditional Democrats that I think would easily gravitate to my

candidacy. On the other hand, I got a lot of votes in northern rural Nevada, where you've got a lot of independents and a lot of Republicans. And we did very well there. So I think we--I can get some votes that Senator Clinton cannot get. That broadens the political map. I think it bodes well for the election, but more importantly it bodes well for us being able to govern and actually deliver on promises like health care for all people or making college more affordable or trying to put together an energy policy that actually makes sense for America. Those are going to be the kinds of difficult issues where we need a working majority for change. That's something I think I could put together.

SCHIEFFER: You know, you brought up Nevada, and--which is why I bring this up. Nevada, as we've all learned to say it now. She got the Hispanic vote. She got a lot of the Hispanic vote. Do you think there is a brown-black divide, Senator?

Sen. OBAMA: You know, I really don't see it. In Illinois, when I ran for the United States Senate, I got 75 percent of the Hispanic vote. In Iowa, where we had time to campaign and Hispanic voters knew my track record of working on issues that help with the education of Hispanic kids and have a comprehensive immigration strategy that will deal with the problem in a way that isn't just having it used as a political football, we actually won in Hispanic precincts. So my challenge has always been to make sure that the Hispanic voters know who I am. In Nevada we didn't have as much time as we needed.

I think that we've made considerable progress, partly because of terrific support from Hispanic elected officials around the country. I think Ted Kennedy's support was important because he was able to highlight the work that I had done on comprehensive immigration reform. We just recently received the endorsement of La Opinion, the largest Spanish language newspaper in the country. And so I think we're closing the gap. There's no doubt that Senator Clinton is still more familiar with them than they are with me, but I think that that is changing and I think we're making enormous progress.

SCHIEFFER: All right. We're going to take a one minute break here, Senator, and we'll come back and talk about--we'll continue talking about this very thing in just a second.

Sen. OBAMA: (At political rally) So they told me there weren't any Democrats in Idaho.

(Announcements)

SCHIEFFER: We're back now with Senator Barack Obama.

Senator, the Clinton campaign has let it be known that Bill Clinton is going to be watching the Super Bowl today with Governor Bill Richardson of New Mexico. Do you think they're trying to make this a de facto endorsement by Bill Richardson? And, again, is this a play for the Hispanic vote, do you think?

Sen. OBAMA: Well, you know, Bill Richardson has run a terrific campaign. He is an extraordinarily well regarded governor. I suspect that they're going to be watching the game. That's what I'm going to be doing. And so probably for at least three hours you're not going to see too much politics going on.

But as I said earlier, I think we're making enormous progress with the Latino vote. I feel confident that we can do well. And the important thing, whether it's Latino voters, African-American voters, white voters, there's enormous economic anxiety in the country right now. People are worried about losing their homes because of the subprime lending crisis and the impact it's having on the housing market generally. We have seen that, from the job numbers and the growth numbers that just came out this week that we are definitely moving into a slowdown and probably a recession. And so it's important that we get a tax stimulus package done quickly, that we extend unemployment insurance for the long-term unemployed, we get money into people's pockets so they can start spending.

But more importantly, we have a long-term strategy to create more fairness in our economy; that we have tax breaks not for the wealthy, but for working class Americans. I proposed a middle class tax cut, \$1,000 for every family making less than \$75,000 a year, eliminating taxes for seniors who make less than 50,000, extending the mortgage deductions so that home owners who have modest homes are more likely to pay a lower interest rate. Those are the kinds of things that I think all voters are going to be concerned about. That's what we're emphasizing in these last few weeks of the campaign.

SCHIEFFER: I want to get back to that in just a second, but since we were talking about Bill Clinton, he does seem to have tamped it down a little bit since South Carolina. Do you think he may have--may believe that what he said down there backfired?

Sen. OBAMA: Well, you know, I think you'd have to ask Senator Clinton or President Clinton that. I know that we were very pleased to see the people of South Carolina push away some of the politics of the past. There had been a lot of emphasis during that week of campaigning in South Carolina about race and the divide between black and white voters, and it turned out that, in fact, you had voters, I think, make a judgment about who can take this country to the future. And, you know, we have always believed that people want to get past some of these divisions to actually solve problems--that's one of the premises of my campaign--and I think that the people are responding in a way that gives me confidence we can have a politics that is less based on black vs. white or young vs. old or even rich vs. poor, but is more based on how we're going to move the country forward to get things done.

SCHIEFFER: Senator, after the recent debate, a lot of people started talking about what they--or Democrats did, at least--about what they called a dream ticket, with you and Senator Clinton. And people were saying the two of you on one ticket would be stronger than either one of you on a ticket. How do you--how does that sit with you?

Sen. OBAMA: Well, I think it would be presumptuous for me to think that Senator Clinton was interested in taking a vice presidential slot at this point. I think she is running actively for the presidency, as I am. But I think that there's no doubt that Democrats are eager to unify against the Republicans. And it looks at this point like Senator McCain may end up being the nominee. There is a vast difference between my philosophy and John McCain's. He essentially wants to continue the Bush economic policies that have led to such big problems here in this country. He has staked his presidency on following the Bush agenda when it comes to foreign policy. And I think in both cases there is going to be a sharp contrast between a Obama candidacy and a John McCain candidacy in terms of where we want to take the country. John McCain is going to want to continue the Bush program, I want a clean break from it so we can move the country forward.

SCHIEFFER: Senator, do you think it's going to wind up that if you get the nomination, that it's most likely you're going to be running against John McCain?

Sen. OBAMA: Well, it looks like that at this point. But, as we've learned, predictions are very difficult in this political season. It's volatile, we've got a lot of strong candidates. I'm sure Mitt Romney is going to continue to try to campaign vigorously. Right now McCain seems to have the advantage. But whether it's McCain or Romney, both of them have essentially embraced a Bush economic policy that extends tax cuts to wealthiest Americans, to the exclusion of solving a lot of the domestic problems like health care. On foreign policy, both have suggested that we should continue the war in Iraq. John McCain suggested that we should be there 50, 60, 100 years. I think that's not the kind of change that the American people are looking for.

SCHIEFFER: All right. Well, senator, thank you very much. And I must say, we've had many interviews along the way. I've noticed that no matter what question I've asked you this morning, you've managed to get a little bit of your message into it, no matter what the question was. So thank you very much for joining us. We wish you the best.

Sen. OBAMA: Bob, thank you so much. Enjoy the Super Bowl.

SCHIEFFER: OK.

Back in a minute.

(Begin excerpt from videotape)

Sen. OBAMA: Of course you can take a picture. What's your name?

SHAWN: Shawn.

Sen. OBAMA: Shawn?

(End of excerpt)

(Announcements)

SCHIEFFER: Finally today, at least a year ago I made a fearless prediction: The Democratic race would come down to Hillary Clinton and someone else, and the Republican contest would come down to John McCain and someone else. But then the McCain campaign collapsed and I heard myself saying I had no idea who would get the Republican nomination. When Mike Huckabee won Iowa, I got really confused. And as the Clinton campaign got up and rolling, to my surprise I saw no one emerging as an alternative. Yes, that was me saying there is beginning to be an era of inevitability about the Clinton campaign. Of course, that talk faded when Barack Obama won Iowa. Suddenly we were all talking about the beginnings of a new movement; that is, until Senator Clinton bounced back to win New Hampshire and Nevada, and then Obama did his own bounce back to win South Carolina. And as McCain took the Republican contests in New Hampshire, South Carolina and Florida, Romney took Michigan, Rudy took a seat on the McCain bus.

So it is come to super Tuesday just the way I predicted: Clinton and someone else--Obama--and McCain and someone else--Romney--with Huckabee, of course, way back. Which makes me sound really smart if you forget all the stuff I said between my prediction and now.

So join us on Tuesday for results starting at 9 Eastern time, 8 Central. I may even have some more predictions.

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

