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CBS News

FACE THE NATION

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GUEST: Rep. NANCY PELOSI (D-CA)
Speaker of the House
of Representatives

MODERATOR: BOB SCHIEFFER - CBS News

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***FACE THE NATION - CBS NEWS
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BOB SCHIEFFER, host:

Today, from her office here at the US Capitol, an exclusive interview with the new speaker of the House, Nancy Pelosi. It was an historic day and quite a scene Thursday when Nancy Pelosi was sworn in as the first woman to hold the post of speaker of the House of Representatives.

Representative NANCY PELOSI (Democrat, California; Speaker of the House): (January 4th) The House will come to order.

SCHIEFFER: But will things really change now that Democrats control both houses of Congress for the first time in 12 years? Today, we'll hear Nancy Pelosi talk about the war in Iraq, the chances for a balanced budget, and how it feels to be the first woman to hold the powerful post that, among other things, offers the best view in all of Washington.

Rep. PELOSI: I'm happy to be here.

SCHIEFFER: Nancy Pelosi, coming next 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: Well, first, congratulations, Madam Speaker, on your election, and thank you very much for inviting us to your office here at the US Capitol, the speaker's office. I must say you wasted no time in laying down a marker for President Bush. Shortly after you were sworn in, in your first speech to the Congress as speaker, you told him what the election meant to you and to Democrats. Let's listen to what you said.

Rep. PELOSI: (January 4th) Nowhere were the American more--people more clear about the need for a new direction than in the war in Iraq.

SCHIEFFER: Then Friday, Madam Speaker, you and Senator Harry Reid, the Democratic leader in the Senate, sent a letter to the president in which you said, quote, "It is time to bring the war to a close," end quote. You warned the president that, one, sending more troops to Iraq is unacceptable to Democrats and, two, you said a phased withdrawal should begin in four to six months.

I want to ask you, first, you have talked to the president, did he give you any indication that that is actually what he intends to do?

Rep. PELOSI: No, we haven't had this conversation with the president about the war in Iraq. In fact, we've had very little conversation with him on the subject. The letter that Senator Reid--Leader Reid and I sent to the president is the most recent in a series of letters over the past many months asking to work together with him for a new direction in Iraq. The American people have spoken very clearly on the subject in the election, and my speech and the letter consistently say, `Mr. President, we must make it clear to the Iraqi government that they are responsible for the security of the Iraqi

people, that a plan--you must put forth a plan that indicates that to them that also brings stability to the region and begins serious, responsible redeployment of our troops.'

SCHIEFFER: All right. Well, Madam Speaker, second, what are you going to do if the president doesn't take your advice? What if he does announce that he is going to expand the size of the force in Iraq, as many are suggesting he's going to do?

Rep. PELOSI: Well, if the president chooses to escalate the war, which is contrary to the, of course, the will of the American people--they have spoken on the subject--but even the advice of his own government, his own generals--in December, General Abizaid testified before the Senate that in his conversations with General Dempsey and with General Casey, they believe that adding more troops will not improve the situation there. And so he's not listening to the generals, the president isn't. And he's not listening to the American people. We, as their representatives, are trying to engage in dialogue with the president to find some common ground, to reach an end to the situation. Now, let's be positive about the president's speech. We wrote this letter because we have heard that he is in consultation with his advisers about a course of action, and we wanted to indicate to him which course of action we could work together on.

SCHIEFFER: So you've told him what you don't want to do, and that is to expand the size of the force in Iraq, even on a short term basis. But what if he decides to do that? What will be your action then?

Rep. PELOSI: If the president chooses to escalate the war, in his budget request, we want to see a distinction between what is there to support the troops who are there now. The American people and the Congress support those troops. We will not abandon them. But if the president wants to add to this mission, he is going to have to justify it. And this is new for him because, up until now, the Republican Congress has given him a blank check with no oversight, no standards, no conditions, and we've gone into this situation, which is a war without end, which the American people have rejected.

SCHIEFFER: Now, let me ask you and make sure I understand exactly what you are saying because, up until now, Democrats have not been enthusiastic about using the ultimate weapon, and that is to cut off funding.

Rep. PELOSI: We won't do that.

SCHIEFFER: But you will not vote any more money to expand the size of the force there? Is that what you're telling me?

Rep. PELOSI: I'm saying two things. We will always support the troops who are there.

SCHIEFFER: Mm-hmm.

Rep. PELOSI: If the president wants to expand the mission, that's a

conversation he has to have with the Congress of the United States. But that's not a carte blanche, a blank check to him to do whatever he wishes there. And I want to make a distinction here. Democrats do support increasing the size of our Army and our--by 30,000, Marines by 10,000, to make sure we're able to protect the American people. But that...

SCHIEFFER: Enlarging the services overall.

Rep. PELOSI: Overall, in order to protect the American people against any threats to our interests wherever they may occur. That's different, though, from adding troops to Iraq. The president wants to escalate a war where his generals are telling him that the additional troops will not be effective, that they're easily digestible to have this number of troops go into Baghdad, and then again ignoring the strong message of the American people.

SCHIEFFER: So, at this point, the Democrats in Congress are not prepared to pay for or to fund an additional number of troops in Iraq.

Rep. PELOSI: We have to see what the president has to say. It's not an open-ended commitment anymore. But we will always be there to protect our troops and to support our troops. The present burden is on the president to justify any additional resources for a mission. In our letter, we say to the president, as we have over and over again, we must change the mission to training, to fighting terrorism, to logistics, and force protection instead of combat. Our troops have done an excellent job. Every chance we get we praise them for what they have done. But unless there's a political and diplomatic solution to match their efforts, their hands are tied behind their back--their backs in order to end this. So the president is going to have to engage with Congress in the justification for any additional troops he may wish. But escalation of the war is opposed by the Democrats.

SCHIEFFER: And is to be decided. In other words, no green light. He's going to have to stop at the intersection...

Rep. PELOSI: Right.

SCHIEFFER: ...and see if the Democrats want to go along with this. And do you believe you would have the votes to stop him?

Rep. PELOSI: Well, let me say this, this isn't just about Democrats. I hope you noticed in my speech as the first woman speaker of the House that, when I talked about the war, that many Dem--Republicans were applauding, and when I talked about the responsible redeployment of our troops, a standing ovation pervaded throughout the House, not just Democrats. So this isn't just about Democrats, this is about the American people. They are watching to see what difference this election can make. The president ought to heed their message. We're not--we should not be obliged to an open-ended war.

SCHIEFFER: So how would you go about that, Madam Speaker? Would you introduce legislation to simply cut off or to authorize on a case-by-case basis how the money is going to be spent in Iraq? How would you go about

that? Or would you pass a resolution? What exactly would you do?

Rep. PELOSI: Well we're expecting from the president a supplemental to come forth for--to support the war effort that is there...(unintelligible).

SCHIEFFER: A supplemental, that is Washington...

Rep. PELOSI: Talk for a bill that is outside the regular budge process, and that's a whole other issue.

SCHIEFFER: Mm-hmm.

Rep. PELOSI: But the fact is, is that any time the president has sent these supplementals, the Republicans have just turned it around, spent the money without--with no questions asked. And here we are...

SCHIEFFER: And those days are over?

Rep. PELOSI: ...three and three quarters--almost four years later, hundreds of billions of dollars--this war cost a trillion dollars if it ended now, but more important than that, the lives lost, the casualties sustained, the lost reputation in the world, and the damage to our military readiness. For these and other reasons, we have to say to the president, 'In your speech that you're going to make next week or this week, we want to see a plan. We want to see a plan and a new direction because the direction you have been taking us in has not been successful.'

So when the bill comes to--the supplemental as you say--Washington talk, it will receive the harshest scrutiny. What do we really need to protect our troops? What is there for an escalation? What is the justification for that?

SCHIEFFER: Madam Speaker, you were saying to me something that has not been said here, and that is--before--and that is that Congress under your leadership and Senator Reid's leadership in the Senate, is prepared for the first time to use the power of the purse to change US policy.

Rep. PELOSI: I would say, Bob, instead that Congress is ready to use its constitutional authority of oversight to question what is the justification for this spending? What are the results what we are receiving? The president likes to say that he's not going to follow the advice of politicians in Washington, but generals on the ground. The generals on the ground have said that the escalation, the increased number of troops going into Iraq will not be effective.

SCHIEFFER: Now, one of the things you said in the letter that you and Senator Reid sent to the White House was that we should begin a phased withdrawal in the next four to six months. How does that work? Is the president going to have to assure you that he intends to do that? And what do you think, perhaps more importantly that would be the question, what do you think will happen in Iraq if, indeed, the president adopts the suggestions that you have made?

Rep. PELOSI: One of the benefits of oversight is that we can try to get the ground troops as to what is happening in Iraq now. The situation could hardly be worse, and our young people are losing their lives. So what we're saying to the president is, again, speak truth to the Congress of the United States, more importantly to the American people. Let us stipulate to a set of facts of what the conditions are on the ground there. We know that our troops' presence there--our troops are targets there. Over one year ago, Mr. Murtha talked about moving us over the horizon with a serious, responsible redeployment of our troops. That's over a year ago. We are now saying, again, let us begin in four to six months. Many lives have been lost in that period of time, a tremendous impact on the budget of the United States, again, loss of reputation in the world and damage to our military readiness, so what we want to know is what are the facts, what are the results of the policies we have been pursuing, and what is the justification for the plan that the president will present.

SCHIEFFER: Well, do you--the president would say if we leave, we lose. Do you think that would happen? Do you think there would be complete chaos if we began to draw down troops in Iraq? What do you see...

Rep. PELOSI: There is complete chaos now.

SCHIEFFER: All right.

Rep. PELOSI: There is complete chaos now. For three and a half years, we've born--been on a course of action that has taken us in the wrong direction. We've just passed the 3,000 mark of lives lost in Iraq. How much longer can we sustain an effort where there is no plan, where there is no plan to get the job done? The military has performed excellently, but there is no political and diplomatic plan to get the job done.

SCHIEFFER: But do you believe...

Rep. PELOSI: The administration's policy in Iraq has failed. It has failed, and there's a question of how much longer we sustain this failure. So the--when the president says, 'We will have lost,' we are losing in terms of achieving the goal of bringing stability to the region.

SCHIEFFER: Do you believe that our security overall will be lessened? That we will be less safe if we leave Iraq?

Rep. PELOSI: Right now, the war in Iraq is harming our military readiness. That's why you see hawk leaders in the Congress, others perceived as hawks, distancing themselves from the president's policy. In order for our interests to be protected in our own country or wherever our interests are threatened, we have to have a strong military, and Democrats are committed to building the best possible military for the 21st century to protect our interests. Make no--have no doubt about that.

SCHIEFFER: All right.

Rep. PELOSI: And this war in Iraq is damaging our military readiness. So it is not making America safer, it is not making the region more stable, and it must--we must have a new direction.

SCHIEFFER: All right. Madam Speaker, we'll continue this conversation in just a moment.

(Announcements)

SCHIEFFER: And we're back now with the new speaker of the House, Nancy Pelosi of California.

Ms. Pelosi, President Bush said last week that he wanted to work with the Congress to balance the budget in five years. But he also rejected any tax increases and, obviously, he's not in a mood to reduce spending on the war. Is it possible to balance the budget under those conditions?

Rep. PELOSI: Well, the war in Iraq and the tax cuts for the highest-end people in our country make it difficult and challenging to balance the budget, there's no question. But we'd like to see what the president's version of a balanced budget is. He's never sent one to the Congress.

SCHIEFFER: Can you do it without raising taxes?

Rep. PELOSI: I think you can put many thing--everything on the table and start by saying that there's \$300 billion in taxes which are not collected in our country each year. Can you imagine that? You can probably start, also, with cutting waste, fraud and abuse. Congressman--well, now, Chairman Henry Waxman has taken the lead on that issue as chairman of the Government Reform Committee. Waste, fraud and abuse, collect taxes that are not collected, close corporate loopholes--you start there, you can find some money to make investments in education, which brings more money back into the Treasury than any initiative that you can name. If the president's willing to join with us in fighting waste, fraud and abuse, collecting the taxes and closing the loopholes, we can start there.

SCHIEFFER: President Bush seems to almost be daring Democrats to not fool with his tax cuts, to leave his tax cuts in place. Do you see it that way?

Rep. PELOSI: Do I think he's--his tone is a daring one?

SCHIEFFER: Daring you not to make his tax cuts permanent, for example.

Rep. PELOSI: Well, I would certainly hope not. I'd hope that's not a dare here. What we'd like to do is come to the table, as I say, put all of our priorities on the table, join together in selecting them--the education of our children, access to health care, issues that we will have in the first 100 hours reducing the cost of college education, etc. But, again, we have--we are committed to pay as you go, no new deficit spending. We passed that in our rules package...

SCHIEFFER: Mm-hmm.

Rep. PELOSI: ...on Friday, and we're very proud of that. We're committed to it.

SCHIEFFER: But let's go on--go back to taxes. Are you promising no new taxes for anybody?

Rep. PELOSI: No, I'm talking about tax cuts for many in the middle class. We've had tax cuts for small businesses to provide health insurance to their workers, R&D, making permanent and modernizing research and development tax credit for small business. We are talking about helping families with the higher education of their children. We're talking about tax credit...

SCHIEFFER: So you're talking about more tax cuts?

Rep. PELOSI: We're talking about tax cuts for the middle class. And as we review what we get from, again, collecting our taxes and reducing waste, fraud and abuse, investing in education and in initiatives which will bring money into the Treasury, it may be that tax cuts for those making over a certain amount of money--\$500,000 a year--might be more important to the American people than ignoring the educational and health needs of America's children.

SCHIEFFER: So what you're talking about is you may have to raise taxes for some people in the upper income levels in order to cut taxes for some below them?

Rep. PELOSI: What we're saying is Democrats propose tax cuts for middle income families.

SCHIEFFER: Mm-hmm.

Rep. PELOSI: And we want to have pay-go, no new deficit spending. We're not going to start with tax--repealing tax cuts, but they certainly are not off the table for people making over half a million dollars a year.

SCHIEFFER: So they may see their taxes go up?

Rep. PELOSI: They may. But as I say, that's not where we'll begin. It's an option, it's not a first resort.

SCHIEFFER: You introduced this ethics package.

Rep. PELOSI: Yes.

SCHIEFFER: And now, from now on, people who get these pet projects that kind of sneak into the budget at the last minute, what they call these earmarks, they're going to have to put their names on them. What good will that do? Because most of the hometown congressmen are proud to have their names associated when they bring home the bacon to the people in the home district. How does that--how's that going to improve that situation?

Rep. PELOSI: Well, first of all, it will reduce the number of earmarks, and it will reduce the cost to the taxpayer. Certainly, any justifiable ear--you say earmark project for people back home is something that people will have to say is this of national significance? We had criteria when the earmarks first started that you couldn't get funding for a project in your district unless it was of national significance, unless it could be a model for the country. Or unless, in a bipartisan way, the people came from your state or your district to say, 'We need this water project. It's good for our environment, our economy,' etc. There was always a justification.

It's interesting to me that the president is now talking about earmarks. He's been president for six years, largely with a completely Republican Congress, and the number of earmarks has exploded. It's just not right. I, myself, personally, I would do away with all of them. But if we're going to have some, they have to be justified, identified, and not special interest earmarks. That's where the big money is.

SCHIEFFER: Would you favor an independent agency, a watchdog agency to look into some of these things? Put real teeth into these laws?

Rep. PELOSI: Well, ethics reform is only important if you have strong enforcement.

SCHIEFFER: Mm-hmm.

Rep. PELOSI: And my goal as the new speaker is to make sure we restore the confidence of the American people in the Congress of the United States.

SCHIEFFER: So you would support...

Rep. PELOSI: So I have--I have spoken with Mr. Boehner, and we are going to work in a bipartisan way to look to how we can have an outside panel, or words to that effect, look at our ethics process. I don't know what the result of that will be, but I hope that it will be that we will have an outside panel. I think that that would be important. I don't really think--and it shouldn't have to be necessary. Congress will be able to do...

SCHIEFFER: But details to come, but you support that in general.

Rep. PELOSI: Yes.

SCHIEFFER: Let me ask you about being the first woman speaker. That was quite a scene when you were sworn in. You called all the kids, your grandkids, the members' kids to come up to the rostrum with you. Did you mean that to be a signal of a different kind of House?

Rep. PELOSI: Well, certainly a woman speaker represents change, and I said it over and over in the campaign, that I will receive the gavel, the speaker's gavel from the hands of the special interests and into the hands of America's children. I was so thrilled the children weren't shy. They all came running

up, and I want our members to know that every action that we take in the Congress we must view with an eye to our children and their future. We owe that to them.

SCHIEFFER: Do you believe that, as a woman, the first woman, that you will be held to a higher standard? I've heard some people go so far as to say, 'If she's not successful it will have an impact on candidates in the 2008 presidential election.'

Rep. PELOSI: Oh, let me remove all doubt, I have absolutely no intention of not being successful. I've--I'm ready for this job. The Democrats, in general, are ready to lead, prepared to govern, and determined to make the American people proud. We want to do so in a very bipartisan way to bring civility back to the debate in the Congress, to build fiscal soundness into what we do, and to do so in a way that it meets the highest ethical standard. So I--my colleagues have elected me to be speaker of the House, not speaker of the Democrats, and I'm going to do this in a way that will reflect that.

SCHIEFFER: Madam Speaker, I want to thank you for having us in today, and the best of luck.

Rep. PELOSI: Thank you...

SCHIEFFER: I'm sure we'll be talking down the road.

Rep. PELOSI: ...Bob. I look forward to it, and thank you.

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

(Announcements)

SCHIEFFER: Finally today, this is our first broadcast of the year, and in the interest of full disclosure, I'm compelled to give you a list of things you probably won't be hearing from me. First, from the culture front, I'll continue to have no interest in whether Donald Trump did the right thing when he allowed Miss USA to keep her crown; nor will I lose much sleep wondering if Britney Spears ever found comfortable underwear, or why Paris Hilton lost her spokesperson job. I didn't even know she had a job. Nor will I worry about whether body piercing constitutes a personal statement.

From the world of sports, I will continue to have no interest in other people's golf scores. I like golf, but I'm not one who considers it some sort of spiritual experience. That's why we have baseball. Speaking of baseball, I will continue to have no interest in whether Barry Bonds is treated fairly by the press.

From the world of politics, I will not spend much time wondering whatever happened to former Congressman Mark Foley. He is out of Congress, which is all I need to know. And finally, I just have to be honest and say it straight, I am not worried about whether the new five-day-a-week work schedule is going to be too much of a burden on members of Congress.

I know all these things are important to someone, so I leave it to them to worry about them. I won't.

We hope you'll join us next week right here when we'll have Senator John McCain's reaction to the president's war plans. That's it for now. We'll see you then.