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



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TRANSCRIPT

BOB SCHIEFFER: Today on FACE THE NATION, Egypt in crisis. We'll have reports from our correspondents on the scene. We'll get the latest from Secretary of State Clinton. We'll hear from White House of Chief of Staff Bill Daley and have analysis from David Sanger of the New York Times. It's all ahead 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.

(Crowd Protesting)

BOB SCHIEFFER: Good morning. Egypt is in chaos. Thousands of prisoners have now broken out of Cairo prisons, and looters and thieves have joined protestors on the streets. President Mubarak still barely clings to power and in a new show of force send Egyptian warplanes flying low over the demonstrators.

We're going to start this morning by going to first to Elizabeth Palmer who's on the scene.

Elizabeth, you've been there from the beginning of all this. What is the absolute latest right now?

ELIZABETH PALMER (CBS News Correspondent): Well, Bob, just in the last couple of minutes, we've seen an extraordinary show-- it's-- I don't know if you can hear me, those of F-16 aircraft. They are supplied to the Egyptian military by the United States. And they've flying over the crowd, which once again is growing in Freedom Square, here in central Cairo.

BOB SCHIEFFER: But what do you-- what is the meaning of that? Are they trying to frighten people of the streets or-- what-- what do you say, they-- it sounds like a flyover at football game or something.

ELIZABETH PALMER: Well, the army is deployed widely all over the city and in a very unthreatening way, but-- but a-- a way that shows muscle. The context is that overnight in the city, parts of the city were sacked. The police were nowhere to be seen and people had to take to the streets in their own neighborhoods in sort of militias to protect their houses. So there's a total breakdown of order. It's only being held together by what the citizens can do and also by this show of muscle by the army who in fact have been attacking looters and so on, arresting, and, in fact, in some cases killing them. This is a whole new escalation perhaps to make the crowd understand that if push comes to shove, they will use force. It's very intimidating as-- as you can appreciate.

BOB SCHIEFFER: Well, what exactly-- are people still-- is there still looting going on down there? Has it quieted down by now or-- or where-- where is it right now?

ELIZABETH PALMER: It- it has quieted down right now because the sun's up. The minute it gets dark, it could all kick off again. A lot of the people believe and there's reason to-- to believe that the looters are you-- un-uniformed police who kept their weapons and turned into thugs and-- and in fact, it may be--

BOB SCHIEFFER: Elizabeth, how long has that been going--

ELIZABETH PALMER: May be it will--

BOB SCHIEFFER: --how long has that been going on--

ELIZABETH PALMER: Yes.

BOB SCHIEFFER: Elizabeth? These planes?

ELIZABETH PALMER: About ten minutes. You mean the-- the fighter aircraft?

BOB SCHIEFFER: Yes.

ELIZABETH PALMER: Ten minutes.

BOB SCHIEFFER: And-- and do you sense that the--

ELIZABETH PALMER: Yeah.

BOB SCHIEFFER: --what the government has said, what Mister Mubarak has said, the appointing of a new vice president, all of that, has that had any impact on-- on what's happening out in the streets now or are people still demanding the very same thing?

ELIZABETH PALMER: They are demanding the very same thing. It's not clear whether the wind went out of their sails a little bit after the appointment of the vice president because he is quite widely respected. But now it appears that the rage is gathering again. And I can tell you that when those planes flew over the square, it just inflamed the crowd.

BOB SCHIEFFER: Secretary of State Hillary Clinton is monitoring all this from the State Department. We spoke to her about it just-- just a while ago.

We're just off the line with Liz Palmer, our person in Cairo. And during her report, F-16s, Egyptian air force warplanes apparently were flying low over the demonstrators in the main part of Cairo. Do you know what this is about?

HILLARY CLINTON: Bob, I don't. And let me repeat again what President Obama and I've been saying. And that is to urge the Egyptian security forces to show restraint, to not respond in any way through violence or intimidation that falls upon the peaceful protestors who are demanding that their grievances be heard. And obviously, our reports up until now have been that the Egyptian army had taken up positions, that they were showing such restraint. And we strongly urge that that continue. What the people who are in Tahrir Square and elsewhere in Egypt are protesting for is the right to participate in their government, to have economic opportunities for their human rights to be respected.

(Egyptian President Hosni Mubarak speaking foreign language)

HILLARY CLINTON: We are very clearly asking both in public and private that the Egyptian authorities respond to that, that they start a process of national dialogue that will lead to a transition to such democracy. And what President Mubarak himself said the other day that they would begin to take concrete steps for democratic and economic reform. We expect to see happen.

BOB SCHIEFFER: Madam Secretary, do you think those things are possible if President Mubarak stays in office or is he eventually going to have to leave?

HILLARY CLINTON: You know I'm not going to speculate, Bob. What we are focused on now is a transition that will meet the needs of the Egyptian people and that will truly establish democracy, not just for one election and then no more elections after that, or not for radicals, extremists, violent elements to take over. We want to see the-- what really was at the core of the protests, which were people saying, hey, we deserve a better life. We deserve more opportunity to be respected and responded to. And that is what we've been conveying. And that's what we will continue to make very clear. And we stand ready to assist.

BOB SCHIEFFER: Do you-- are you concerned that if President Mubarak does go, it may give an opportunity for the Muslim Brotherhood, which has been the opposition to his government for so many years, could somehow come to power? I think, most people agree they were not the start of this or the cause of these demonstrations. But where do you see-- what role do you see them playing if Mister-- President Mubarak should go?

HILLARY CLINTON: Well, first I'm not speculating about, you know, who goes or who stays. And I'm not, you know, prepared to comment on what kind of democratic process the Egyptian people can construct for themselves. But we obviously want to see people who are truly committed to democracy, not to imposing any ideology on Egyptians and therefore we would like to encourage that people who have been the voice of protests and been the voice of civil society be the ones at the table trying to design what would be an orderly transition to meet the democratic and economic needs of the people. You know, Bob, we're all very conscious of the fact that Egypt is an incredibly important country, a large country with, you know, great influence in the region and meaning for the Arab world. And we want to see the outcome of what started as peaceful protests, legitimately demanding redress for grievances to result in a true democracy not a phony one like we saw with Iranian elections. Not to see a small group that doesn't represent the full diversity of Egyptian society, take over and try to impose their own religious or ideological beliefs. We want to see the full diversity and dynamism of Egyptian society represented.

BOB SCHIEFFER: Do you believe that his appointment of a new vice president is that helpful?

HILLARY CLINTON: Well, it's something that American government representatives have been urging and requesting for thirty years. I talked-- I've talked with former ambassadors over the last weeks who have said, boy, I remember when I went in and you know in 1980 this or 1990 that. So, yes, it's something we have said is absolutely imperative. It finally has happened. There are some new people taking responsibility in government. We hope that they can contribute to the kind of democratic and economic reforms that the people of Egypt deserve.

BOB SCHIEFFER: So far though, it does not seem that anything that Mister Mubarak has said or done up until this point, has in anyway tempered these demonstrations. I mean things seem to be getting worse rather than better.

HILLARY CLINTON: Well, I think there are several things going on. But first and foremost, words alone are not enough. There have to be actions. There has to be a-- a demonstrable commitment to the kind of reforms that we all know are needed and desired. But also to-- there is now unfortunately in addition, to the legitimate peaceful protests that are going on, lots of reports of looting, prison breaks in the like. So it-- it makes the situation much more complicated

than it even was before. Because everyone wants to ensure that the right of assembly, the right of association, the right of free expression, be protected, that there be no violence against the protests. At the same time, people in the streets have to refrain from violence themselves. And I've heard many stories of Egyptians, you know, protecting their national museum, protecting their homes and they're protecting them, you know, from looters and from criminals. So this is an incredibly complex set of circumstances. And we are-- are hoping and praying that the authorities will be able to respond to the legitimate requests for participation by the peaceful protestors. Let's begin to see some meetings with representatives of the government and representatives of civil society. Let's begin to see some steps taken that will lead toward free, fair and credible elections in the future. You know, those will begin to put some substance behind the words and give the protesters who are trying to see a-- a future for Egypt that is responsive to their needs a reality that they can hang on to.

BOB SCHIEFFER: All right. Madam Secretary, thank you so much.

HILLARY CLINTON: Thank you.

BOB SCHIEFFER: Mm-Hm.

A little while ago I talked to Doctor Mohamed ElBaradei. He is an opposition leader in Egypt. We reached him just when those planes were flying over Cairo. I asked him what triggered all of this.

DR. MOHAMED ELBARADEI (Opposition Leader; on the phone): Well, I think this was many, many years in the making, Bob. I mean, you can't run a country on repression, detention, torture, lack of economic opportunities for-- for thirty years. And I have been warning of that for many years. Many others have been seeing the painting on the wall and it's simply-- there was a tipping point when things exploded. And so, it is no a surprise, it's just-- if-- if-- if Washington didn't see that coming, then-- then there was something wrong with their-- with their perception of what was going on in Egypt.

BOB SCHIEFFER: So what has to happen now? The administration is urging Mister Mubarak to make all these reforms and to open up his government. Is that possible or does he have to leave?

DR. MOHAMED ELBARADEI (on the phone): He absolutely has to leave, Bob. This is not me. This is eighty-five million Egyptians. Today-- yesterday, it was the call for him to leave. Today, it's a call for him to put to trial. The-- the-- the American government cannot ask the Egyptian people to believe that a-- a dictator who has been in power for thirty years will be the one to implement democracy. I mean, this is-- this is really a farce. I mean people here could be poor but they're not-- but they're intelligent. And the-- the-- he-- the first thing which will calm the situation is-- is for Mubarak to leave. And leave with some dignity. Otherwise-- otherwise, I-- I-- I fear that things will get bloody. And you have to stop the life support to the dictator and-- and root for the people. I mean, you are losing credibility here, Bob, by the day. You know, on the one hand you are talking about democracy, rule of law, you know, human rights. And on the other, you are lending-- extend your support to a dictator who has continued to repress his people. Today, as I'm sitting here in Cairo, jets are flying over Cairo. We are completely, you know, shut. You know, the entire internet is-- is shut. The satellite television station is-- is-- station is shut. Stuff is being looted. Buildings are ablaze. It is a lawless country.

BOB SCHIEFFER: All right.

DR. MOHAMED ELBARADEI (on the phone): And I don't see how could you wait, you know, for-- for Mister Mubarak to leave?

BOB SCHIEFFER: What do you think will happen if he leaves?

DR. MOHAMED ELBARADEI (on the phone): I think what we, you know, what everybody is clear on right now, Bob, is that, you know, the first-- there are three steps that need to be taken and taken urgently--first one, that he should leave today; the second step that we will have a national unity government or a-- a national salvation government, a coalition government. I think once Mubarak is out, you will see that a lot of these demonstration (sic) will go home. I-- I-- I-- I-- I can bet you that once he decides or announce or is forced to leave, all the demonstration (sic) will go home. And then we are capable here, Bob, of-- of-- of then running a-- a transitional-- smooth transitional phase.

BOB SCHIEFFER: Doctor Mohamed ElBaradei, I'm joined here in the studio by the chief Washington correspondent for the New York Times, David Sanger. First David, tell me who ElBaradei is. Is he a credible voice here and will the people of Egypt listen to him?

DAVID SANGER (New York Times): Well, Doctor ElBaradei was the director general of the International Atomic Energy Agency and a long-time diplomat, but he hasn't really lived in Egypt for some time. And his connections with these young people on the-- on the streets who are fomenting the demonstrations is pretty remote. Most Egyptians don't know him. To the Americans, he may well be a very good transitional figure, if they could get that far. Because while he is certainly not pro American and you heard him criticizing the administration in that interview, I think he is somebody who could put a government together.

BOB SCHIEFFER: Let's talk about what he said. He's talking about Mubarak has to go. That's the only way. And he thinks there can be a transition. Clearly, the secretary of state is walking a very fine line here. Clearly, the administration fears some sort of void developing if-- if Mubarak does go.

DAVID SANGER: That's right, Bob. I think the administration has two fears. And it explains why they have not urged President Mubarak to leave. They've walked right up to the edge but not quite said it. The first fear is the power vacuum that will lead to more of alluding and-- and chaos that you've seen. And that could create an opening for the Muslim Brotherhood or another Islamist group to step in, in some way. I-- I think their second big fear is that if the United States appears to be the puppet master here and pushes Mubarak out and things go wrong, it will have happened on President Obama's watch. And if he emerges with a government that, for example, walked away from the peace agreement with Israel, I think that would be pretty problematic.

BOB SCHIEFFER: Doctor ElBaradei says this concern about the Mu-- the Muslim Brotherhood, he doesn't see it as that much of a problem. He's not a part of it, but doesn't see it as that much of a problem.

DAVID SANGER: Well, that's because the mother-- Muslim Brotherhood also is not an especially popular group there. But you could imagine in the coalition government they would have a voice. I think the concern the U.S. has is making sure it isn't the dominant voice. You know, It's interesting that you heard the Iranians this week support these protests because they

think this is the chance to put an Islamic government in Cairo. I don't think many other think that is likely.

BOB SCHIEFFER: David Sanger. Thank you so much, David. And we'll be back in one minute.

(Crowd protesting)

(ANNOUNCEMENTS)

BOB SCHIEFFER: White House Chief of Staff William Daley was supposed to be our exclusive and sole guest this morning but that was overtaken by events in Egypt. We did want you to hear some of what he had to say.

Mister Daley, when your appointment was announced Big Business, the Chamber of Commerce, and frankly, a lot of Republicans were delighted. Because as far as Big Business goes, you-- you're part of it.

WILLIAM DALEY (White House Chief of Staff): Mm-Hm.

BOB SCHIEFFER: You-- you were a part of business although you have a long political background. Do you think that the administration went too far in demonizing Wall Street and business and is your appointment a signal that that is going to change?

WILLIAM DALEY: No. I-- I don't-- I don't think it's about demonizing Wall Street or the-- listen, there were serious difficulties in the nation and the President was very direct to the business community, to the political system that we have to make changes, we have to do certain things.

BOB SCHIEFFER: It's not hard to figure out that you didn't like the President's health care plan. You said so, when it was passed when you were in private enterprise. You said it basically went too far. Do you think it ought to be changed and where?

WILLIAM DALEY: No. What I-- what I was commenting on was the politics really of the movement-- of the moment of around health care. I thought it was a very difficult climate to try to accomplish what they tried to. And I think the results because of misinterpretation of health care by many people I had a negative imp-- impact on Democrats. But I absolutely believe having been in business and hearing from business people the importance of a need for the reform of health care. It was the business community that was really saying to the politicians, this is costing us too much. It's too much of a wet blanket on the economy.

BOB SCHIEFFER: So do you think that the plan that they passed is just perfect? And it should--

WILLIAM DALEY: No.

BOB SCHIEFFER: --be left alone?

WILLIAM DALEY: No.

BOB SCHIEFFER: Or it should be--

WILLIAM DALEY: No. The President has said he's open to changes to this. He is not open to refighting the entire fight of health care. People have suggestions on how to make it better. But he's not in favor of refighting this fight.

BOB SCHIEFFER: The President made quite a point in his State of the Union message to talk about the infrastructure and what we need to do to overhaul it and improve it.

WILLIAM DALEY: Mm-Hm.

BOB SCHIEFFER: People on all sides seem to agree that-- that it does need some work. What he didn't talk about is how do you pay for that? How are you going to pay for that?

WILLIAM DALEY: Well, I think you'll see in the budget an attempt to-- to-- to pay for an expansion in that. I think there's a lot-- lot of interest we've heard from the private sector to come in and finance. Some of the high speed rail, even foreign governments and foreign companies have talked about coming in to finance some of these projects. If there's a private pu-- a public partnership I think that's a creative way to go forward.

BOB SCHIEFFER: Do you think the President would ever entertain raising the gas tax, the gasoline tax to pay for some of that?

WILLIAM DALEY: I-- I don't think raising the taxes on the American people right now is the way to go at this-- this point of-- of our economy. And-- but we want to sit down with the leadership of Congress as we work through the deficit, as we work through the other issues and talk about the possibilities. The reality is as certain people in the Republican Party have said there's no way they're going to look for any revenue raising in any way, shape or form.

BOB SCHIEFFER (overlapping): They--

WILLIAM DALEY: That puts a tremendous constraint on obviously the budget and-- and the deficit.

BOB SCHIEFFER: The Republicans are also talking about coming in there and whacking fifty-five billion dollars out of this year's budget.

WILLIAM DALEY: Mm-Hm.

BOB SCHIEFFER: The 2012 budget. Do you think figures like that are actually feasible? Is that realistic?

WILLIAM DALEY: Well, you know, it's the old saying where's the beef? Let's see exactly the-- the cuts they're talking about and see whether the American people believe that those such-- such cuts, al-- albeit, we all agree there must be cuts to this government. And again, you're going to see this President layout a very substantial cut already the-- the freeze amounts to four hundred billion dollars over ten years. Again--

BOB SCHIEFFER (overlapping): It's going to take a lot more than that, though.

WILLIAM DALEY: It will take a tremendous amount more than that. And we've got to work our way over many years. We got in this hole over many years. You're not going to get out of it, you cannot-- no business when they get in trouble just cuts and-- and has much of a business when

the cycle comes back. What the President has talked about is investing. And the time to invest while you're cutting is to take some of those cuts, invest them in things that will have a return as you come out of this recession. That's what successful companies do. And that's what the government has got to do.

BOB SCHIEFFER: White House Chief of Staff Bill Daley. Yesterday, you can see the entire interview on cbsnews.com. We'll go back to Cairo in a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: Final thoughts today come not from me but from Elizabeth Palmer in Cairo. Liz.

ELIZABETH PALMER (CBS News Correspondent): Bob, the fighter planes have gone away. There are still helicopters but that fly pass just inflamed the crowd. They were furious and began to chant. And now thousands more people are heading towards the square. Also, the sun is going down. And people are bracing themselves for another night of looting in the almost complete absence of law and order except for a relatively passive army here and there on the streets. Bob.

BOB SCHIEFFER: Liz Palmer in Cairo. That's it for us. We'll see you next week right here on FACE THE NATION.

(ANNOUNCEMENTS)

ANNOUNCER: This broadcast was produced by CBS News, which is solely responsible for the selection of today's guest and topics. It originated in Washington, DC.