

© 2011, CBS Broadcasting Inc. All Rights Reserved.  
PLEASE CREDIT ANY QUOTES OR EXCERPTS FROM THIS CBS  
TELEVISION PROGRAM TO "CBS NEWS' FACE THE NATION."



## **February 20, 2011 Transcript**

GUESTS:      REP. PAUL RYAN  
                  R-Wis., Chairman, Budget Committee

                  REP. CHRIS VAN HOLLEN  
                  D-Md., Ranking Member, Budget Committee

                  DAVID SANGER  
                  The New York Times

                  ALLEN PIZZEY  
                  CBS News correspondent  
                  Reporting from Bahrain

MODERATOR/  
PANELIST:    Bob Schieffer, CBS News Political Analyst

This is a rush transcript provided  
for the information and convenience of  
the press. Accuracy is not guaranteed.  
In case of doubt, please check with  
FACE THE NATION - CBS NEWS  
(202) 457-4481

## TRANSCRIPT

BOB SCHIEFFER: Today on FACE THE NATION, protests at home and abroad. Could a government shutdown in this country really happen?

CROWD (in unison): This is what democracy looks like.

BOB SCHIEFFER: As demonstrators took to the streets again in Wisconsin, it raised the question can Republicans hold public support for the huge budget cuts they passed last week? With the two sides so far apart is a government shutdown more likely now? We'll ask the chairman of the House Budget Committee Paul Ryan and the ranking Democrat Chris Van Hollen.

(Crowd protesting)

BOB SCHIEFFER: Overseas, the turmoil continued across the Arab World. What does all this mean for American interests abroad? We'll go to the scene to hear from correspondent Allen Pizzey. We'll get analysis from David Sanger of the New York Times.

Then I'll have some final thoughts on congressional vacations.

It's all ahead on FACE THE NATION.

(Crowd protesting)

ANNOUNCER: FACE THE NATION with CBS News chief Washington correspondent Bob Schieffer. And now from Washington, Bob Schieffer.

BOB SCHIEFFER: And good morning again. For the fourth day in a row and in the largest turnout yet, thousands of demonstrators took to the streets again in Madison, Wisconsin, as they marched to protest major cuts in state spending.

CROWD (in unison): This is what democracy looks like.

BOB SCHIEFFER: The question is, will the protests spread to other states where similar proposals to cut spending are also being contemplated?

And what impact will it have on efforts here in Washington to reduce spending where Republicans push through sixty-one billion dollars in cuts early Saturday morning. Is there sustainable? Is there any way the Senate is going to go along? And if not, does that mean the government will have to shut down? Congressman Paul Ryan, the head of the Budget Committee, is back home this morning in Wisconsin. You were one of the engineers of these cuts, Congressman. But I can't find anyone who believes the Senate is going to go along with cuts this deep. So what happens now?

REPRESENTATIVE PAUL RYAN (R-Wisconsin/Chairman, Budget Committee): Well, I think you're right. I don't think that Senate will pass these cuts. We will have to negotiate. Look, we're not looking for a government shutdown. But at the same time, we're also not looking at rubber stamping these really high elevated spending levels that Congress blew through the joint two years ago. You know, they increased spending by twenty-four percent on domestic discretionary

two years ago, eighty-four percent when you add the stimulus. And they want to keep that status quo locked in place. So we want some real spending cuts. We don't want to accept these extremely high levels of spending, while we negotiate how to continue funding the government.

BOB SCHIEFFER: Well, how then, senator, get-- I mean, congressman, give me the starting point. Where do you think would be a good port-- place to start talking about how to get together with the Senate on-- on something more realistic?

REPRESENTATIVE PAUL RYAN: Well, our goal is to bring spending back down to pre-bailout, pre-stimulus spending levels--2008 levels. My guess is, we'll probably have some short-term extensions while we negotiate these things with spending cuts. We don't want to accept this-- these extremely high elevated levels and so we're going to have to start negotiating on these things not just with the Senate but also with the President as well. You know, I'm not going to go through negotiating through the media with all due respect, but we are not going to accept these extremely high levels of spending. We're not looking for a government shutdown. And I think we'll have some negotiations with short-term extensions with spending cuts in the interim is my guess.

BOB SCHIEFFER: All right. You got these big demonstrations going on. This is your home state, Wisconsin--

REPRESENTATIVE PAUL RYAN: Mm-Hm.

BOB SCHIEFFER: --where, I-- I think that seventy thousand people turned out yesterday. There are also reports that this could spread to at least nine other states where similar proposals are-- are being talked about among state governments. Is-- Is Madison, Wisconsin, congressman, the Tunisia of American politics now? Are-- are we going to see the kinds of demonstrations, not the kinds of demonstrations we saw and are seeing across the Arab part of the world, but--

REPRESENTATIVE PAUL RYAN (overlapping): No, no, no.

BOB SCHIEFFER: --is this something that's going to spread here?

REPRESENTATIVE PAUL RYAN: Well, look, this is an example of the kinds of fiscal and budget pressures all levels of government are experiencing. So, yes, I think Ohio, you already have this kind of activity going on right now. But we have a proud tradition in Wisconsin of people going out to the streets and expressing themselves. That's a good thing. But we've got a huge budget shortfall here in Madison. What our governor is trying to do is address this in a structural way to ask for modest shared sacrifice among pub-- public employees and to give local governments the tools to do the same. These are the things that governors all around the states are looking at. And again, it just shows the point. All levels of government have been making empty promises to people. And these governors are telling people the truth. We need to do the same thing in Washington. It just goes to show that we can't keep borrowing, can't keep-- can't keep spending and making empty promises to people. We got to tell the truth. And we got to fix these problems. And the sooner we do this the better off everybody is going to be.

BOB SCHIEFFER: All right. You're a ranking Democrat on the House Budget Committee--Chris Van Hollen of Maryland is here in the studio with us. How do you, congressman, gauge the chances right now for a government shutdown? Congressman Ryan says they don't want one, but it looks like the two sides are awfully far apart here to me.

REPRESENTATIVE CHRIS VAN HOLLEN (D-Maryland/Ranking Budget Committee): Well, Bob I hope they won't push it to that. Look, everybody agrees we need to get the deficit under control and that spending cuts has to be a big part of it. That's why the President's budget includes four hundred billion dollars in cuts to domestic discretionary spending. The question we've posed is, are you going to be reckless about this, or you are going to be responsible about this? And the bipartisan commission on-- on fiscal responsibility specifically warned against deep, immediate cuts in the year 2011, why, because, it would hurt a fragile economy and put people out of work. In fact, there are estimates that about eight hundred thousand Americans would lose their jobs if you do this in a reckless manner. The speaker of the House the other day when he was posed the question about some people who would lose their jobs said, so be it. We think that's the wrong approach to this. We think--

BOB SCHIEFFER (overlapping): Well, the--

REPRESENTATIVE CHRIS VAN HOLLEN: We need to get the economy fully in gear, put together a plan now for-- for cuts. And frankly, we need to look at the revenue piece. We need to close some of the tax loopholes for special interests like the oil companies, forty billion dollars worth of loopholes. I hope our Republican friends will join us in closing some of those.

BOB SCHIEFFER: Well, let-- let me ask you about that number because these groups that are aligned with the White House sir, or put out a press release yesterday saying that eight hundred thousand jobs might be lost if these cuts go through. Do you take that as a serious figure or is that a little bit overdrawn?

REPRESENTATIVE CHRIS VAN HOLLEN: I do take it as a serious figure. If you just look at the cuts to some of the investments that would be made in some of the infrastructure programs, you know, state water revolving funds, a-- a lot of the other transportation programs, you're talking about cuts in construction areas at a time, you've got twenty percent unemployment in that sector. Look, I don't think anybody knows exactly what number it would be. But I can assure you one thing. This will not create one job. And, in fact, it will cost jobs. And, again, when the speaker of the House was confronted with that fact, his response was quite callous. It was you know, so be it. You know, our-- our view is put together a plan now for serious deficit reduction, including serious spending cuts. But don't risk the fragile recovery. And the bipartisan commission had the same advice.

BOB SCHIEFFER (overlapping): Well, let--

REPRESENTATIVE CHRIS VAN HOLLEN (overlapping): Don't do something irresponsible and reckless now.

BOB SCHIEFFER: Let's ask Chairman Ryan. Are you in the, so be it crowd? And do you really think that if these cuts go through, it would cost eight hundred thousand jobs?

REPRESENTATIVE PAUL RYAN: First of all, as a member of the bipartisan commission that point Chris just made is definitely in dispute. The President does not cut four hundred billion dollars in spending. His plan locks in the high spending levels we have. His plan disavows the commission's recommendations. His plan spends about four hundred billion dollars more in discretionary spending than the commission recommended. This is the same economic methodology that was used to say that if we pass the stimulus bill we would keep unemployment from hitting eight percent. Well, it went up to about ten percent. So the problem is, these high deficits today mean high tax increases and interest rate increases tomorrow--high

deficits, uncontrolled debt means job creation goes away today. If you actually get this deficit and debt under control, you can help jobs today. Our goal is to cut spending and grow the economy and get prosperity in a lasting way back in place in America--taxing, borrowing and spending, which has what has been going on for a long time. If it worked we wouldn't have these economic problems we have today. It won't work. The President is actually asking for much more spending than even the commission recommends. And we know that if we keep going down this same path of borrowing more money and spending more money and taxing, it not going to produce new results because we've already seen what it does. The President's propose a 1.6-trillion-dollar tax increase. He's proposing 8.7 trillion dollars in new spending. And he's proposing to add thirteen trillion dollars to our new debt. So he is not even meeting the test that Chris Van Hollen is saying, which is we need to put a spending cut plan, a deficit and debt reduction plan in place. And the President doesn't do that. He's actually failed to lead on these issues. And we intend to pick up where he left off and lead. And actually show the country the path to prosperity, a path to job creation, a path to get our budget and debt and deficit under control, because the sooner we do that, the better off everybody is going to be--seniors, people looking for work and the better we can get this economy growing and that's exactly what we intend on doing.

REPRESENTATIVE CHRIS VAN HOLLEN: Well, it's-- it's interesting to see-- hear Paul talk about the fact that the President didn't embrace more of the commission's recommendations as part of-- of this budget. All three of the House Republicans on the bipartisan commission voted against the commission recommendations. When Paul talks about the revenue components, in the President's bill, it includes efforts to shut down tax payer subsidies to oil companies. It also says that we can no longer afford to provide the folks at the very top, the top two percent of Americans, with the big tax cuts. It says for them we're going to take those tax rates down to the same level they were during the Clinton administration, when we had unprecedented job growth and economic growth. So that's about a trillion dollars of what Paul is talking about is the President's follow through on the commitment to say our kids are no longer going to pay the bill for tax cuts for the folks at the very top. Now the President's budget reduces the deficit in a steady manner. And, in fact, he gets to the point where we're no longer adding to the debt faster than plans that Paul has put on the table and the Republicans have put on the table. So--

BOB SCHIEFFER (overlapping): But-- but you know, congressman, let me ask you this. How can you really say that the-- the President is serious about this, when his budget does not mention Social Security or Medicare--the two biggest items in the budget. Aren't you going to-- Democrats eventually had to come to the table and say we're really ready to talk about serious restructuring of those two programs, if you're going to, in fact, get anything done?

REPRESENTATIVE CHRIS VAN HOLLEN: Let-- let's take each of those separately. Social Security, we're willing and ready to come to the table with-- with Republicans as Tip O'Neill and Ronald Reagan did, but to strengthen Social Security. Social Security is not a driver of these deficits and-- and debt. And we're not going to balance the budget on the backs of Social Security beneficiaries. It is solvent a hundred percent until the year 2037. After that, you've got about a-- a twenty percent gap. Yes, we need to work together to close it but we not going to balance the budget now. Medicare, I want to say something because the health care reform bill that we just passed included significant Medicare reform. For example, we've reduced the overpayments to Medicare advantage. What was the response of our Republican colleagues? They ran ads against Democratic members of Congress in districts around the country saying that they were cutting Medicare. It was Medi-Scare Ads. And now they're turning around and saying President Obama just after we ran these ads for some of the Medicare reforms you guys did in health care reform why don't you put some more on the table.

BOB SCHIEFFER: All right.

REPRESENTATIVE CHRIS VAN HOLLEN: Yes, we should come together to talk about these things, but what just happened in the last election was a clear indication that they-- they-- they're not serious.

BOB SCHIEFFER: Congressman Ryan?

REPRESENTATIVE PAUL RYAN: Look, we had a huge fiscal problem. It's primarily being driven by our entitlements. Presidents are elected to lead. They're elected to see big problems on the horizon and stop them from getting out of control. This President has punted in the words of the Washington Post. He chose not to lead. And if we wait for the other party to go first to propose reforms, then nothing will ever get done. That's the problem we've had in Washington all along. We're going to lead. Where the President has fallen, we're going to lead. And we're going to propose solutions to these problems to the drivers of our debt because the sooner we do that, the better off everybody is going to be. The better off these programs themselves will be made more solvent and our economy can grow today. So look, the President punted on these issues. He seems to be complicit with an out-of-control debt because that's what his budget produces, and we just don't see it that way. We are going to offer the country a choice, an alternative, a different vision--one of a debt free nation, one of economic growth and prosperity today by living within our means, by getting these programs under control. And I would simply say, if you keep kicking the can down the road, it's going to be pain and austerity for everybody. We don't have much more road to keep kicking the can down the road. And we got to get serious about this. So we're going to lead and we're going to propose serious solutions to this country's problems so we can get growing again.

BOB SCHIEFFER: All right. Well, gentlemen, I want to thank both of you for an interesting discussion this morning.

REPRESENTATIVE CHRIS VAN HOLLEN: Thank you, Bob.

BOB SCHIEFFER: But I don't see how you're very close at all, to resolving this problem. We'll all be watching.

REPRESENTATIVE CHRIS VAN HOLLEN: Well, Paul and I agree on more than you might think on some of these issues, but--

BOB SCHIEFFER: All right. Well, I hope we see that.

We'll be back in one minute with the latest from across the Middle East.

(ANNOUNCEMENTS)

BOB SCHIEFFER: And we turn now to the other big story, the latest from the Middle East. Protests continued in Yemen today, where shots were fired as protestors turned out for the ninth straight day. There were also demonstrations in Oman, Kuwait, Algeria, and Djibouti. The most serious trouble has apparently been Benghazi, Libya, where the government of Muammar Qaddafi opened fire on protestors. At least, ninety were killed in Libya Saturday, bringing the death toll to at least a hundred and seventy-three there.

(Crowd protesting)

BOB SCHIEFFER: In Bahrain, across the Persian Gulf from Iran and where the U.S. Sixth Fleet is headquartered, it's been calm since the government pulled back its forces. Our Allen Pizzey is there. Allen, what is the latest?

ALLEN PIZZEY: Bob, Pearl Square is now packed with people. They've got banners and signs and Bahraini flags everywhere, a lot of loud speakers, people up on the stage. Basically, this situation here in Bahrain has turned from street confrontation to political haggling. The Crown Prince and-- representing the government has said, look, we'll talk to everybody. We just want peace. We just want to heal all the wounds and get on with things. The opposition says they'll talk but talks are not going on right now. People aren't sitting face to face across the table because the opposition's problem is that they have to decide what can they negotiate away on behalf of people who are out there facing tear gas and bullets and are still actually quite angry.

BOB SCHIEFFER: All right. At least, it sounds like things are a little better than they were a-- a couple of days ago. There-- the worst situation now today in-- in Libya, I take it.

ALLEN PIZZEY: Indeed. Libya looks like the worst and it looks like it's going to get even worse than it is now. Independent reporting, of course, is almost impossible from there. They don't allow journalists in. But, again, you can't shut down the social networking. And-- and people are getting information out, seeing horrific video of the police and-- and military opening up on protestors. It started in Benghazi in the east. That's always been a place of dissent. It's always been kept down in poverty because the people there are not really Qaddafi backers. And we're now hearing reports its spread towards Tobruk. And there's-- there were some reports too that some people in-- some members of the military and security forces in Benghazi said, no, we're not going to do this. And they brought in outside mercenaries and using fairly heavy weaponry. So it's pretty brutal. Qaddafi is as brutal and ruthless as he is flamboyant, Bob. And he's not going to, I'm sure, step back as easily as the Bahrainis did or Hosni Mubarak for example. He's in charge and he's got nowhere to go but probably the gallows if this goes wrong. So I think we're going to see a lot of bloodshed there except we're not going to see it all because we can't get there.

BOB SCHIEFFER: All right. Allen Pizzey, who has been covering that part of the world for a long, long time. Allen, thank you so much.

And with me here in the studio now is David Sanger, the chief Washington correspondent for the New York Times, who's been covering that part of the world and writing about it for a long, long time too may be not as long as Allen. David, he made an interesting point, Allen did hear that Qaddafi probably goes to the gallows if-- if he doesn't survive this. He's been there longer than Mubarak, I guess has he or?

DAVID SANGER (New York Times): He has. He's been there more than forty years, we're approaching, you know, sort of Castro records with-- with-- with Mister Qaddafi, Colonel Qaddafi. There are sort of two categories here, Bob, of-- of countries that are facing this. There are American adversaries where Washington is perfectly happy to sort of stand back and watch this unfold--Iran, Syria and Qaddafi's Libya, even though he has made some motions toward-- toward the West. And then there are a lot of close American friends--Bahrain and you saw the President on the phone with the king on Friday night and his national security aide Tom Donilon talking to the Crown Prince yesterday. And that was all about trying to get them to make the changes that President Mubarak never made. And these are not welcomed phone calls in these

countries, but, you know, Bahrain is a place of huge interest. It's not only where the Fifth Fleet is, it's also where the whole U.S. effort to contain Iran is centered from. And that is how-- how the U.S. patrols the Gulf.

BOB SCHIEFFER: I guess what-- what they're-- they're trying to work out there and what the demonstrators are calling for, did they want the king to leave or are they pushing for some sort of constitutional monarchy as we have in Great Britain, for example.

DAVID SANGER: Well, if you listen to the cheers from the round about a lot of them have been for the king to leave. But this is a different dynamic than in Egypt. You know, Egypt was a fairly unitary society, had a lot of grievances against-- particularly against President Mubarak. In Bahrain's case, there is the Shia majority that is ruled by a Sunni minority. And so, the army has a very different calculation here. They know that if the king leaves the Shia take over. This army is out. And so that's why you saw, I think, this incredible outpouring of violence which only got called off by the king. Now whether they turn this on and turn it off periodically, you know, that could undercut the way they do the negotiations.

BOB SCHIEFFER: If-- if they-- if the king was out and-- and what would happen? What would happen to U.S. interests there? Would the Fifth Fleet have to leave? Would they be ordered out?

DAVID SANGER: Well, it's hard to know how this would work out. And, of course, Fifth Fleet is an enormous employer there. The biggest concern there right now is their next door neighbor Saudi Arabia. So far you have not seen this happen in Saudi Arabia. Remember it's the Saudis who called in to President Obama during Egyptian crisis and said, "Let President Mubarak do whatever he needs to do including shooting people on the streets," because losing the region would be just too difficult. In Bahrain, they've got even stronger interests because it's right across the causeway. And you have to think that their advice to the Bahraini King is the same. So the Saudis right now are very unhappy with Washington because they believe that President Obama has just let this go on. President Obama says it's not my fight.

BOB SCHIEFFER: We really have no particular interest of note in Libya though with-- with Qaddafi. I guess the good news is that Qaddafi was building a nuclear weapon and he turned over all his nuclear technology.

DAVID SANGER: That's right. He was trying. He didn't get very far. And he turned it over in 2003, right after the American invasion of Iraq. And at the same time, he tried to settle the-- the Pan Am 103 issue, which was, of course, believed to be Libyan led. But that said there's no love loss between Washington and Colonel Qaddafi. And if he didn't survive this, I don't think he would see a lot of mourning going on in the State Department of the White House.

BOB SCHIEFFER: About twenty seconds left. Do you-- do you see these demonstrations across the region continuing, David?

DAVID SANGER: You know, Bob, the CIA missed this a month ago when they thought that Tunisia wouldn't spread to Egypt. I think now all of the common wisdom is the reverse that this could keep on going. And we don't know where it starts-- stops. The problem for the United States right now is there isn't very much leverage on this. Had-- not having encouraged a whole lot of reform before, it's a little bit too late to bring about reform in many of these countries today.

BOB SCHIEFFER: David Sanger of the New York Times. Thank so much, David.

DAVID SANGER: Thank you.

BOB SCHIEFFER: I'll be back with some final thoughts in just a second.

(ANNOUNCEMENTS)

BOB SCHIEFFER: Finally today, reporters who went to President Obama's news conference last week with the intention of writing down whatever news he had come to announce didn't have to worry about running out of space in their notebooks. There was so little news they'll have plenty of room to write in the same notebooks at his next gathering. No news but there was a moment of truth.

The President said there would be a certain amount of posturing before the two sides really got serious about finding common ground on cutting government spending. Well, House Republicans logged a full week on the posture clock. And by the predawn hours of Saturday morning had rammed through sixty-one billion dollars worth of spending cuts that no one, including them, believes the Senate will ever approve. Now they're off for another vacation. This one to celebrate Presidents Day which reminds me who but Congress gets a full week off for Presidents Day? But back to the point, the White House will punch its own posture clock now. Using the week Congress is off to warn of dire consequences ahead if compromise can't be found and the government has to shut down March the fourth.

Here is the really scary part. Once the vacation break is over, there will be only four days or so to work out a compromise to keep the government running. Can they do it? Let's hope so. But it is a long way to go with a short time to get there, which allows me to do my own posturing. What if we paid Congress only for the days members actually spent on the job here in Washington? We might save a bundle on that one.

Back in a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: And that's it for today. Be sure to join us next week. We'll have an exclusive interview with New Jersey's Republican Governor Chris Christie. Thanks for watching. We'll see you then.