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



July 3, 2011 Transcript

GUESTS: GOV. DEVAL PATRICK, D-Mass.

 GOV. JOHN KASICH, R-Ohio

 GOV. SCOTT WALKER, R-Wis.

 MAYOR ANTONIO VILLARAIGOSA, D-Los Angeles

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TRANSCRIPT

BOB SCHIEFFER: Today on FACE THE NATION, Washington and how it looks from outside the Beltway. On this July 4th weekend, Washington remains in gridlock. So we're checking in with four elected officials from around the country--Massachusetts Democratic Governor Deval Patrick, Wisconsin's Republican Governor Scott Walker, Ohio's Republican Governor John Kasich, and Los Angeles Democratic Mayor Antonio Villaraigosa. What is the impact with the Washington impasse in their states? What will be the impact out in the country if the President and Congress are unable to reach a deal to raise the debt limit?

It's all next on FACE THE NATION.

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

BOB SCHIEFFER: And, good morning again. Welcome to FACE THE NATION on this Fourth of July weekend. Governor Patrick is in Rockport, Massachusetts; Ohio Governor John Kasich is in Richmond, Massachusetts; Wisconsin Republican Scott Walker joins us from his state capital in Madison; and Los Angeles Mayor Antonio Villaraigosa is out at the Aspen Ideas Festival in Aspen, Colorado. I want to thank all of you for being with us on this holiday weekend.

Governor Kasich, I'm going to start with you. You were a part of that foursome two weeks ago along with the President's Speaker Boehner, Vice President Biden. People thought that get-together, that bipartisan foursome might begin a sign of cooling off here in Washington. But it seems to me that things are worse than ever. What do you think has happened? Did somebody get mad at somebody out on the golf course?

GOVERNOR JOHN KASICH (R-Ohio): No, I-- I think it's too early to-- to conclude that, Bob. And look, I mean the purpose is to get Republicans and Democrats together in Washington. And I was there when we did it. You know, I was one of the architects of the Balanced Budget in '97. And we've lost a lot of that ability to talk to one another as people. And I think it was a-- it was a very good thing that we were able to do it. And, you know, I sat there as a guy that faced an eight-billion-dollar hole here in Ohio and we had tremendous unemployment. And we've been able to move forward and get our job done--balancing our budget, cutting taxes, more accountability, and choice in education. We fixed Medicaid not by chopping people off but by doing things like letting mom and dad stay at home rather than go into the nursing home. Giving some coordinated care to-- to people who have mental illness, who need to be coordinated. We've all reached down here in Ohio, looked our problems square in the eye and-- and we have solves-- solved them. And we're now beginning to see some really good things happen. In fact, Ohio has--

BOB SCHIEFFER (overlapping): Well--

GOVERNOR JOHN KASICH --jumped eleven places in terms of economic growth. I'll tell you what I told them though, Bob, at the end of it. I said none of us really belong at this table. You know we've all been blessed by the Good Lord to have an opportunity to lead and none of us want to blow that opportunity. And they all heard it and they all agreed with it. So let's see how this all unfolds.

BOB SCHIEFFER: Well, I-- I have to say-- and I-- I take your point on some of the things you've done because a lot of people say it's-- it's miraculous that you've got your budget done. But in order to do it, you had to cut deeply into education. Now Governor Walker up in Wisconsin, he had to do the same thing when he got his budget done. I guess, Governor Walker, I would ask you--

GOVERNOR SCOTT WALKER (R-Wisconsin): Mm-Hm.

BOB SCHIEFFER: --is that going to be the wave of the future is to just cut deeply into education? It seems to be the thing that gets cut first now?

GOVERNOR SCOTT WALKER: Well, I think we're going to have to make strong structural changes. In our state more than half of our budget general fund goes to education and-- and to local governments. But I think you'll find with this panel and other governors and mayors across the country, Democrat and Republican alike, we're making structural changes having the courage to make those changes unlike what they're doing in Washington. In our case much like John just talked about we took a 3.6-billion-dollar deficit and turned it into a three-hundred-million-dollar surplus. The good news though, Bob, per your question about education is we actually passed earlier this year reforms that give our schools and our local governments the tools to more than offset for-- from that. In fact, a good example this week Kaukauna, which is a school district just outside of Green Bay, Wisconsin, home by the way of the World Champion Super Bowl Green Bay Packers. But-- but that school district stalk-- took our savings, was able to not raise their property taxes and looking ahead to the next school year because of the reforms we gave them will actually add more teachers, lower the classroom size, set money aside for merit pay because now they can pay for performance and hire and fire based on merit. Those are things we promised. Those are things we're doing. And we're doing them in states not just like Wisconsin. We're doing it in jurisdictions all across the country--

BOB SCHIEFFER (overlapping): Well--

GOVERNOR SCOTT WALKER: --because we have to unlike Washington.

BOB SCHIEFFER: Let me-- let me go next to--

GOVERNOR JOHN KASICH (overlapping): Yeah, Bob, I remember--

BOB SCHIEFFER (overlapping): --let me-- hold on just a second, Mister Kasich.

GOVERNOR JOHN KASICH (overlapping): Yeah okay.

BOB SCHIEFFER: And let me go next to Governor Patrick. Your legislature has just sent you a budget that I have to say looks a lot more Republican than Democrat in-- in Massachusetts of all places. It limit its-- it limits bargaining rights of state workers. There are deep cuts in the programs for the poor. No tax increases. I guess for the benefit of that reporter from Massachusetts and the people up there watching this morning are you going to sign this budget, governor?

GOVERNOR DEVAL PATRICK (D-Massachusetts): Well, there's a lot to like in this budget because it follows my own budget proposals. It's not correct though that the reforms that we have pur-- pursued and pursued successfully in municipal health care just like in transportation or education, we have had labor at the table. And they have a significant and meaningful role

because that's a valued choice we've made. We've also just like my colleagues on the show and my colleagues around the country had to make deep cuts in a whole host of programs in order to balance our budget. But those reforms and also investments in the things we know make a difference, in education, in health care, in job creation, in infrastructure, are the reasons that we're growing jobs faster than forty-six other states. We are-- our state GDP is growing twice as fast as the national DGP-- GDP. Our unemployment rate is well below the national average. And we are one of only three states in the nation with a positive fiscal outlook. So we've taken a very balanced approach. Very like frankly the balanced approach that the President has proposed at the national level.

BOB SCHIEFFER: So I'm listening very closely governor, did you tell me you are going to sign that or are you not going to sign it?

GOVERNOR DEVAL PATRICK: (AUDIO CUT) --municipal health care. Remember that's a-- a feature that I filed initially. That's an initiative that we started. We're-- we're still working to get it right, I think, and we're still reviewing it. But I will say this, whether it's in municipal health care, whether it's in health care generally we'll be working on getting system costs down which is the big-- the big price here. Whether it's in education reform or transportation reform or pension reform, we have brought labor to the table. And they've been a part of the solution--

BOB SCHIEFFER (overlapping): I--

GOVERNOR DEVAL PATRICK: --and I think thank them for that.

BOB SCHIEFFER: --I must apologize. The sound dropped out. Did you tell me you are going to sign it or not sign it? I mean it's a technical--

GOVERNOR DEVAL PATRICK: I-- I-- I-- I've go-- I've got, can you hear me now, Bob?

BOB SCHIEFFER: Yes, I have-- I can.

GOVERNOR DEVAL PATRICK: I-- I've got about ten days to review the whole budget. But I-- you're asking I think in particular about the municipal health care part of it. And it has come a long way toward what I want. I think there are a couple of parts of it I want to look at it a little bit more closely before I make a final decision.

BOB SCHIEFFER: All right.

GOVERNOR DEVAL PATRICK: But the point, the broader point, I was making, Bob, is that for all of the reforms we have been doing, many of them like what my colleagues and other states have been doing, taking this opportunity to make government work better and focus more on the people served. We've had labor at the table. And--

BOB SCHIEFFER: Okay.

GOVERNOR DEVAL PATRICK: --they've been a great part of it.

BOB SCHIEFFER: All right. Let me go to the mayor. Mister Mayor, you--you're not in charge of state budgets obviously. But you are in charge of a pretty good sized budget out there in Los Angeles. You had to make some draconian cuts yourself. You have cut down on a number of

fire stations. You're numb-- cut down on ambulance service. Do you feel good about that? I mean, is-- is that what government is supposed to be doing here?

MAYOR ANTONIO VILLARAIGOSA (D-Los Angeles): Well, I feel good about the fact that over the last three in the toughest financial crisis in our city's history since the Depression, we've been able to balance our budget. We've had to cut services. We've also had to find efficiencies in city government. But we've been able to keep for the most part fire and police whole. And while we have made some cuts, we've done it in a way that really protects the public safety because we're being more efficient in how we allocate those resources. I'll just say this. Look, first and foremost, we have a duty to the tax payers of our city to-- to balance a budget, to-- to live within our means while at the same time protect services and we've done that. In L.A., as an example, we've had to restructure our pension system. We've asked our employees working with them across the table, working with our unions. We've had them contribute about forty percent more for their pensions so make them more sustainable going into the future. We didn't do this because we wanted to do it. It wasn't an ideological po-- position. It was a financial one. What we-- we made the case that going into the future, we were going to have tightened our belt and trim services so that we can be on a sound financial footing. And I think in cities and states, you're seeing a lot less of the polarization, the ideological warfare that you see in the Beltway and really solving problems. I like to say if they--

BOB SCHIEFFER (overlapping): Yeah.

MAYOR ANTONIO VILLARAIGOSA: --elect legislators to talk. They elect mayors and governors to act.

BOB SCHIEFFER: Well, do you think, Mister Mayor, that Washington is paying enough attention to the cities and the states?

MAYOR ANTONIO VILLARAIGOSA: I think Washington has its head into the sand. We're dithering with default on the verge of-- of-- frankly, jeopardizing the full faith and credit of the United States of America because Democrats won't address entitlements, Medicare and Social Security. And Republicans don't want to talk about revenues or defense spending. And the fact is we've got to do all of that. You know, I think Simpson-Bowles lays a template for what we need to do. You don't have to agree with everything in it. The fact of the matter is a-- a mayor or a governor understands that you've got to find that middle course. You can't avoid your responsibility of balancing the budget. And in this case, they ought to submit their resignations frankly, if they put us in a situation where we're in default.

BOB SCHIEFFER: Well, what about that, Governor Kasich? How is this going to impact your folks out there in Ohio, if-- if we come to this impasse and-- and we can't find a way to raise the debt limit?

GOVERNOR JOHN KASICH: Yeah, I-- I-- I think, Bob, they will get an agreement. But let me just tell you in '97, I was one of the architects of the last time we balanced the budget. And when we did it, we and-- we had unparalleled economic growth. That's exactly what we're doing in Ohio to try to control our own destiny. The things that I have done in our budget, including giving local governments the tools to cope with less funds are all designed to create jobs. It's not ideological. You know, what we have to focus on in the-- you know, the mayor of L.A., Scott Walker in Wisconsin, Deval Patrick talking about economic growth in Massachusetts, we have to do things that create jobs and give people hope. You know, we were eight billion in the hole. I told the legislature if we do some tax cuts, it's designed to provide economic growth. We need

to control our spending. We can't kick the can down the road. I was involved in '97 when we got it done. We've got it done in Ohio. It's a matter of stripping out the politics, looking the problem square in the eye and coming up with innovative ways to fix it. I'll give you one example.

BOB SCHIEFFER (overlapping): Ah--

GOVERNOR JOHN KASICH: We put twelve thousand people a year in our prisons here who are in prison for less than a year, next to sometimes murderers and rapists. What we've done is we've changed sentencing reform, so we treat them in a more community setting. It makes the people to come out better and it also saves us a ton of money. It's not just cutting.

BOB SCHIEFFER (overlapping): Got you.

GOVERNOR JOHN KASICH: It's reforming and designing a better product.

BOB SCHIEFFER: Take it. Take your point.

GOVERNOR JOHN KASICH (overlapping): Can I-- Bob, may I--

BOB SCHIEFFER (overlapping): There are three other-- there are other-- three other people on the broadcast here, governor.

GOVERNOR JOHN KASICH (overlapping): --may I just build on that point.

BOB SCHIEFFER (overlapping): Let me try to get some of there-- Governor Walker, how do you feel about--

GOVERNOR SCOTT WALKER: Mm-Hm.

BOB SCHIEFFER: --this whole idea of the-- the debt limit here? Do you think it ought to be raised? Do you think Congress is going to find a way to do it?

GOVERNOR SCOTT WALKER: Well, I-- I think they need to make some long-term structural changes. Part of the benefit that each of the four of us are talking about is not just balancing our budget, but doing it in a way that provides structural reform for generations to come. I think all too often in Washington, they're thinking about the next election. We need to think about the next generation and not just the next election. In our case, if they don't deal with this issue, it will have a negative impact on the economy that will fall over into our states, into our cities. We've seen twenty-six thousand new jobs in the first five months of this year. And we started to slow a little bit in May and our economists said it was largely because of the fact that the federal government has been failing to act. It's been weighing down the successes that we've had in each of our respective jurisdictions. We need to have a federal government that works-- that works together, that gets the job done. And-- and I think if they fail to-- to do something in response to this debt ceiling limit to structurally change where they're headed, we're in real trouble with the economy. We can turn it around state by state. We can turn it around jurisdiction by jurisdiction. But we need a federal government that's competent. Right now, there's not a lot-- lot of courage in the Beltway. We need it. We see it in our states. We see it in our cities. We need to have it in Washington.

BOB SCHIEFFER: Let-- let me just go quickly to--

GOVERNOR DEVAL PATRICK (overlapping): Bob-- Bob, may I--

BOB SCHIEFFER: --to Governor Deval, I-- I mean Governor Patrick, Governor--

GOVERNOR DEVAL PATRICK (overlapping): I get that a lot.

BOB SCHIEFFER: --some of the Washington-- some of the Washington Republicans have been saying that these are just scare tactics that are being thrown up about the necessity to raise the debt limit. That's not what we're hearing from the Republicans on this broadcast this morning but-- but what is your take on that?

GOVERNOR DEVAL PATRICK: Well, it's-- it's not what we're hearing from-- from economists across the political spectrum. It's not what we're hearing from the financial and investment sector. The full faith in credit of the most important and the largest and most prosperous economy in the world is important and the notion of playing brinkmanship with it as some in the - in the hard right seem to want to do in Washington is-- is irresponsible. I think that Governor Kasich is right when he says that there's a great opportunity here to use this crisis, to do some things differently. And that's what we've been doing in Massachusetts--

GOVERNOR JOHN KASICH: Absolutely.

GOVERNOR DEVAL PATRICK: --that's making a difference but that balanced approach, the notion that we have to have significant cuts in spending programs as the President has put on the table but also real revenue reform here so that we are investing in things that bring us that growth, education and infrastructure, which must be rebuilt. And in innovation industries, which are the future, that is the way we have struck a balance in Massachusetts and that's why we're leading economically. And that's-- that's a formula that can work nationally as well.

BOB SCHIEFFER: All right. Well, we're going to take a break here. We'll come back. There obviously is a lot more to talk about here in just a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: All right. We're back with our mayor and our three governors. Mister Mayor, I want to start with you this time around. Let's talk a little politics. This economy is pretty bad. Everybody agrees with that. Do you think the President is going to be vulnerable if he does not get something going here if we don't get more people back to work?

MAYOR ANTONIO VILLARAIGOSA: Well, I think everybody is going to be vulnerable if we don't get people back to work. I think we all have to be accountable--the-- the President, the Congress, governors and mayors. I can tell you that here in the city our number one priority is jobs, jobs, jobs. We have got to put people back to work. We put a plan in Los Angeles to accelerate an investment that we're making, a forty billion-dollar investment in a ten-year period of time to double the rail system here. We want to partner with the federal government. In a way that leverages local investment, doesn't cost the federal government much because we pay back the loans. There are innovative things that we could do to put people back to work. And I think we all, Democrats and Republicans, need to figure that out. I think the President's been making a very important effort in that direction when he talks about making investments and infrastructure, putting people back work by investing in R&D. I think, we-- we have to remember that education is critical. And while we've all had to cut services, we have to understand that in an economy based on intellectual capital, we have to compete in science and math and

engineering. And so we've got to focus on those things to put people back to work. Work force training is-- should be an area where all of us agree that we've got to put displaced workers in jobs where the economy is growing and give them the skills to do that. And I think the President wants to do that. I think there are people on both sides of the aisle, but as I said they're dithering right now. Democrats and Republicans need to figure this out because the people expect them to do that. That's their job. It would be political malpractice not to balance this budget and raise the debt limit.

BOB SCHIEFFER: Governor Walker, let me ask you about that and what impact you think this economy is going to have on the next election. You put in these reforms. You-- you've passed this budget. But your popularity has not been helped by that. It's gone down instead of going up. It's not very popular with a lot of independent voters. How do you see 2012 shaping up?

GOVERNOR SCOTT WALKER: Well, again, I-- I think it's important for us in Wisconsin just as it is across the country again as I mentioned before to think more about the next generation than just the next election. But I do believe every week, every month that goes by people see the benefit. They see the scare tactics didn't work. They see that we've a balanced budget that freezes property taxes for the next two years. They see-- when my kids go back to their public school this fall that their schools will be the same or in many cases better. Because there will be more money because of those reforms to hire more teachers, to put more teachers in the classroom to lower classroom size, to provide a safety net out there. They see all the scare tactics haven't worked. I think that'll be successful. But in the larger context you asked the mayor and I agree, jobs will be the issue. There's just no doubt about it. When I-- I just got an e-mail recently from a woman named Tina here in Wisconsin. She and her husband have two kids, a third on the way. Her husband lost his job last year. And she was encouraging me to balance the budget and continue with our pro-job agenda because she's hopeful her job-- her husband can get a job that can put food on the table for them again. We hear that all across the state. And I think, respectively, the four of us around the country, in 2012 that will be the issue not if Wall Street recovers but if Main Street recovers and most importantly if the street you live on, if you're seeing recovery, that will make a difference for anybody on the ballot in 2012.

BOB SCHIEFFER: Governor Kasich, Ohio is always important in any presidential election. Do you think this President is going to be a one-term president because I look at these polls and they show that the Republicans are not very enthusiastic about the people who are running for the Republican nomination right now?

GOVERNOR JOHN KASICH: Yeah. Bob, you know, I mean, I think I you-- I'm not a predictor here. I think it will be a tight, close election because of the economic problems. But, Bob, here's the thing that that the people need to realize or politicians need to realize. At the end of the day you look yourself in the mirror and you say to yourself did I do what was right for families and for children and if I paid a political price, so what? I mean, there's-- there's too much posturing. There's too much thinking about your party, yourself. It cannot be ideological. You think about this--thirteen-trillion-dollar national debt. I've got eleven-year-old daughters. I'm worried about them. The people in Washington have got to put aside, you know, these, all this political consideration and start thinking about how they're going to feel about themselves when they leave. When I left Washington, I felt good about my service. I took some hits because of what I've done. I've taken hits out here in Ohio. But you know what? When I wake up in the morning and I realize that my-- when I think that my motives are right in terms of lifting people, that's what you have to do. That's-- that's what the great leaders that I've studied have done. And Bob, I think they will get through this crisis. They will raise the debt ceiling. The question is do they get a big deal or a little deal? I'll tell you something. I just hope that they can-- they can

work the big deal because it will lift the country. It will lift my state. In the meantime, we're going to do everything we can out here to determine our own destiny. And we are beginning to win.

BOB SCHIEFFER: All right. Gove-- Governor Patrick, I'll let you have the final word here this morning. How do you see this next election shaping up?

GOVERNOR DEVAL PATRICK: Well, you know, it's interesting. And in at least in the way we talk about it, I don't think there's a lot of difference among those of us on the-- on the show. I don't think polls or economic indicators decide elections. People do. And people want to know that their government sees them, that they're worried about them, that we're serving every day for them. And that means not just cutting programs and-- and doing the-- the sort of abstract policies we've been talking about. It's about making investments that are going to help them help themselves, not solving every problem in their lives but helping them help themselves. And the President's taken that balanced approach. If the Congress will work with him then our best days are ahead.

BOB SCHIEFFER: All right. Well, gentlemen, I want to thank all of you for being with us this morning. A very interesting discussion on this Fourth of July, I must say. I'll be back with some thoughts of my own, in a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: Finally today, it sounded preposterous to much of the world on that July 4th in 1776 that somehow a tiny colony long on big ideas and short on such things as an army, money or even much of a government, intended to break away from the richest and most powerful nation in the world. The men who signed that Declaration of Independence knew exactly how long the odds were and knew they would be hanged if they failed. But they signed it pledging their lives, their fortunes and their sacred honor. John Hancock signed his name large. He wanted the British to make no mistake about who he was. I thought about that at a recent CBS News Town Hall on the economy when I asked Tom Coburn, a very conservative Republican senator from Oklahoma, why Congress can't get anything done anymore. Because, he said--

SENATOR TOM COBURN (June 14): We're more interested in political careers than we are fixing the very real and urgent problems in front of our country. The Senate has-- this is the lowest level of votes the Senate has had in my seven years and the lowest level of votes in twenty-five years. And the reason we're not voting is people don't want to take a vote because they might have to defend it. So rather than come up here and do the job and have the courage and the honor to go out and defend your votes, what we do is we just don't vote.

BOB SCHIEFFER: What a contrast to the attitude of the founders who put their lives on the line for what they believed. Not the usual July 4th message but maybe worth hearing just to remind us how we used to be.

Back in a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: That's it for all of us here at FACE THE NATION. Thank you for watching on this holiday weekend. We hope you have a Happy Fourth. We'll be right here next week. Congress has canceled its recess so we'll have some news to report on. See you then.

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