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



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GUESTS: FORMER PRESIDENT BILL CLINTON

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TRANSCRIPT

BOB SCHIEFFER: Today on FACE THE NATION, an interview with former President Bill Clinton, plus Tea Party politics.

President Obama will be joining former President Bill Clinton this week, as the former President convenes his Global Initiatives conference, looking for solutions to the world's most-pressing problems.

We'll talk to the Former President on that, and we'll get his take on the current state of American politics.

Then we'll turn to the uproar on the right, not since Alice in Wonderland, has the Tea Party gotten the attention it's getting these days in American politics.

We'll bring in two voices on the right, columnist and former Bush administration official Michael Gerson and the GOP's legendary strategist and former Reagan advisor Ed Rollins, to talk about the Tea Party movement and where it's going.

I'll have a final thought on how Democrats may have missed an opportunity to find a compromise on the tax cut debate.

But first, Bill Clinton 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. Well, we're going to welcome first to our broadcast former President Bill Clinton. But before we begin our interview this morning, some of you may have seen in your morning paper that we'd be talking also this morning with Christine O'Donnell, the surprise winner in the Delaware Senate primary. Well, she canceled on us yesterday. She said she had scheduling conflicts and couldn't be here. We're going to have more on that later and we're going to play the tape that began making the rounds Friday night, in which she said she once dabbled in witchcraft. I'm serious.

(Excerpt from Politically Incorrect; October 29, 1999)

BOB SCHIEFFER: But first, the former President Bill Clinton. Mister President, thank you for coming. Welcome to the broadcast. This week, you are bringing together business leaders, world leaders, thinkers from ninety countries. I think the last I heard forty sitting presidents and prime ministers from around the world. All getting together to talk about with your Clinton Global Initiative, the most serious problems facing the world and how we can take action against them. You've had some remarkable successes with this over the years. But, let me just ask you first, what do you think you'll be concentrating on this year?

PRESIDENT BILL CLINTON: Well, this year we'll be focusing a lot on the economic challenges facing people all around the world, including in the United States, and what if anything, the private people who come here and the non-governmental groups can do. And I think you'll see some interesting commitments coming out that affect America--how to create jobs from clean energy in the United States, without any kind of particular involvement from the government,

how to train more people to take jobs more quickly. You know the last Economic Report; unemployment rate showed that posted job openings are going up twice as fast as job hires in America. That's not happened coming out of a recession in my lifetime. So we're going to respond to problems in America. And then we're going to look at that around the world to see what we can do and especially what we can do to help girls and women participate in the revival of the economies of their own countries and get a fair share of the education. We-- as always, we'll have a lot of emphasis on education and on bringing the benefits of technology to people who don't have them. So-- and-- and I think, you know there will be a lot of interesting side effects. Terry McAuliffe, a man you know, is bringing two electric cars to the Clinton Global Initiative, because he went to China and bought two electric car companies and is moving them to America to manufacture cars, a thousand of which he's already sold in Denmark. And it makes the point that we can bring manufacturing back to America and put people to work doing that too.

BOB SCHIEFFER: You talk about concentrating on some of the problems in this country. I think a-- a report that really gave a lot of people pause this week when it came out that one American in seven, now lives in poverty. That's more than ten percent of our population. How do we do something about that, Mister President? How did we get to that point?

PRESIDENT BILL CLINTON: Well, first of all, if you go all the way back to the early seventies, when we began to globalize the financial system without globalizing the economy, without any global economic and social supports--inequality has been increasing as finance gets more and more-- any country's economy and basic business and manufacturing gets less, it concentrates well at the top. That's been happening for forty years. In my second term is the only four-year period in that time where the bottom twenty percent of working people's incomes in percentage terms actually went up slightly more than the top twenty percent. But even then the top one percent did the best. And the middle class has been squeezed. In this-- the last eight years before President Obama took office, before the financial meltdown, forty-three percent of the benefits of the decade went to ten percent of the people. I mean ninety percent benefit went to ten percent, forty-three percent to the top one percent. So the middle class has been squeezed. And then we had this total collapse and people had their credit cards maxed out. They didn't have any savings. Any they could easily fall into poverty. Now the American peoples are trying to save more. They're trying to get back together. But when we come out of this, we have got to have a strategy for building a middle-class economy, which includes creating more jobs and you have to know where are they? They're in small business, manufacturing, and clean energy. Getting financing, where is the money? The banks have enough money to make-- well, they have 1.8 trillion dollars in cash reserves, so they can make in theory eighteen trillion dollars in loans. Corporations have 1.6 trillion dollars in their treasury. And then we've got to train people to do the jobs. There are just too many jobs where the skills mismatch is there. Then is second thing we have to do is to figure out how to deal with these crises that are killing the middle class. You've more than ten percent of the American people living in houses that are worth less than their mortgages, and lots of other problems. It's-- it-s-- we need a whole strategy to revive the middle class. And I-- I worry that we're living in a climate where there's a lot of name calling, a lot of labeling, a lot of, you know, bad mouth the government or bad mouth big business but people don't talk about what are we going to do to turn this around? We've got to get out of the immediate crisis we're in that started in 2008, and then we have to realize there is a long-term trend here that can only be overcome through education and the creation of more jobs and a-- and a more balanced economy in America.

BOB SCHIEFFER: All right. I want to-- I'm going to ask you a little bit more about that in a minute. But I-- I do want to talk about some of the-- the politics of the moment right now. And

this is this whole Tea Party thing that's going on. It-- it's sort of the right end of what you have talked about kind of this general frustration and anxiety out there in the country. But what do you make of it? Some Democrats say it's a civil war going on in the Republican Party. Some Democrats think it's a good thing for Democrats. What's your take on it?

PRESIDENT BILL CLINTON: I'm not sure it's going to be a good thing for Democrats yet. We don't know. I-- I think that-- first of all, the Tea Party insurrection, if you will, that you see in these Republican primaries reflects the feeling of a lot of Americans that they're getting the shaft. That the people who-- who caused these problems--first of all, the-- the banks that were responsible for financial meltdown, they've gotten well again. And, everybody's got money again who's in that business, but ordinary people don't. Then they think the government that didn't exercise appropriate oversight. Everybody, they've still got a job and health insurance and can make a home mortgage payment and can send their kids to college and they can't. So there is a general revolt against bigness, which in the case of the Republicans is always directed more against the government than the private sector. It's totally understandable. The thing that bothers me about the Tea Party movement is two things. Number one, according to the profiles and the studies that have been done, it's being bank rolled by people who want to weaken the government, so that there will be even more account-- unaccounted for private concentration of power. And that's what got it us in the mess we're in the first place. And the second thing that bothers me is that it's hard to know where they stand on these specific issues. Do they want to repeal the Financial Oversight Bill? Do they want to repeal rather than reform the health care thing? Do they really want to repeal the student loan reform bill at a time when we've fallen from first to twelfth, in the world, in the percentage of our people with college degrees and it's really important to the economy? And this student loan reform for the first time allows everyone to pay their loans back as a percentage of their income. We need-- I don't know where they stand, but I get why they're popular.

BOB SCHIEFFER: I-- I would also bring up that it's not just in the Republican Party that there is some dissatisfaction.

PRESIDENT BILL CLINTON: No.

BOB SCHIEFFER: There is dissatisfaction within your party, the Democratic Party. I want to ask you, what do you think is happened to President Obama? He comes in to office, there are very high expectations. He has the big support among independents, a lot of Republicans I think also voted for him. And yet, now we see his approval rating is less than fifty percent. We see that there are all these things going on around with him. Eighteen percent of the people think he's a Muslim. A-- a large percentage of people think he wasn't even born in this country. I guess what I'm asking you is how does he get his groove back, because he seems to me to have lost it.

PRESIDENT BILL CLINTON: Well, I think, first of all, we have to give our friends in the Republican Party their fair share of credit. I think when President Obama was in the Senate before for a while before he started running for president. He built some friends among the Republicans. They did some things together. When he got elected the first thing he said was, "I don't want any investigations into the Bush years. I want to go right ahead. We want to get this country moving again." And he kept thinking that he would find some partners in the Republican Party. And he didn't. And it was clear that Mister Boehner and Senator McConnell and-- they weren't going to vote for any meaningful health care bill. They weren't going to support any student loan reform that the banks didn't like. They were going to oppose the Financial Oversight Bill. We got a couple of Republicans for that. And I think he was shocked at the intensity of the Republican opposition. But they learned from my first two years that if you just

say no, even though people hate it, you get rewarded for it, because it discourages the Democrats and it inflames your base. So they're doing just what they did in '93 and '94. And, so far, it appears that they're being rewarded for it. And I think that it-- it-- it disoriented him for a while. He just kept trying and kept trying. I also think he believed that if he accomplished a lot on the legislative front that would be reflected in a better political climate. But the problem is there's a huge lag time once you get in a deep economic hole between digging out of it and having people feel it. And so, I think, you know, look, Bob, if the unemployment rate were five percent, we wouldn't be having this discussion. I don't think. They'd still be the--

BOB SCHIEFFER (overlapping): Well, let me just--

PRESIDENT BILL CLINTON: There would be the conservative critique that he was for too much government but we'd be in better shape. So I think he is getting his groove back now. He's still fighting for specific things on small business and manufacturing and all the stimulus money that hadn't been spent--clean energy stuff. And he's out there combating the opposition now. Maybe that'll make a difference. I think it will make some difference. And I think we'll do better. But the Democrats should focus on-- people only hire us when things are messed up. They'd much rather hear the Republican rhetoric than ours. We only get hired when the country is in a mess.

BOB SCHIEFFER (overlapping): Let me-- let--

PRESIDENT BILL CLINTON: So the Democrats should focus on what we're going to do.

BOB SCHIEFFER: All right. Let me just ask you, because you mentioned 1994. That is, of course, when the Republicans took the House and Newt Gingrich came to power in the House. A lot of people said that that's also when your administration finally began to focus and get some things done. You were having your problems going into that election. You lost a bunch of seats in the House. But after that, you did things like welfare and NAFTA. You got some tax cuts in. You balanced the budget. Would it be good for him in-- in a way if he-- if he lost the House and the Republicans came to power and had to share some of the responsibility here?

PRESIDENT BILL CLINTON: Well, I think it would increase his chances of being re-elected. Whether it would be good for the country or not, I don't know. But see-- you just said that's part of the-- the narrative. But, yeah, we passed a Balanced Budget Bill. But it was easy to pass the Balanced Budget Bill, because ninety percent of the deficit was reduced by the budget that only Democrats voted for in 1993, that the Republicans beat them for.

BOB SCHIEFFER: Or--

PRESIDENT BILL CLINTON: Because the-- because that's what reversed trickledown economics. That's what put the country on a whole new course. It was that budget and the people who got beat were the people who voted for it. I'm worried that we're going to beat lot of people now who voted for a lot of the policies that will bring this country into the 21st Century. And then we'll have a Congress that won't support building a green economy anymore.

BOB SCHIEFFER: All right.

PRESIDENT BILL CLINTON: I mean-- I-- that-- that's the thing that really bothers me. I think that, yeah, we got a lot done. And I like working with Newt Gingrich. And I could deal with all the shenanigans they pull, but I-- but I hate to see the people who are more likely to generate manufacturing and small business opportunities and more likely to train the American people to

do the jobs that are open and more likely to deal with the remainder of the mortgage crisis thrown out of office.

BOB SCHIEFFER: All right.

PRESIDENT BILL CLINTON: And I don't know how it'll play out.

BOB SCHIEFFER: All right. Mister President, I'm sorry we have to leave it there. But we do. The clock ran out.

We'll be back in one minute.

PRESIDENT BILL CLINTON: Thank you.

(ANNOUNCEMENTS)

BOB SCHIEFFER: And we're back now with our Republican political roundtable. Joining me here in the studio, Michael Gerson of the Washington Post, the legendary strategist Ed Rollins is in our New York studio.

Well, as many of you read in your morning paper, we expected to have Christine O'Donnell, the surprise winner of that Republican Senate primary up in Delaware with us this morning. She called us or e-mailed us yesterday morning and told us that she was canceling. Said she had scheduling conflicts and a lot of political things she needed to do in her home state. And so she couldn't be here.

What we did not know at the time was that Friday night, Bill Maher, the comedian, had circulated a video interview that she had done for his program back in 1999, I think was. And it turned out the segment never aired. But he aired it Friday night in which she said, of all things, that she had-- had once dabbled in witchcraft. I want to play that tape for you right now. Here-- here it is.

(Excerpt from Politically Incorrect; October 29, 1999)

BOB SCHIEFFER: So, there you are. Well, after we became aware of this, we e-mailed the campaign again and asked them to if, in fact, was that the reason that she decided to cancel the appearance. We got back an e-mail that said, "No, that is not the reason. We weren't aware that he had released this tape until yesterday afternoon." As for dabbling in witchcraft, whatever that is, her campaign spokesman said, "Campaigns about what she did as a teen is hardly a worry to her or the people of Delaware." Ed Rollins, have you ever dealt in witchcraft, first of all? And number two, what do you-- what do you make of this?

ED ROLLINS (Republican Strategist): No, I haven't ever-- I-- I have had a voodoo doll or two of some of the candidates that I wanted to strangle, to stick needles in-- in the course of a very long career, but never witchcraft. You know, the problem today is that, obviously no one knew who she was, or-- or many people knew who she was, prior to last week. This is kind of the first impressions people are going to get. Right now this campaign is about her. And unless she gets her ship righted, no matter how strong the Tea Party is or how it much move for change, at the end of the day people in Delaware--it's a small state, they're going to focus on her, her past statements, what she's saying now. And this is not a good start.

BOB SCHIEFFER: Michael Gerson, speaking of magic tricks to her credit, her website says she has now raised well over a million dollars since she won that primary. Do you think Republicans are going to stick with her? Do you think there's any kind of explanation? I mean, was she joking in that tape? I mean, it's hard to know what to make of that?

MICHAEL GERSON (Washington Post): Well, it is. I-- I, you know that-- I think, though, that her strongest supporters are not necessarily going to be turned off like-- by this. She talks about having a religious conversion in college, which forgives a multitude of sins for-- for many of her strongest supporters. But there-- I-- I think the reality here is that she-- this adds to an aura of oddness in this case. She's-- just seems to have decided not to answer a bunch of questions about her back-- past and background, to focus on deficits or spending or other things. These things are irrelevant. But I think, generally, in politics, that people don't trust your views on deficits or spending until they trust you. And she hasn't crossed that hurdle, yet, with the voters of-- of Delaware. Certainly indicates what the Republican mood is. They want to support pure candidates, ideologically pure candidates even if they're not electable. I don't think that's necessarily good for Republican con-- control of the Senate. And it doesn't change the fact of politics, which is, bad candidates can lose even in-- if they're riding waves in a wave election.

BOB SCHIEFFER: Well, Ed Rollins, some people have said to me that in many cases, they-- they point out the Tea Party folk are not Republicans. They're very conservative. They-- they want lower taxes. They want small government. But someone said to me that in many ways they're more interested in just getting rid of the people who are in office than they are in, who follows them.

ED ROLLINS: Why, I-- I think-- I think some are Republicans. I think a lot are independents. I think some were-- her old supporters. You know, I think to a certain extent what they are people were very dissatisfied with the country. And they have created a movement out of really the whole cloth. And they basically have become a very significant force. And I think Republicans have to deal with them. And they-- and they should deal with them in a positive way. They should listen to them and obviously I've never believed, even when I was the White House political director, or when I ran the congressional committee that you in and endorse in primaries. You basically let the process run its course and you go out and support the best candidate. Let the people pick who they want to run.

BOB SCHIEFFER: We--

ED ROLLINS: Obviously, the voters of New Jersey-- of Delaware have now chosen. Now it's up to national people if they want to play, they have to go help this woman--

BOB SCHIEFFER: We have a very short time here, Michael. Is this going to help Republicans or hurt them?

MICHAEL GERSON: Well, the Tea Party is a mixed blessing in a lot of ways. And certainly a blessing across the country but it's a curse in-- when-- when Tea Party candidates win in the cases like this because they're not particularly electable.

BOB SCHIEFFER: All right. I'm sorry. We have to wrap it there.

MICHAEL GERSON: Mm-Hm.

BOB SCHIEFFER: Back in a moment with some final thoughts.

(ANNOUNCEMENTS)

BOB SCHIEFFER: Finally, House Republican leader John Boehner did a rare thing on this broadcast last week. He got off the talking points. I asked him about extending the Bush tax cuts that expire this year. Boehner gave me the GOP line: we should extend those cuts for all Americans, rich and poor. Democrats want to extend the cuts only to those making less than two hundred and fifty thousand dollars a year. And when I pressed Boehner, he carefully said then it was just bad policy. But if it came down to tax cuts only for the lower and middle-income groups or no tax cuts at all, he said, he would reluctantly vote for just the lower and middle-income cuts. That was big news all across the country. And it set off a thunderbolt of reaction in both parties. By mid afternoon, the White House acknowledged Boehner's change in position but added in a written press release, "Time will tell if his actions will be anything but continued support for the failed policies that got us into this mess."

Blame it on a long memory, but I can remember when the first move by a President like Lyndon Johnson or maybe a smart aide in the Eisenhower White House would not have been a snarky press release. I'm guessing LBJ would have been on the phone to Boehner in five minutes after seeing him on TV saying something like, "If you're serious, why don't you come over here quietly and we'll try to work out something good for both of us and the folks out there." Call me a romantic, but I believe that might have happened as we saw. No chance it could happen today. And we're right back to the partisan war. Too bad, really.

Back in a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: And we'll see you next week right here on FACE THE NATION.