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

CBS News

FACE THE NATION

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**GUESTS: Governor JENNIFER GRANHOLM
Democrat, Michigan**

**Senator DIANNE FEINSTEIN
Democrat, California**

**Representative ROY BLUNT (R-MO)
House Minority Whip**

**Representative HEATHER WILSON
Republican, New Mexico**

**Mr. DAVID BROOKS
The New York Times**

MODERATOR/PANELIST: Mr. Bob Schieffer – CBS News

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BOB SCHIEFFER, host:

Today on FACE THE NATION: the Palin factor, the bailout package and a campaign that's turned down and dirty.

Down in the polls, the McCain campaign has found a new attack dog...

Governor SARAH PALIN: The heels are on, the gloves come off.

SCHIEFFER: ...McCain's once embattled running mate, Sarah Palin. Will it work? And what about the bailout, will it make a difference in this campaign? All questions for Senator Dianne Feinstein, Democrat of California; Representative Heather Wilson, Republican of New Mexico; House Minority Whip Roy Blunt, Republican of Missouri; and governor of Michigan Jennifer Granholm. David Brooks will be here with a Campaign Quick Check, and I'll have a final word on the bailout.

But first, the campaign turns nasty on FACE THE NATION.

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

SCHIEFFER: Well, good morning again. We had two major events last week. First, Congress passed the bailout. We won't know for a while if it is going to work. What we do know is that we have a very hot presidential campaign, and we saw last week the second thing, the emergence of the--Sarah Palin as the McCain camp's new attack dog. Yesterday she took after Barack Obama in a style reminiscent of Spiro Agnew when he was Richard Nixon's running mate. Listen to what she said in California.

Gov. PALIN: These are the same guys who think patriotism is paying higher taxes. Remember, that's what Joe Biden said. Now, this is not a man who sees America as you and I see America. We see America as a force for good in this world. We see an America of exceptionalism. Yes, USA! USA! Our opponent is someone who sees America as imperfect enough to pal around with terrorists who targeted their own country.

SCHIEFFER: So, that was Sarah Palin yesterday out in California. Let's start with Congresswoman Heather Wilson.

Do you agree with that line of attack, that Barack Obama does not see America as a force for good?

Representative HEATHER WILSON (Republican, New Mexico): He has actually--you know, he goes over to Germany and talks to the Germans about America and the need to tear down the walls between the United States and our European allies as if it's all America's fault that we've, you know, we're in the situation that we're in. That's not what we expect from our president. We expect someone to stand up for America and to realize that America is a force for good in the world and has been for a century.

SCHIEFFER: Well, that sounds like you're saying that he's somehow unpatriotic, which seemed to be the underlying theme of what she said yesterday, Congresswoman.

Rep. WILSON: Well, he has talked down about America. And you know, we've always had this history of saying, 'Well, you know, politics ends at the water's edge,' and it didn't for Barack Obama. He's been critical not only of the president, but of American policy and hence of a--has kind of a negative view of America in the world. That's not unusual, frankly, among liberals in kind of post-Vietnam America to say that America's the problem. I think Sarah Palin believes that America is part of the solution. We are an exceptional country, we are a force for good.

SCHIEFFER: Well...

Rep. WILSON: And we need to talk about the good things we do.

SCHIEFFER: Well, let's see what Senator Feinstein would say about that. The ad also suggested that he is the pal of a--of a terrorist. That refers, of course, to Bill Ayers, who was part of the anti-Vietnam underground weather people, I think was the name of it. He's now a professor in Chicago. She suggested that they're pals.

What about this whole thing, Senator?

Senator DIANNE FEINSTEIN (Democrat, California): Of course, when Bill Ayers was active in the Weather Underground, Barack Obama was eight years old, so I think that's really a stretch. I found it very shocking. And then I thought, you know, Barack Obama has gained a great deal of credibility and trust of the American people. He's leading in the polls, he's leading in most of the battleground states. And this is going to be a month, I think, of character assassination. And so the Republican position is to try to assassinate Barack Obama's character and try to place him in a position where the trust that he has built dissipates, the credibility that he has dissipates. And I hope it isn't successful, and we must not let it be successful. Too much is at stake in this election. And you know, it's a--it's a hard thing for me to listen to this when you know the major problems that this nation faces. And that's what we ought to be talking about, not slamming one's character like this.

SCHIEFFER: All right. Well, the Obama campaign certainly did not take this lying down. They got on the air and will go on the air today around the country with an ad that takes on John McCain. Let's listen to the Obama campaign's version of last week.

(Excerpt from Obama campaign ad)

SCHIEFFER: Here in the studio with me is Congressman Roy Blunt, the majority whip--minority whip in the House. He carried the water for the Bush administration, did the heavy lifting, was instrumental in getting the bailout passed in the House and then being signed into law.

What about that, Congressman Blunt? Was John McCain erratic? Was he trying to change the subject here?

Representative ROY BLUNT (Republican, Missouri, House Minority Whip): Well, I don't think he was erratic at all. And we're trying to shift, of course, from talking about what this really is to what it was described as. The bailout turned out to be really a workout where the government has no reason to lose money. But John McCain, in I thought a very selfless and cool way, began to talk to Republicans and others about why this had to be done. During the week this week, as we had that disappointing vote on Monday and then came back on Friday with a winning vote, he was in contact with me every day about who he could call, who he could talk to. I think he came back and changed the discussion. We were headed toward a bill that would give a lot of money to these activist political groups, like ACORN. We were headed toward a bill that would really make it harder for Americans in the future to get loans because bankruptcy judges could be able to rewrite--and he came back and did a lot of good. I didn't see him as erratic at all. In fact, I saw him as very purposeful, very selfless in what he was trying to do, and dedicated to it. He called me at 10:15, Bob, one night last week and said, 'OK, who can I--who can I call now that's on the West Coast so it won't be too late for me to keep calling?' And he'd been calling all evening members, some of which he didn't get them to vote for it, but he got them to think about why it really mattered.

SCHIEFFER: Let's go now to Governor Granholm in Michigan, where there are a lot of people who were for Hillary Clinton during the primary.

You know, it was clear--or the McCain people will tell you one of the reasons they put Sarah Palin on the ticket was an effort to reach out to those Hillary Clinton supporters that just didn't like Barack Obama very much. Do you think that she is making inroads there? Is what she has been saying, is that going to appeal? Is that going to bring Hillary Clinton voters to Barack--to John McCain?

Governor JENNIFER GRANHOLM (Democrat, Michigan): Well, it's hasn't done it so far. You know, she's been saying the words "maverick," "change," but they haven't--I mean, this is the whole point of that ad, too, they don't--they don't get it. I mean, in Michigan we want to hear what the change is. It can't just be a slogan. You can't just say you're a maverick, but what are you going to change? Are--is your trade policy going to be different than George Bush's? No. They haven't said they're going to be different. In fact, John McCain goes to South and Central America to proclaim that he's the inveterate free trader. Well, in Michigan those are fighting words, because we've lost so many jobs to other countries because of a failure to enforce the trade policy. Is your health care plan going to be different than George Bush's? The health care plan that he--that he's rolled out is the same health care plan that George Bush rolled out two years ago that was dead on arrival because it taxes the benefits. Is your--is your tax policy going to be any different? Because certainly, we lost 159,000 jobs just in the past month. It ain't working. And we know that in Michigan. This is why she has not had the impact on women or men in Michigan. And I--and I don't--and he hasn't, either. They've decided to pull out of Michigan just in the same that way George Bush, frankly, has pulled out of Michigan over the past eight years. You got to speak to what people care about and the change that they want to see.

SCHIEFFER: All right. Well, we've pretty much set the stage for the argument here and the discussion. Let's take a one minute break and we'll come back and continue this.

(Announcements)

SCHIEFFER: And we're back now with our elected officials from four key states.

Let me go back to you, Heather Wilson, in New Mexico. Does John McCain have to change the subject from the economy now, and is that why the McCain camp has obviously decided to go after Barack Obama now and try to make this a referendum on Barack Obama? Is that what they're trying to do here?

Rep. WILSON: I think there are big differences--there are big differences between these candidates on things related to the economy. Senator Obama has voted to increase taxes, including on folks making \$42,000 a year or more, and I think that's the wrong way to go when the economy is soft. I think also when--and I agree with Roy, Senator McCain called me as well on the--on the financial bill and said...

SCHIEFFER: So you think he actually made a difference?

Rep. WILSON: ...you know, 'This is really important. We need to sort this out.'

SCHIEFFER: You think he made a difference here?

Rep. WILSON: I do. He came--he came back in. I think Secretary Paulson was not doing well. He was not getting the support he needed and presenting the plan very well. I mean, he wanted a blank check for \$700 billion with no oversight. And I think both Roy--Roy's leadership made a difference, but Senator McCain saying, 'OK, this is important. We need to get engaged on this,' and he has influence, particularly with House Republicans.

SCHIEFFER: Senator Feinstein?

Sen. FEINSTEIN: Well, I don't see it that way at all. Senator McCain kind of parachuted in. He said he was halting the campaign, he was not going to do the debate, he plunged in at a time of very sensitive negotiation. The negotiation fell apart at that moment and they had to begin again. On the other hand, Barack Obama stated very clearly principles that would be needed to put forward an agreement. One was protecting the taxpayer, seeing that this money would be recovered by the taxpayer, and if possible even with a profit. Secondly, no golden parachutes. Third, there must be independent oversight. And finally, that the FDIC, the Federal Deposit Insurance should be raised from \$100,000 to \$250,000. He was resolute, he was steady. In contrast, I thought John McCain was very erratic in how he behaved. Now, I can't say he did or didn't call members. Obama called members as well. But I think the behavior is indicative of the kind of gamble that he took at a very precise and difficult time that didn't work out. And then he parachuted back out and restored the campaign...

SCHIEFFER: Let...

Sen. FEINSTEIN: ...and did the debate.

SCHIEFFER: Let me go back to Congressman Blunt. Do you think that Sarah Palin rehabilitated herself? We suddenly see her as in this whole new role. Do you as a Republican believe she's qualified to be president should something untoward happen?

Rep. BLUNT: I do. I think she's a qualified to be president as Senator Obama is, and I think after some time as vice president she's going to be extremely ready if she has to take over as president. You know, Senator Clinton said that at the debate she was the--that senator--that Governor Palin was confident, she was engaging.

I think the American people saw somebody that was not business as usual in Washington, and they don't want business as usual. They're ready for change. And Tina Fey does a great job talking about this maverick term, but the truth is they truly are two individuals who really have the--have the background to change this town. John McCain has been an advocate of change on this financial crisis. He was the guy out there--while Democrats were saying these government agencies have plenty of regulations, he's been out there for years as a pain in the side of these agencies advocating more regulation, more change. We could have stopped a lot of this problem from happening three or four years ago. The president was asking for that but the Congress wouldn't deliver. John McCain was one of the leading advocates for that kind of--that regulation.

SCHIEFFER: Governor Granholm, you're an elected official, you're a woman like Sarah Palin, and some people say there are different standards set when a woman runs. Do you think that Sarah Palin is being given a fair shake? I was thinking back, a lot of Democrats were talking about how Sarah Palin was mugging to the camera, how she winked a lot. How do you--I wonder how Republicans would have reacted had Hillary Clinton been there and been winking at the camera. Do you think there's any kind of a double standard going on here?

Gov. GRANHOLM: Well, I don't--I don't know if you can say there's a double standard between Democrats or Republicans, women or men. Obviously she had a different strategy, and her strategy was to be folksy and try to speak over the moderator and over the questions that were asked. But the reality is I really believe, honestly, in Michigan we are hurting so bad we don't want to hear just, you know, "by golly," "ah, shucks," "doggone it." We want to hear what are you going to do to help everyday citizens? Barack Obama, Joe Biden are going to offer a middle-class tax cut. Middle class. Anybody under--earning under \$250,000 will not get an increase in taxes. In fact, the middle class, 95 percent of working families, are going to be benefited. Now, they can say that, you know, Barack Obama's going to raise your taxes, etc., but independence--independent studies have shown that his tax cut--his tax cut proposal, his tax proposal overall will benefit everyday citizens three times more than McCain. I just want people to know the facts. I think that's what people out there want to see. Whether Sarah Palin can wink at everybody and try to charm them to death, I think that that's a question of style over substance. And at this point people are tired of style, they want to know what are the facts that are going to help me...

SCHIEFFER: Right.

Gov. GRANHOLM: ...as an everyday citizen.

SCHIEFFER: Governor, we have to stop there. I want to thank all of you for a very enlightening discussion this morning, and an entertaining discussion, if I say so.

Gov. GRANHOLM: Great. Thanks so much.

SCHIEFFER: Back in just a minute.

(Announcements)

SCHIEFFER: And we're back now with our Campaign Quick Check. Joining us in the studio, David Brooks, the conservative columnist of The New York Times.

I must say, David, you seemed to have your doubts about Sarah Palin there for a while, but after the debate you thought she nailed it.

Mr. DAVID BROOKS (The New York Times): I thought she did a good job. I mean, I don't think she's qualified to be president...

SCHIEFFER: You don't?

Mr. BROOKS: ..because I like experience. I like somebody who's read a few more books, experienced a few more things. But she set out a strategy and she met the strategy. Republicans before were extremely nervous. They were looking at that debate from behind a couch, terrified. And she did two things. She showed she wasn't George Bush and she showed she's something different. Now, it's not my cup of tea, but she did what she set out to achieve. And I sort of like the fact, her confidence and her poise. I mean, in this country everybody thinks they can be president, whether they deserve it or not. And she thinks that. I sort of admire the gumption in that, and the cleverness, which she displayed.

SCHIEFFER: How would you size up the race right now? Obviously, this economic situation seems to have changed it.

Mr. BROOKS: Yeah, and the politicians don't get that. I still think--especially in the McCain camp, and a little less in the Obama camp--they don't understand what's happening on Wall Street. They are out of touch with the potential serious recession. Some people talk about a depression. They don't understand how the same political tactics that they've used before, going after liberal, liberal, liberal, that's not going to work now because something has overshadowed it. And that overshadowing, that economic anxiety is just going to dominate the next five weeks. There's no way around that. And if they're not touching that, then they're not touching the core issue. And John McCain has not done it. And he hasn't done it over the weekend, where they've been attacking Obama for being too liberal or not loving America enough. And you know, he has a bad week. The Chicago Cub's had a pretty bad week, he had a bad week. If you look to the political landscape right now, he's now down six to eight points. A lot of the key states which he was hoping to pick off that were Democratic states before, like Michigan, pretty much off the board. He's got to basically win every state he's defending, the Bush Republican states from four years ago, to have a prayer at this thing. And a lot of those are in jeopardy.

SCHIEFFER: So you take these polls seriously? Because they did show that Barack Obama, for the first time, begin to open up not a big lead, but a clear lead in some of these battleground states.

Mr. BROOKS: Right. This race is pretty mature. I mean, people know who these people are. They've seen them a few times, they're going to see them a few more. God knows what could happen, this is a very strange election year. But they've seen the two. Everything is stacked against John McCain because of the, you know, three terms, the economy. Everything's stacked

against the guy. And what Barack Obama is able to do is be no drama Obama. He has had no bad surprises, no erratic behavior, to you use a Democratic talking point word. And so people are--want change. If he can be fine and trustworthy, which I think Obama and Biden achieved in their first two debates, then the people want to go with them. And so nothing has shaken that up. I'm sort of impressed by how Obama has run such a--basically not a great campaign, but no mistakes.

SCHIEFFER: Do you think it's going to get nastier and nastier? It does look as if McCain is really going on the attack. You saw what Sarah Palin said.

Mr. BROOKS: Right. Liberal, and--she botched--there's a legitimate point in there, the belief in American exceptionalism, Americans can stand alone because we're an unusual nation. But she botched the argument of that. And I just don't think that's going to work this year. You know, Republicans have been using this attack--too dangerous, too liberal, too liberal--too long. They used it against Paul Wellstone, the senator in Minnesota, about a decade ago. It's worked less and less each time. This economic crisis changes the climate of the country. We were in a conservative era where conservatives could win running conservative vs. liberal campaigns. Because of this economic crisis and a bunch of other stuff, we're no longer in a conservative era. You can't win that way anymore. You better win the way of this new era. And I'm afraid the Republicans are not adapting to this new era.

SCHIEFFER: All right. David Brooks, thank you so much. And we'll be back with a final thought in just a minute.

(Announcements)

SCHIEFFER: Well, it was some week. Washington finally did something. The right thing, I hope so; but frankly, I don't have the expertise to know for sure. What I did conclude was that the problem was so serious some action was required. Anytime that I hear national leaders and experts--from Nancy Pelosi on the left to George Bush on the right to Warren Buffett in between--agreeing that the country is facing a financial meltdown, maybe the worst economic crisis since the Great Depression, I take it that something has gone badly wrong and must be fixed. Yet, when Congress first confronted the issue early in the week and decided to do nothing, the vote told us that beyond Washington many Americans just didn't see it that way. The president, Democratic leaders, the two presidential candidates all called for immediate action, yet some members of Congress told me their phone calls and e-mails were running 90-to-one against the rescue plan. The government has cried wolf so often, the Congress has wallowed so long in mean partisanship, our politics has been dumbed down so low that many Americans no longer take seriously anything our leaders say. A dire warning from the president is taken as just more political blather, and the congressional posturing left no doubt why Congress' approval ratings are even lower than the president's. By the end of the week, Washington finally did something, but I found it hard to cheer. When we have reached a point where fewer and fewer of us don't believe much of anything our leaders say, I find it not only sobering but almost frightening.

That's it for us. We'll see you next week right here on FACE THE NATION.

