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



## **November 14, 2010 Transcript**

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## TRANSCRIPT

BOB SCHIEFFER: Today on FACE THE NATION, the Tea Party's Rand Paul and Democrat Chuck Schumer. Is the partisan divide wider than ever? Polls show Americans want compromise, but can Washington find a way? With a lame-duck Congress reconvening the deal with extending the Bush tax cuts and other crucial budget issues, the outlook isn't promising from what the two sides are saying. But what do we know? So we'll try to get answers from the Tea Party's new hero Kentucky Senator-elect Rand Paul and Democratic stalwart Chuck Schumer, the New York senator.

Then I'll have some thoughts on even stormier political forecasts for next year.

But first, the search for common ground 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. We welcome to the FACE THE NATION studios for the first time, the newly-elected senator from Kentucky Rand Paul. Mister Paul, thank you very much for coming. Congratulations. Polls show overwhelmingly, that voters want the two sides to find compromise. Do you come to Washington to compromise?

SENATOR-ELECT RAND PAUL (R-Kentucky): Well, I think there is room for compromise. I think that overwhelmingly the polls also show that people are concerned about the debt. And you have, you know, reasonable people saying that, you know, one of the biggest threats to our national security is the debt. So I say the compromise is, as often you've had Republicans who say we'll cut domestic spending but won't touch the military. And then you have some good people on the left who say, well, the debt is a problem. I mean, Steny Hoyer has also said, you know what the national debt is a threat to our security. So there are good people on the left who are saying this. But their compromise has to be they have to cut domestic spending. So really if you're serious about the budget, you have to look at the entire budget--military and domestic, if you want to make a dent in the debt.

BOB SCHIEFFER: Are you willing to cut both sides including--

SENATOR-ELECT RAND PAUL (overlapping): Absolutely.

BOB SCHIEFFER: --the military?

SENATOR-ELECT RAND PAUL: Absolutely. And you have to look at it. There's no way else. You know, it's just-- it's all consuming between entitlements and then the domestic spending and then the national defense. If you don't look at all of it you don't get anywhere close. And this is an exploding problem getting worse as we speak.

BOB SCHIEFFER: David Axelrod, one of the President's senior advisors, says that the President has called nearly every newly-elected Republican in the Congress and all of the newly-elected senators in-- what-- what did he say to you?

SENATOR-ELECT RAND PAUL: He hasn't got through to me yet but I'd love to speak with the President. He--

BOB SCHIEFFER (overlapping): Oh, he didn't call you?

SENATOR-ELECT RAND PAUL: No we haven't-- well, we haven't gotten-- I haven't heard that I've gotten a phone call. But I think I would hear about that if the President calls. But I would love to speak with the President and show him that people coming from the Tea Party can work with people from the other side of the aisle. But really we have to be serious about what we do about the debt.

BOB SCHIEFFER: What would you say to him? What would be the first thing you'd say?

SENATOR-ELECT RAND PAUL: Oh, I laughingly said the other day, I'd like my kids-- would like to meet his kids. So I think getting to know people personally is a good step forward and having dialogue up here. And then from that I would say that I do like the fact that they appointed the debt commission. I think we're showing people who have serious ideas about trying to address the debt. And I want to be one of those who is part of the debate about how do we fix our country? How do we get out of this mess?

BOB SCHIEFFER: Well, let's-- let's just talk about that because the-- the deficit commission issued kind of a preliminary report. It's not even their final report. And it seems to gore everyone's eyes. It calls for cuts in spending coupled with some tax hikes, including a fifteen-percent increase in the gasoline tax. So I just-- let me just run through part of this and see how you feel about. Would you support raising the gasoline tax?

SENATOR-ELECT RAND PAUL: I don't think I want to raise taxes right now. I think government is too big and so I think we need to cut spending. The way I see it is, is that you want the private sector to have more money. I want to expand the private sector because we have a-- a serious recession so I want to leave more money in the private sector. I want to shrink the ineffective sector of the economy which is the government.

BOB SCHIEFFER: Well, they-- the commission doesn't seem to think you can do it with just cuts. But let's run through a couple of other things here. Eliminate mortgage interest deductions.

SENATOR-ELECT RAND PAUL (overlapping): I--

BOB SCHIEFFER: Would you favor that?

SENATOR-ELECT RAND PAUL: No, once again, I'm on the other side. I want to be on the side of reducing spending. So I think really the compromise is where you find the reductions in spending. But I don't think the compromise is in raising taxes. I mean here, you have to put things in perspective. We now consume at the federal level twenty-five percent of the Gross Domestic Product. Historically, we were at twenty percent. So we've taken five percent away from the private sector. And the private sector is the engine that creates all these jobs. I want to send that five percent back to the private sector.

BOB SCHIEFFER: Well, the commission is talking about bringing it back to twenty-one percent. But let's-- let's go through a couple other specifics. Increase the retirement age for social security.

SENATOR-ELECT RAND PAUL: Yeah, I think you have to probably do it quicker actually. I think you can't do it on people who have already made their decisions or on people who can't

afford it. But I would say instead of waiting till 2050, you've got to move that up many decades to have a chance. And the other thing is instead of taxing high-wage earners more on the social security, give the-- maybe have means testing for those who are high-wage earners for receiving social security or for receiving Medicare, instead of adding new taxes. The problem and the reason why that's better, is instead of the government sending a check to somebody who makes two hundred thousand dollars a year in retirement income--let's not tax them, let's not-- just not send the money to them. You don't want to tax them though because they are creating jobs. You don't want to take more money out of the private sector.

BOB SCHIEFFER: Cut the federal work force by ten percent?

SENATOR-ELECT RAND PAUL: Absolutely.

BOB SCHIEFFER: You-- you-- do you think that's doable?

SENATOR-ELECT RAND PAUL: Well, the-- the federal employees unions are pretty strong but you have to do it. I mean, at the very least freeze the hiring and then through attrition shrink it. But really, I think you should shrink the federal work force and you should make their pay more comparable. Right now the total compensation for government workers versus private workers is almost two to one.

BOB SCHIEFFER: Would you include the military in that?

SENATOR-ELECT RAND PAUL: Well, maybe there are parts in the military that could. But I think the soldiers should not have reduced pay. I mean, you look at what the average soldier makes it's not a lot of money. And they're asked to-- put their lives on the line. So I don't see reducing the pay of soldiers but there is within the military structure maybe contractors and different people--

BOB SCHIEFFER: Mm-Hm.

SENATOR-ELECT RAND PAUL: --at different levels that could be eliminated.

BOB SCHIEFFER (overlapping): What about-- what about the military health care? It's totally out of control, the spending on that right now.

SENATOR-ELECT RAND PAUL: Right.

BOB SCHIEFFER: Do you think they ought to think about reducing benefits that military retirees get?

SENATOR-ELECT RAND PAUL: Right, I think we have to look at how it-- how it is all distributed. But the bottom line is there are a couple things I think the federal government should do. I'm always for reining in and getting rid of spending but we should take care of our national defense. And we should take care of our veterans. So those are two priorities and I'm not for reducing pay or reducing veterans' benefits. But does everything have to be done within a reasonable structure where it's not outlandish. We do have to look at the process of all of it.

BOB SCHIEFFER: You're not going to be voting in this special session when they take up extending the Bush tax cuts. But I would just like to-- unless, you know, they were--

SENATOR-ELECT RAND PAUL: Right.

BOB SCHIEFFER: --unable to do anything and it carries over to next year in the new Congress. I-- but I'd like to get your think-- thinking on that. Various kind of little signals coming out of the White House that the President might be willing to compromise on what he-- what seems-- everybody seems to be talking about temporarily extending the cuts for the upper-income people and in return for that he would go along with it and he wants to extend the tax cuts to the middle and lower-income people.

SENATOR-ELECT RAND PAUL: Right.

BOB SCHIEFFER: Would you-- would you entertain something like that? Do you think that's a good idea?

SENATOR-ELECT RAND PAUL: I think the best thing is to make the tax cuts permanent. And the reason is, as people are talking--

BOB SCHIEFFER (overlapping): But--

SENATOR-ELECT RAND PAUL: --people are talking as if this is something new. Businesses have predicated and made their-- their business plans based on these tax cuts now for five, six, seven, eight years. And so, if you abruptly change that, you're changing the business model of someone who has made--

BOB SCHIEFFER (overlapping): But could you see a temporary extension of those upper-income one--

SENATOR-ELECT RAND PAUL: If-- if that's all we can get that's better than nothing. But I think the more--

BOB SCHIEFFER (overlapping): And you would do that.

SENATOR-ELECT RAND PAUL: --permanent the better. And then-- what we need to do as Republicans, if we're serious about the debt is keep the tax cuts permanent. But then come in and say here's several hundred billions dollars we'll save--

BOB SCHIEFFER: Yeah.

SENATOR-ELECT RAND PAUL: --by having spending reduction bills immediately introduced in Congress. And I think you'll find some of us that will be doing that from the get-go.

BOB SCHIEFFER: Let me-- I-- I just want to ask you this question. What do you envision the federal government is? And what do you expect it to do because, for example, after the BP spill, I remember reading that you gave-- came down pretty hard on the administration for being too tough--

SENATOR-ELECT RAND PAUL: All right.

BOB SCHIEFFER: --and putting too much pressure on BP. At one point you said it was just downright un-American.

SENATOR-ELECT RAND PAUL (overlapping): Well, what I said--

BOB SCHIEFFER (overlapping): On-- on reflection--

SENATOR-ELECT RAND PAUL (overlapping): Well you know--

BOB SCHIEFFER (overlapping): --though--

SENATOR-ELECT RAND PAUL (overlapping): --I--

BOB SCHIEFFER (overlapping): --are you glad that you said that?

SENATOR-ELECT RAND PAUL: Well, the interesting thing is I think it got sort of distorted because it wasn't that they're being harsh, that I was disagreeing with. I didn't like the language. I didn't think the President or his people should say something like putting the boot heel on the throat of a-- of a business. I didn't like that. It wasn't that I thought that we shouldn't be tough. I do think we should be tough. And if they broke the law they should be punished, etcetera, etcetera. They should be responsible. They should pay for the cleanup. But I don't think an American President should be talking about putting the boot heel on the throat of a corporation, because it sends the wrong signal that the government's the enemy somehow of business. And we need to always recognize that one in ten businesses succeed. We need to do everything we can to encourage business because that's where the jobs are created.

BOB SCHIEFFER: Well, another statement that you made that kind of-- kind of caught my eye was after one of the mine accidents down--

SENATOR-ELECT RAND PAUL: Yeah.

BOB SCHIEFFER: --in Kentucky. And I think a couple of people were killed. And you said we're back into this idea and I'm paraphrasing here--

SENATOR-ELECT RAND PAUL: Right.

BOB SCHIEFFER: --of trying to find somebody to put the blame on.

SENATOR-ELECT RAND PAUL: Right.

BOB SCHIEFFER: And not recognizing that sometimes accidents just happen.

SENATOR-ELECT RAND PAUL: Right. Well that was a poor choice of words. And I think my wife even told me that was a poor choice of words. You need to think about what you're saying. But what I was trying to point out is that as a physician, you know, if you come to me and I do your eye surgery I'll tell you there's one in a thousand chances that you can get an infection in your eye and you could lose the vision. And when that happens I might have done everything perfectly, but it's one of these risks. And to say accidents happen won't comfort you because that's just a bad wording. So I used the wrong words. But I do honestly want to tell you, if you're my patient that there are risks. And I think we realize that of all the things that happen that there are risks of oil spills, there are risks of mine collapses. And it isn't always that someone intentionally did it, or even that there's someone broke a regulation. Sometimes there are natural acts of tragedy that happen. That's what I was trying to point out and I guess, maybe I'll learn to choose better words.

BOB SCHIEFFER: All right. Well, Rand Paul, thank you. Welcome to Washington.

SENATOR-ELECT RAND PAUL: Thank you.

BOB SCHIEFFER: And we hope you'll come back to see us.

SENATOR-ELECT RAND PAUL: Thank you.

BOB SCHIEFFER: We'll be back with another side of this story from Chuck Schumer of New York in just a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: And we're back now with Senator Chuck Schumer of New York, who joins us from New York. Well, Senator, I want to get-- I want to ask you about your reaction to some of the things that Rand Paul said. But the first thing I want to ask you about because this is what you're going to be dealing with and that is extending these Bush tax cuts. We keep hearing that the President might be willing-- he says there will be no permanent extension of the tax cuts for the upper-income people. But of course that makes you think, well, what about temporary? And-- and a lot of people are saying that's where the-- where the compromise is going to be. Would you be willing to go along with temporarily extending the upper-income tax cuts if the Republicans would then go along with extending the tax cuts for the people in the lower brackets?

SENATOR CHARLES E. SCHUMER (D-New York): Well, I think there is a compromise in the making. Democrats had originally called for tax cuts for people below two hundred fifty thousand, Republicans for everybody. What if we moved it up to a million dollars? Everyone below a million dollars will get a tax cut but the millionaires and billionaires won't. And I say that they shouldn't get it for three reasons. First, they are the only group whose income has substantially gone up in the last decade. Middle-class incomes have declined. Second, they're not likely to spend it. They got plenty of money anyway. And it's not going to bump the economy, boost the economy. And third, we have a big deficit problem. We have a great jobs problem. Better to put the money into deficit reduction creating jobs than give it to the millionaires and billionaires. I think that's a good compromise. Now I heard Senator McConnell talking about small business. But under his plan, people like Warren Buffet, Bill Gates, Rex Tillerson, the head of Exxon Mobil, would get the tax break. They are not small businesses. And the plan I've proposed would encompass virtually all small businesses.

BOB SCHIEFFER: So-- so you would not be in favor of a temporary extension of the upper-income tax cuts as-- as some Democrats are talking about that they might entertain that?

SENATOR CHARLES E. SCHUMER (overlapping): I've-- I--

BOB SCHIEFFER: Would-- would you?

SENATOR CHARLES E. SCHUMER: --I think it would be much, much better to raise the limit to a million dollars rather than give it to people who are multibillionaires, whose income has gone up dramatically over the last ten years. It's about the only group in America, the very-high income who's had a gain in income.

BOB SCHIEFFER: What do you think the chances are of actually getting this done in this special session?

SENATOR CHARLES E. SCHUMER: Well I think there's a good chance, Bob. The American people want us to do a tax cut. I really believe that the Republican Party will not hold hostage middle-class tax cuts, for tax cuts for millionaires and billionaires. When they talk about small business they have something that I think is reasonable and so let's move it up to a million and include virtually all small businesses. But I think once we do that, the public will be on our side and Republicans will come round. They don't want to go away saying they held up middle-class tax cuts to help, you know, the Warren Buffetts, the Bill Gates, the Rex Tillersons.

BOB SCHIEFFER: The President's deficit commission was out. We just talked to Rand Paul about it. What's your general impression of the recommendations? And-- and mind you, we should underline these are very preliminary--

SENATOR CHARLES E. SCHUMER: Right.

BOB SCHIEFFER: --recommendations that have come out from the co-chairman.

SENATOR CHARLES E. SCHUMER: Well, I'd say three things about it. First, I do salute the two chairmen for coming out with sort of a-- opening foray here. It's-- there are things there that I'd agree with. There are things there that I'd disagree with. The second point I'd make is this. I have learned through the years that when these commissions come out that are carefully balanced and they try to compromise, if individual senators and Congressmen say, well, I'm for that but I'm never for that, the whole thing falls apart. So I think it's not wise to comment on any specific provisions. Rand Paul just took about half their recommendations off the table. And third, and just a general guideline, nothing specific, the burdens of deficit reduction and we do have to reduce the deficit-- should not fall disproportionately on the shoulders of the middle class. I think that should be a watch word for both parties for all people.

BOB SCHIEFFER: Well, I mean, do you without commenting specifically on various parts of it. Do you think that that what's this recommendation does? Does it put too much on the middle class?

SENATOR CHARLES E. SCHUMER: Well, we don't know enough of the details. That's why it's difficult to comment. I haven't seen tables that break out where the burdens fall. And so, I think again the wise thing to do here, if you want the commission to have a chance of accomplishing something is not say I'm for this, I'm not for that. But let's see what they finally come up with as a specific proposal and let's take it from there and see if there can be an agreement so that we can reduce the deficit which is very important.

BOB SCHIEFFER: Well, long before this commission decided to look at it, people were talking about social security and what we can do-- what can we do about it. Everyone seems to think you're going to have to do something here down the line, if it's going to remain viable. Could you ever entertain raising the retirement age, means testing, all of the things that most people say the hard choices you're going to have to make in order to keep social security going?

SENATOR CHARLES E. SCHUMER: Well again, Bob, I just go back to what I said before. To talk about any one specific without looking at the whole package is not going to help us get anywhere. So I'm not going to make any forays. I've been a strong defender of social security

my whole career. I believe in it. I'm certainly against privatizing it or reducing its scope dramatically so that only a small number of people get it.

BOB SCHIEFFER: All right.

SENATOR CHARLES E. SCHUMER: But I'm not going to get into any specifics here.

BOB SCHIEFFER: Let me-- you know, as you look at-- and especially, the new Congress that's coming in. There's no question that the Democrats, it-- it's a more liberal group. And the Republicans are a more conservative group. Do you see any chance that there-- there-- there can be some coming together.

SENATOR CHARLES E. SCHUMER (overlapping): I do.

BOB SCHIEFFER: That people can actually get together and get something done and if so, where?

SENATOR CHARLES E. SCHUMER: Okay. Well first, let me give you a general analysis.

BOB SCHIEFFER: Okay.

SENATOR CHARLES E. SCHUMER: You know, I think the same-- there's this-- the same reason that allowed Democrats to get such sweeping majorities in 2008, and Republicans to take so many of those seats back in 2010, is the same. And that is the very important fact that middle-class incomes this decade are shrinking, for the first time since World War II. And they were even shrinking before the recession. They're getting worse now. But from 2001 to 2007, median income went down. So the middle class is not content. And they are up for grabs--the party, the people, the leaders, that are able to focus like a laser on middle-class anxieties, both creating good jobs, and for those who have jobs stretching that paycheck will be the majority party. So this talk that some Democrats on the far left will huddle and say we won't do anything and do no compromises. And some Republicans on the far right will huddle and say we won't make any compromises. They'll lose if they do that. Now I think there are a number of areas where we can come together and benefit average families. I think we can on education. I think we can on immigration. I think we can on energy policy. Major policies that affect this country where there are grounds for compromise. And any leader, any party that just says we're going to block everything as middle-class incomes are declining is going to lose in 2012.

BOB SCHIEFFER: What-- if you were going to give the President some advice--and I know senators don't like to say it in public what they tell presidents in private. But what would you say to the President about why Democrats did so poorly in this election. And how-- how do you dig yourself out of this hole?

SENATOR CHARLES E. SCHUMER: Well, here's what I'd say. I'd say, look, the Congress the last two years have been historic. We've pass major pieces of legislation. Four pieces that will go down in history as one of the most significant Congresses we've had. But two of them, the TARP which was passed the previous Congress, but it gets attributed to us and the stimulus, prevented bad things from happening. There are about ten million people, probably who are working now. Who would not have been-- had we not passed those laws. But they don't know who they are. And then, two, health care and financial reform will benefit the middle class, but in the future. So the average middle-class citizen with incomes declining, with unemployment high said, nothing is benefiting me now. My advice is very simple. And it would be the same to the

President, to my colleagues in the Senate and House, to people of the other party--focus on the middle class like a laser. No one in the middle class expects us to snap our fingers and everything will get better in two months. But if they feel we're focusing on them and they feel that the American dream is alive, the American dream being the concept that you're likely to do better ten years from now than you're doing today and your kids will certainly do better than you do. If they once again, they're having doubts about that. Now if they once again feel that's alive and well, our President will do very well. And I think that's what he's going to do. He's going to surprise a lot of people with how strong he will be down the road, because I believe he will focus on the middle class like a laser.

BOB SCHIEFFER: All right, Senator Chuck Schumer of New York.

And I'll be back in a moment with some final thought.

(ANNOUNCEMENTS)

BOB SCHIEFFER: Finally today, the people on the sidelines, including me used weather metaphors so often before the election they became a collective cliché. "The winds were blowing the Republican way," we kept saying. The only question would it be a tropical storm or a hurricane? Well, for sure it was a big blow. And for the Republic-- for the President, I should say, the ill wind just kept on blowing. His trip to Asia turned out as badly as the election. How long has it been that a President went to a foreign capital to put the finishing touches on a trade agreement, only to come away with nothing? Did no one in the White House staff see that coming? How can that be? And when the President tried to lecture China on their monetary policy, he was politely told to mind his own business. That's not a great signal to send to the rest of the world. If that were not bad enough, look at another storm coming when Congress reconvenes this week. Democratic Speaker Nancy Pelosi is already baulking at any kind of compromise to extend the Bush tax cuts for the wealthy. Republicans say without that, all deals are off. So the tax cuts for everyone may expire at year's end. And that's just the half of it. The middle has fallen out of our politics. Democrats elected to next year's new Congress are more liberal than those in the current Congress, and the Republicans more conservative. So the partisan divide is bound to grow wider. I hate to keep using these weather metaphors, but for this President when it rains it just seems to pour. And keep on pouring.

Back in a minute.

(ANNOUNCEMENTS)

BOB SCHIEFFER: That's it for today. Thanks for watching FACE THE NATION. We'll be right here again next week.

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