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FACE THE NATION

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GUESTS: Senator CARL LEVIN (D-MI)

**Senator BOB CORKER (R-TN)
Member, Senate Banking Committee**

**Senator SHERROD BROWN (D-OH)
Member, Senate Banking Committee**

**Ms. LISA MADIGAN (D-IL)
Illinois Attorney General**

**Mr. MICHAEL ERIC DYSON
Georgetown University**

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BOB SCHIEFFER, host:

Today on FACE THE NATION, it is back in the White House court. Should the automakers be saved? Last week Senate Republicans blocked a bailout for the automakers, now the White House says it's looking for another way to help. But it is a good idea? We'll ask Republican Senator Bob Corker, who tried to broker a compromise; Democratic Senator Carl Levin of Michigan; and Ohio's Democratic Senator Sherrod Brown, who says it's not just Michigan that will suffer if the automakers go down.

But first we'll talk to Illinois Attorney General Lisa Madigan, who's trying to force out embattled Illinois governor Rod Blagojevich, who's been accused of trying to sell the appointment to Barack Obama's old Senate seat. And we'll bring in Georgetown sociologist Michael Eric Dyson for analysis of the impact this scandal could have on the incoming president. I'll have a final thought on the penalty for political spin, overpromising and magic solutions.

But first, the auto companies and the mess in Illinois 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: And good morning again.

We begin with some late news this morning. President Bush made a surprise trip to Iraq overnight, he arrived this morning in Baghdad. He was greeted by the Iraqi president, he reviewed troops at the airport and will spend the day visiting with the American troops. This is the president's fourth trip to Iraq. It comes 37 days before he hands over the presidency to Barack Obama.

But first to some news back home, that scandal out in Illinois. And we're going to begin this morning with attorney general of Illinois Lisa Madigan.

Thank you, ma'am, for coming this morning. You filed the lawsuit...

Ms. LISA MADIGAN (Illinois Attorney General): Bob, it's my pleasure.

SCHIEFFER: ...with the Illinois Supreme Court last week asking them to remove the governor from office because you said he was incapable now of carrying out his duties. Do you have any indication that he might leave?

Ms. MADIGAN: We have heard rumors in the media that he's thinking of possibly doing something or at least announcing something tomorrow, but at this point we're really in a situation here in the state of Illinois where we don't have a governor who can legitimately govern, and so it has been imperative that we find a way to move forward. That's the reason for filing this really extraordinary lawsuit in front of the Illinois Supreme Court. And we hope that, you know, they appreciate that we need to have somebody who can legitimately exercise the powers and duties of governor so that our state can move forward in the interim. Because obviously the Illinois legislature also comes back into session tomorrow, and they are going to be considering, I hope, moving forward with impeachment proceedings.

SCHIEFFER: Are you investigating him as well as filing this lawsuit, or are you just going on what the federal prosecutor has made public so far?

Ms. MADIGAN: Well, when Patrick Fitzgerald, the US attorney here, filed those criminal charges earlier this week, he made it very clear that one of the reasons behind his decision to do so was that there was a continuing political corruption crime spree going on out of the governor's office, obviously with the governor involved in trying to sell the US Senate seat, in trying to get campaign contributions for signing legislation, for making sure, you know, he was not going to give money to a significant children's hospital unless he got campaign contributions, trying to fire a member of the Tribune editorial board, on and on and on. So obviously that basis alone would be sufficient. What I can tell you in terms of our office's involvement is that we have been providing assistance and information to federal law enforcement authorities all along.

SCHIEFFER: So you have actually been--your office has actually been a part of this. Can you tell us to what extent? .

Ms. MADIGAN: I act--I cannot say anything other than the fact that our office has been providing assistance and information to federal law enforcement authorities.

SCHIEFFER: Madam Attorney General, do you have any indication that anyone on Barack Obama's staff has been in contact with the governor or has done anything improper in all of this?

Ms. MADIGAN: Bob, I know what you do, what's been reported in the media, and that's actually all I know in terms of any contact at all between President Obama's staff and our governor or his people.

SCHIEFFER: You call-this lawsuit that you filed, you called it yourself extraordinary. And as I understand it, that law provides a way to remove someone from office if they become physically or mentally incapacitated. Is the governor incapacitated? I mean, what is the basis of your lawsuit? I mean, I understand what you're trying to do, put pressure on him; but I mean, from a legal standpoint is he crazy, is he physically unable to carry out his duties? What is your basis in the lawsuit for filing it?

Ms. MADIGAN: Well, actually, the Illinois Constitution does give the Illinois Supreme Court a roll in determining whether the governor is able to serve. And then the constitutional provision does use the word "other disability" after they indicate that, you know, if the governor either resigns or dies, what would happen is the lieutenant governor would become the governor. We are using the term disability, but it's other disability and it is not defined and it not limited to, therefore, either a mental or a physical disability. And it's very clear, based on the information contained in the Federal complaint, that all of the governor's actions at this point are going to be open to questions of legitimacy. And so I think it is imperative that before the legislature possibly moves forward with impeachment, we make sure that our lieutenant governor become at least the acting governor so that we have somebody who can officially and legitimately exercise the power and duties of that office.

SCHIEFFER: Do you--do you think at this point that the governor could actually appoint anyone to fill that Senate seat? Because I can't imagine anyone would accept the appointment at this point.

Ms. MADIGAN: Exactly. Nobody in their right mind would accept an appointment to the US Senate seat that this governor made. The legislature tomorrow is also scheduled to take up a law that would basically allow a special election to fill that seat. And I think that's what the people of the state deserve and want at this point.

SCHIEFFER: And do you have idea how quickly the Supreme Court would act, or have you had any indication they'll even take this suit that you filed?

Ms. MADIGAN: Good point. It's obviously up to them. They've got full discretion as to whether or not to even hear this case. We did file a TRO, which puts this on an expedited schedule, so we would hope to hear from them sooner rather than later; probably just in a few days, actually.

SCHIEFFER: You would expect to hear in the next couple of days if in fact they're going to take the case?

Ms. MADIGAN: Correct, Bob.

SCHIEFFER: All right. Well, Mrs. Attorney General, thank you so much for joining us this morning, and we'll be checking back with you, that's for sure.

When we return, we're going to talk about that auto bailout situation. In one minute.

(Announcements)

SCHIEFFER: And we turn now to the auto bailout or lack thereof, and joining us from New York to talk about this, Senator Carl Levin of Michigan; with us from Cleveland, Senator Sherrod Brown. They're both Democrats, of course. And here in our DC studio, Senator Bob Corker, Republican of Tennessee.

Senator BOB CORKER (Member, Senate Banking Committee): All right.

SCHIEFFER: Now, Senator Corker, you were the one that tried to put together this compromise plan to get some money to the automakers.

Sen. CORKER: That's correct.

SCHIEFFER: But part of that was it called on the unions to take some steep pay cuts starting next year. The whole thing collapsed. Now we're told that the White House says that they're going to try to take some money--and I assume it's from this \$350 billion bailout that the Congress has already approved--and they may furnish some money to the automakers. Are you for that? Because apparently there will not be the conditions that you had set out, or at least we don't know of any yet.

Sen. CORKER: Yeah. Not necessarily. And I didn't ask for steep cuts, by the way. We had a group that wanted the companies to go into Chapter 11 reorganization...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...and didn't want to help until that occurred. We had another group that wanted to put money on top of a situation that would be--that would go on forever. GM has 62 billion in liabilities and couldn't pay that back in a good economy.

SCHIEFFER: Mm-hmm.

Sen. CORKER: So what I tried to do was figure out a way to cause the same things to happen that might occur in a Chapter 11 reorganization without the stigma or pain...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...and it incorporated three steps. Number one, the bond holders taking 30 cents on the dollar, a 70 percent haircut.

SCHIEFFER: Yeah. And the pay cuts. I mean, but...

Sen. CORKER: But...

SCHIEFFER: Let's look forward here.

Sen. CORKER: OK, but--OK.

SCHIEFFER: Now, the White House is planning some other kind of bailout, apparently.

Sen. CORKER: Yeah.

SCHIEFFER: Will you and other Republicans be for that, or will you try to block it?

Sen. CORKER: Well, the administration can do this on their own. It's a unilateral thing. And again, pay cuts, all we asked is that they were competitive with the Honda, Nissan, Toyota and BMW...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...as determined by the next secretary of labor. We did not ask for pay cuts, we asked that they were competitive.

SCHIEFFER: Mm-hmm.

Sen. CORKER: And gave great leeway to the next secretary of labor to determine that. So it was a very reasonable ask.

SCHIEFFER: Do--when did--have you talked to the White House about this?

Sen. CORKER: I have.

SCHIEFFER: When are they planning to do this?

Sen. CORKER: Well, they're--this weekend they're meeting with Treasury officials, and the Treasury officials are meeting with the companies, talking with them, talking about where their balance sheets are. I don't think they yet know what they're going to do. I talked to the White House this morning, I talked to Secretary Paulson on Friday and...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...urged that if they're going to take this route, I still think the better route is to go through Congress and let us do our work. But if they're going to do this other thing, they still impose the same conditions...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...which, by the way, would be historic in that they would call these companies in this time of crisis to get the bondholders, to get the management...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...to get the employees to work together in shared sacrifice to solve this problem.

SCHIEFFER: But I take it from what you're saying that even if you wanted to stop this now, there really is not much you or other Republicans...

Sen. CORKER: Oh, they...

SCHIEFFER: ...in the Senate can do.

Sen. CORKER: With the flick of a--with the flick of a pen it can be done, that's correct.

SCHIEFFER: And so you won't try to block it, then?

Sen. CORKER: Oh, no. And again, this hasn't been about blocking. I think the two gentlemen that are--that are coming together with us on this program, this has been about trying to find a solution that works and really causes these companies to be in the position to go forward in a healthy fashion. But without all of these shared sacrifices, that will not happen.

SCHIEFFER: All right. Well, let's go to Senator Levin.

What's going to happen here? He--Senator Corker says he has talked to the White House, it sounds like something is on track there. What can you tell us, Senator?

Senator CARL LEVIN (Democrat, Michigan): Well, I think it's very likely the White House will do what it said it's going to do, not allow the auto industry to collapse. Their press secretary said

it would be irresponsible for the--to allow the auto industry to collapse. By the way, no other country--no other country that produces automobiles is allowing its industry to collapse. They all have the same problem, they're all providing loans to those industries. This is not unique to the United States. And I want to--and that goes even to China, by the way, Bob.

SCHIEFFER: Mm-hmm.

Sen. LEVIN: Even the Chinese auto industry is asking the Chinese government for loans.

I want to commend Bob Corker, by the way. He did, at the end, right--finally, on Thursday night, come up with a formulation that was acceptable to him which was saying that the cuts had to be--make them--the auto industry competitive. That was the word that he used. That was a word that was acceptable to Senator Corker, it's acceptable to the Democrats in the Senate, acceptable to the White House. That word was not acceptable to the Republican leaders in the Senate who insisted not just that the auto industry wages be competitive, but that we specify in law precisely that those wages and benefits had to be equal to Nissan and other foreign manufacturers in the United States. That is what broke this deal. So I commend Senator Corker for coming up with language acceptable to him, acceptable to the Senate Dems, acceptable to the White House but not acceptable, tragically, I think, to the Republican leadership in the Senate.

SCHIEFFER: All right.

Well, let me go to Senator Brown, because you're not from Michigan. I think it's very easy to understand why Senator Levin would want to get this help to the huge industry in his home state. But you're from Ohio. What would be the impact in your view, Senator, if these companies do go down? Not necessarily in Michigan, but in other places like Ohio?

Senator SHERROD BROWN (Member, Senate Banking Committee): Well, I talk to--two brief stories. Friday night I was at a friend's 70th birthday party, and a General Motors widow--a retiree--a General Motors retiree's widow talked to me and said, 'I've just been following this all week because I'm so scared what's going to happen to the--to my pension.' I also last week talked in conference call on Thursday or Friday to 35 auto dealers in my state, and they are very fearful of what would happen with a bankruptcy, because they think that people simply would stop buying from a--from a--from a company at their dealership, a company that might go under a year or two years or five years from now that they just couldn't trust for service, for parts, for all the warranty and all that.

So Ohio's no--Ohio's a bigger auto state than most. It's not Michigan, of course, but it would--it would be a terrible thing for the economy, for the confidence in the economy, for literally hundreds of thousands of jobs in my state: suppliers, many autoworkers, retirees; what would happen to--perhaps to their pensions, perhaps to their health care; and the literally tens of thousands of people that work in dealerships in my state. And multiple that across the country. So this is a hit. Our--we're already in a deep recession in my state, as we are in most of the 50 states, and this would just plunge us deeper into economic problems, into a hole that it would take us for--a long, long time to extricate ourselves from.

SCHIEFFER: Well, are you getting the kind of information that Senator Corker is getting, that in fact it looks as the if the White House is going to do something this week?

Sen. BROWN: Yeah. I walked home after the vote on Thursday night; a little after midnight I called the White House to urge the White House to move quickly on using TARP money, which is what many of us--I talked to Secretary Paulson three or four Sundays ago asking him to do the same, and I know that Senator Levin has done that and many others, too. And then I talked to the--one of the the White--one of the president's top advisers early Friday morning at 7:00. He gave indication of good news coming, wasn't specific yet. I know we've all been talking to top White House officials over the weekend, as Senator Corker mentioned. I'm optimistic they're going to do something significant. I don't think the White House wants bankruptcy of one of the Big Three automakers as part of their legacy, and I know they don't want to leave this for the next president. So something, I'm hopeful, will happen soon. There will be some cram down of creditors. There will be some serious, I think, requirements put on the industry. And the sacrifice will be shared pretty equally, I hope. One of the things that I was thinking about driving in, is Senator Corker and I sat in the Banking Committee and listened to testimony from the three CEOs, the United Auto Workers, a--the top executive at Johnson Controls, a major auto suppliers...

SCHIEFFER: Mm-hmm.

Sen. BROWN: ...supplier and an auto dealer from Connecticut. And each of them--each of them is willing to give something up, as the bondholders are, and we don't want to put this just on the workers.

SCHIEFFER: OK, let...

Sen. BROWN: And that's really been the calls from too many, I think.

SCHIEFFER: Yeah. How much do you think--what size--what size bailout do you think they're planning, Senator Corker?

Sen. CORKER: Well, I think it's in the neighborhood of 14 billion. And I hope that if they choose not to do it through Congress, but themselves, that they'll put in place exactly the same concepts that we almost agreed to the other night; and that is if the bondholders do not agree to taking 30 cents on the dollar by March the 15th, they have to file bankruptcy. If labor and management cannot agree that they would be competitive by a date certain, March 31st--taking them into competitiveness even in the next year, but that they agree to that by March 31st--that they will go--they will go into bankruptcy. It's that crisis that actually causes everybody to want to come to the table.

And I do want to say--and I thank Carl for the nice comments. Actually what ended up happening is our caucus was fine with the words "competitive." They just wanted it done in a finite time. I offered anytime during the year...

SCHIEFFER: Mm-hmm.

Sen. CORKER: ...'09. And it was difficult to get the UAW there, but mainly because they knew the White House had these TARP funds and there was really no reason for them to agree to this.

SCHIEFFER: So they had gotten word from the White House they were going to do it anyway, and that's what killed the deal in the Senate?

Sen. CORKER: Well, they knew they had the funds. I'm not blaming the White House.

SCHIEFFER: Mm-hmm.

Sen. CORKER: But they knew that the White House had funds that they could put forth without any strings.

SCHIEFFER: OK. Well, gentlemen, thank you very much.

Sen. CORKER: Thank you.

SCHIEFFER: We'll be following this, of course...

Sen. LEVIN: Could I just add that one thought here, Bob?

SCHIEFFER: I'm very sorry, Senator, we have simply run out of time. I'll be back in just a minute.

Sen. LEVIN: Thank you.

(Announcements)

SCHIEFFER: And we want to go back now to this situation out in Illinois involving the governor and the appointment to the vacant seat in the Senate that was occupied by Barack Obama. We're going to talk this morning with Michael Eric Dyson of Georgetown University. He writes about politics, he writes about civil rights. He has a new book out about Martin Luther King Jr.

Michael, what impact is this going to have on Barack Obama?

Mr. MICHAEL ERIC DYSON (Georgetown University): Well, I think obviously it shows a sharp contrast between the sort of reform politics that Mr. Obama has been well-known for and the kind of--to borrow a phrase from John Bunyan, "The Slough of Despond," the swampy politics of Illinois that have sunk many people before him. You think about Governor Kerner, you're thinking about Governor Ryan, you think about state--Illinois state--Secretary of State Powell. There's a tremendous history going on there, and I think Mr. Obama has distanced himself strategically from that. You saw the article this morning that talked about how from early on he tried to create distance between him and Governor Blagojevich because of the cloud of suspicion that hung low upon him. So I think in the long run that it will serve to underscore what he has achieved in contrast to the politics of Illinois, and it calls forth his commitment to be transparent in his own political operations.

SCHIEFFER: But there's no question that some people in the Obama transition team have talked to people in the...

Mr. DYSON: Absolutely.

SCHIEFFER: ...in the governor's camp there. Apparently, we're told that the man who's going to be his chief of staff, Rahm Emanuel...

Mr. DYSON: Yeah.

SCHIEFFER: ...who is now a Chicago congressman...

Mr. DYSON: Right.

SCHIEFFER: ...is on some of those tapes.

Mr. DYSON: Right.

SCHIEFFER: Now, there's nothing to suggest that he's done anything improper.

Mr. DYSON: Absolutely.

SCHIEFFER: And certainly there would be nothing out of the ordinary for somebody...

Mr. DYSON: Right.

SCHIEFFER: ...to talk to the governor who's going to appoint someone to fill that seat.

Mr. DYSON: Yes.

SCHIEFFER: But what if it came out that Rahm Emanuel or anybody else connected with the governor had in any way, shape or form hinted that they might be willing to do something in return for getting their person in?

Mr. DYSON: Oh, I think that obviously then that would be a clear, you know, crossing of the line. And I think that Senator Obama, now President-elect Obama, would be in a position, of course, to make a judgment immediately about this being off-limits. I think that if he's established a reputation for transparency, for being a man of integrity and of being clear about the rules that regulate and govern his own conception of politics, then he'd have to distance himself from that immediately. And if those tapes show that anybody in his camp offered pay to play--hinted at, innuendo, insinuated--then I think that would be a clear line and he would act with dispatch to distance himself from that.

SCHIEFFER: Now, I know you're very close to Jesse Jackson Jr...

Mr. DYSON: Yes. Right.

SCHIEFFER: ...who very much wanted the appointment.

Mr. DYSON: Absolutely.

SCHIEFFER: We know he has talked to the governor about it.

Mr. DYSON: Right.

SCHIEFFER: Now there are these reports, very vague, that perhaps somebody who's been a fundraiser for him might have been willing to raise some money for the governor.

Mr. DYSON: Yeah, right.

SCHIEFFER: Nobody knows exactly what it is. Jackson, we should point out, says he has done absolutely nothing wrong.

Mr. DYSON: Right.

SCHIEFFER: But it looks to me like this is one appointment that Jesse Jackson Jr.'s not going to get now...

Mr. DYSON: Well, there's no...

SCHIEFFER: ...under any circumstances.

Mr. DYSON: Yeah, there's no question an appointment is out of the--out of the question. But I think that he still has a chance in an election. But before he even--that is even a concern to him, as he's indicated already, he's got to clear his name. And I think that he's been attempting to be transparent. He's come forward. Bill Bennett even said, 'Look, if you--if you have no problem with something and something's been--you've been accused of something, then stand on the rooftops and declare it.' Jesse Jackson has stood on the rooftops, so to speak--Junior--to declare that he's innocent. And absent evidence of any tapes or anything that goes on, then I think we have to take his word. And we know that Senator Obama obviously wanted to see who's going to fulfill his seat. That's only natural. You're the president, this is a seat that you cherish. People in your office should be able to speak to the governor. Jesse Jackson Jr. should be able to talk to the governor about the potential of him fulfilling that seat. What is the linchpin here is the governor has been so corrupt and has been so immoral, it seems, that he's poisoned everybody who's come within his sphere. And I think that's part of the problem.

SCHIEFFER: All right. Well, thank you very much.

Mr. DYSON: Thank you for having me.

SCHIEFFER: And I'll be back with a final word in just a minute.

(Announcements)

SCHIEFFER: Finally today, a cartoon from the Houston Chronicle caught the flavor: A man standing in front of a burning building labeled the economy is shouting into a phone, 'My house is on fire. How soon can you get here?' A fireman who looks like Barack Obama answers, 'January 20th.'

Yes, we do get only one president at a time, and this is not a comment on who had the right idea on the auto bailout. Rather, this is an observation on how ineffectual both Congress and the administration have become. Years of political spin, rosy reports that never seemed to match the pictures on television--remember "Brownie, you're doing a heck of a job"--and endless partisan turf wars have left the country cynical and suspicious of everything Washington says and does, so Washington is unable to generate the political will to do anything.

Government's credibility has sunk so low that the pronouncements, no matter how dire, from the lame duck president and the even more unpopular Congress go unheeded if not unheard. When Republicans killed the bailout bill, the Republican president was so lacking in influence he could only watch. Yes, there's a new fire chief coming January 20th, but his first assignment is not to put out the economic fire. First he must restore the government's credibility. He might begin by just being candid. Don't overpromise, don't underestimate the difficulty of what's ahead and please, no magic solutions or assurances that all of this can get done without sacrifice or inconvenience to any of us. That's the one approach we have proven simply does not work.

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

