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FACE THE NATION

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GUESTS: Senator EDWARD KENNEDY, (D-MA)

**DAN BALZ
The Washington Post**

MODERATOR: BOB SCHIEFFER - CBS News

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**FACE THE NATION - CBS NEWS
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BOB SCHIEFFER, host:

Today on FACE THE NATION, Senator Ted Kennedy on the war in Iraq and the future of the Democratic Party. President Bush says his re-election has ratified his approach to Iraq. Do Democrats agree? Is Social Security in a crisis or not? And how do Democrats plan to resurrect their party after the defeat in November? These are the questions for one of the country's most influential Democrats, Senator Edward Kennedy.

We'll check in with CBS News Pentagon correspondent David Martin who is with the troops in the heart of Iraq. Dan Balz, of The Washington Post, will join in the questions. And I'll have a final word on who is paying for what at the inaugural.

But, first, Senator Kennedy 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 are going to begin this morning with CBS News Pentagon correspondent David Martin who is a long way from the Pentagon this morning. He's north of Baghdad.

Good morning, David. Where exactly are you?

DAVID MARTIN reporting:

Bob, I'm in the city of Samarra, about 60 miles north of Baghdad. Samarra is a city just like Fallujah. It was totally controlled by the insurgents. The US took it back with an offensive last fall. And today it has no mayor, no police force and the reason I'm wearing this flak jacket is that this base frequently gets hit by mortar attacks, yet they're going to go ahead as scheduled with the elections on January 30th.

SCHIEFFER: Well, let's talk about those elections. Are they going to be able to hold these elections, David? Are the Iraqis going to be able to help in the defense? What's the likelihood that they'll be able to pull this off?

MARTIN: Well, what they're planning to do here in Samarra is begin by cutting the number of polling places from 39 to 10 because that's about the most they can expect to realistically provide some sort of security for voters at. And then there are about a thousand Iraqi troops who will guard the polling places. And US troops will set up in a perimeter far enough away from the polling places so that they won't be perceived as trying to influence the election. If you ask the officers here how they think the elections will go, they will tell you everybody is going to get their chance to vote. But they clearly do not expect a large turnout. I think they would consider a 10 percent turnout a major success.

SCHIEFFER: Do they think these Iraqi troops are ready for this assignment, David?

MARTIN: What they say over and over again is they are much, much better than they were months ago. I mean, this is a town where the police force broke and ran under attack by the insurgents. And today it is having to reconstitute a police force and build it from scratch. But at every level, from officers, from generals down to colonels and lieutenant colonels and captains, they all say that the Iraqi forces are getting better. But they're clearly not capable of providing security for these elections by themselves. For one thing, the ministry of the

interior, which controls the police, has yet to cancel leaves for the elections. And it's--and that--if they were to cancel leaves, that would double the number of police who would be available to guard the polling stations. But they haven't done that yet.

SCHIEFFER: Thank you very much, David, and be careful.

David Martin, and as you can tell he was reporting this morning by videophone from about 60 miles north of Baghdad, one of the most dangerous areas still in all of Iraq.

Well, for comment on that and many other things, we're going to turn now to Senator Edward Kennedy, truly an icon of the liberal left, and one of the most influential members of the Democratic Party.

Senator Kennedy, in an interview published this morning in The Washington Post, President Bush says his re-election validated his Iraq policy and he infers that the election takes care of questions about accountability for whatever mistakes and misjudgments were made. I want to take a look here at exactly what the president said. And here's the quote. "We had an accountability moment, and that's called the 2004 election. And the American people listened to different assessments made about what was taking place in Iraq, and they looked at the two candidates, and chose me, for which I'm grateful." The direct quote from President Bush.

What is your reaction, Senator?

Senator EDWARD KENNEDY (Democrat, Massachusetts): Well, I think that's ridiculous. I mean, we can remember recent history, 1964, Lyndon Johnson beat Barry Goldwater by an overwhelming majority and then look what happened. Lyndon Johnson had to basically abdicate the presidency because of Vietnam.

Look what has happened even this past week. And this clearly is George Bush's Vietnam, Iraq is. But look what has happened this last week. Here we find the administration effectively indicating to the American public and to the world that there were no weapons of mass destruction, which is the principal reason that we went into Iraq. And then secondly rebutted the administration's long-term position by stating very, very clearly that we were creating more terrorists than we were killing them and that the threat and the expansion of al-Qaida in terms of the world was being expanded because of the continuing festering in Iraq. This is a disaster because it's a result of blunder after blunder after blunder. And it is George Bush's Vietnam.

SCHIEFFER: You have just called the president of the United States 'ridiculous'?

Sen. KENNEDY: The policy is ridiculous. The policy is blunder after blunder. It is his Vietnam. I said that it is absolutely been a mistake that we went into this, into Iraq instead of following Osama bin Laden. They didn't have the number of troops that were necessary. They disbanded the Iraqi army. They have single-source contracts for Halliburton. They had Abu Ghraib. We appropriated \$18 billion. They have expended less than \$3 billion of that \$18 billion on this. They have refused to take advantage of Mubarak and other countries that are neighbors to train the Iraqi police on this. And finally, they have been unable to really develop a plan. They're making it day by day. And until Iraqis are going to fight for their own country, we are going to have a very, very dangerous situation.

SCHIEFFER: So what should the United States do now? Should we pull out?

Sen. KENNEDY: First of all, we have to let the Iraqis make the judgment and the decision about the elections. The United States has been manipulating and making all the calls in terms of Iraq. The Iraqis have to make the judgments. Secondly, we should have had all of these countries in the neighboring areas that have Sunni populations strongly indicate the importance to the Sunni population that they participate. They're making some kind of effort now, but it is virtually non-existent. Third, we should have taken advantage of the offer by President Mubarak and other countries in the area in terms of training all of these.

But ultimately, we have to ask ourselves this very basic question, and that is: Is the face of the United States part of the liberation and security and the stability in that country or are we a force that is perceived to be expanding the kind of uncertainty and savagery and revolution that's taking place there?

SCHIEFFER: Let me just ask you one more question about this. Let's say once we get past the election and things are not getting any better in your view, then should we start to think about withdrawing?

Sen. KENNEDY: What I'm saying is that we cannot continue the way that we are continuing. This isn't just what I'm saying. This is Brent Scowcroft, who has been an adviser for Republican presidents, General Zinni has stated this, and a number of other both military officials and thoughtful political leaders who understand that region and area.

SCHIEFFER: We're being joined this morning by Dan Balz, the political editor--or political correspondent, I guess I should say, of The Washington Post.

Dan.

Mr. DAN BALZ (The Washington Post): Thank you, Bob. Senator, let me ask one more question on Iraq. And that is, the elections are two weeks off. Do you share President Bush's optimism that democracy can be brought to a country like Iraq?

Sen. KENNEDY: I think the...

Mr. BALZ: And what do you think the elections could do to provide legitimacy for that policy?

Sen. KENNEDY: Well, as you understand, you have these preliminary elections, which are supposedly to establishing the constitution. And the constitution--then there will be a ratification elections in the fall to ratify the constitution. And then there's going to be follow-on elections to elect the people to implement the constitution. So there's the series of different kinds of steps that's going to be taken. But whether we are--how far down the road we can get to those, I think, is very problematic given the--what is happening in that nation today. But that is at least a course. That was outlined, the process outlined basically by the United States.

But in another time, I think it would have been the hope that somehow you're going to be able to transition into a democracy. I think if you had a country that had some stability and was freed from the kinds of violence and was able to deal with some of the problems might evolve into some kind of a democracy. I think that is probably the best you could hope for. I think it's probably unrealistic to think that you're going to get into a real democratic kind of a country even following these steps and even if these steps were successful.

Mr. BALZ: Let me turn now to the biggest domestic battle that's seen on the horizon which is President Bush's plan to try to introduce private savings accounts into the Social Security system as a way to reform it and guarantee its financial stability. It was reported today in The New York Times that the president and the White House have enlisted the Social Security Administration to help make the case that the system is in crisis and to push for his accounts. What's your reaction to that and what should Democrats do about it?

Sen. KENNEDY: Well, there's a number of reactions. First of all, it seems that this administration tries to make a crisis on any political problem. We've got a crisis in Social Security, in the funding and the financing which we don't. We have a crisis in the medical malpractice as the cost for health care and it's not there. If the president wanted to really do something in terms of the health care, they could have signed the Patients Bill of Rights and provided more protection for people and to deal with this other kind of malpractices unless it's \$2 out of every health dollar.

So now we have the crisis in terms of the funding of Social Security that is non-existent. It's solid till 2042. And without any help, it'll be able to continue to 2075 with three-quarters of the benefits if there was going to be no help and assistance to it. All you have to do is raise the payroll tax on that and that would solve most of the kind of a problem that you'd have, other kinds of ways to dealing with it. And that is certainly something we ought to think about.

The Democrats aren't for looking for new ways to try and deal with the Social Security. President Clinton talked about private savings accounts. And if you had the kind of economic conditions that we had with President Clinton, Democrats would be saying, 'Let's go about that and let's try that out now as a supplement to Social Security.' So we are prepared certainly. Democrats are prepared to deal with those particular kinds of challenges.

But what's most offensive is this administration looks at either Social Security as a piggy bank--as a piggy bank. They're trying to get the people inside the Social Security or long-time people to try and use those funds that they're supposed to be set aside for the savings of our seniors and use them to politicize and to make the case that the administration is trying to make. They did that in education with Armstrong Williams. They paid a person to represent positions on the No Child Left Behind rather than investing in children's schools. They did it last year with the prescription drug bill and the GAO found that they had violated the law. When is the administration going to find out that these are not the administration's piggy banks? That's, I think, offensive certainly to seniors.

Mr. BALZ: Let me ask you this about the crisis of the system. You say Social Security is not in crisis. You did say last week at the Press Club that the Medicare system may be a bigger crisis than Social Security. By the middle of this century, Social Security, Medicare and Medicaid will consume at least three-quarters of all domestic spending--all federal spending other than interest on the debt. Why aren't Democrats coming forward with their own plan to deal with these problems?

Sen. KENNEDY: Well, first of all, I'd indicated that President Clinton had with regard to the private savings accounts. And when you're looking at the Social Security, it's 2042. That's somewhere down the line, and it's not complicated to deal with it afterwards. The Medicare--there are a number of items that you could have. First of all, I am a strong supporter of Medicare. I believe in it. Republicans have been opposed to it. I think it's a tried, trusted program and we ought to expand it. What I find--and I'll just...

Mr. BALZ: How will we pay for that?

Sen. KENNEDY: ...pay for it--it's a number of different ways. A number of different ways. First of all, I think you can have a great deal done in paying for it in terms of we're already paying for health care now. We're already paying. You're paying a trillion 700 billion dollars. During the last three years, we increased the payments in health care by \$400 billion and we lost five million people from coverage and we've increased the cost of health care. So everyone is paying for it. The question is whether you take the \$400 billion in administrative costs and use it to cover people. Thirty-three cents out of every health dollar is used non-clinically. There isn't a business in the country that would go for it. You bring in information technology as we have for the Veterans Administration--we have seen the decline of the costs per bed in the Veterans Administration by 7 percent over the last five years. It's gone up 62 percent in the rest of the health-care system 'cause we don't use information technology. Preventive health care, best practices health care, information technology on this and then we're going to expand the Medicare to cover all Americans.

SCHIEFFER: Let's take a break here.

Sen. KENNEDY: Good. OK. All right. All right.

SCHIEFFER: We'll come back and talk about this and some other things in a minute.

(Announcements)

SCHIEFFER: And we're back again with Senator Ted Kennedy. Senator, I want to go back to what we were talking about at the top of the program. The president says that his election means that his Iraq policy was validated. Different people have given different reasons why they think President Bush won this election. Why do you think he won?

Sen. KENNEDY: Well, I think John Kerry ran an excellent campaign. I think President Bush ran a better campaign. As, we know, it's decided by 50,000, 60,000 votes out in the state of Ohio. Could have gone a very different way. I don't think there's any question when a country's at war, it's difficult to displace an American president. I suppose people can look back and say, was the get-out-the-vote good enough in Ohio? Did John Kerry talk enough about values? You can talk--I think--did he stress the economy more than Iraq? I think there's--people can look back and--at it, but I'm more interested in looking forward. It's always useful to look back to try and benefit from the mistakes of past campaigns. I look forward.

And I think what we have to understand now is this generation is not guaranteed national security and economic prosperity. We have to go about and win it and deserve to win it and fight for it. And this administration is not putting that on the American agenda, and I think the Democrats have to. And I think it's a winning strategy for the Democrats for future elections. I think it's the right strategy for our country and it's the right strategy for the United States and the world.

SCHIEFFER: Dan?

Mr. BALZ: Senator, over the weekend, former Army Specialist Charles Graner was sentenced to 10 years for his role in the torture of prisoners in Iraq. Given the legal advice that

Alberto Gonzales provided that led to some of these scandals, are you going to vote to confirm him or will you oppose him to be the next attorney general?

Sen. KENNEDY: I'm leaning against him at the time. I'm waiting for his responses to the additional questions that I have provided. I wasn't satisfied with his responses. Before the Judiciary Committee, we asked him, 'Who asked you to request what they call the BIBE amendment,' the Office of Legal Counsel from the Justice Department. He couldn't remember. He had conversations with the Justice Department. He couldn't remember those. He couldn't remember who he distributed the memoranda for the BIBE amendment to. He couldn't remember many different kinds of facts.

What we're talking about is torture. Torture. And the reason Americans react to torture is not only the human aspect, which we find so hideous, but it's because we want our military personnel treated fairly and humanely. That was the basic reason that we supported this type of measure. And it reflects an American value about what we're going to stand for. Even though we are attacked from abroad, we have to understand that we have to still represent this country's essential values. This nominee is the principal architect, it appears, for the development of the changes in the Geneva Convention and torture. And he has an opportunity in response to these questions to explain it. I don't think he did.

SCHIEFFER: Senator, as you look forward to the next administration and this coming administration, can you at this point see any program that you believe you can work with this administration on and, if so, what would that be?

Sen. KENNEDY: Well, I would hope so in the areas of education. Margaret Spellings, who's been nominated by the president, we've supported her. We wanted to make sure that she's confirmed on the inauguration day. She has the president's ear; she's very close to the president. She doesn't always say no to Democrats. And I personally believe that this first year of a new administration is the time when you have the real possibilities for action. And I want to see that. I want to see progress made in the areas of education, also in the areas of health care. And I think we have that chance because it is a new administration. It's a new Congress. And it's--we're still some distance from the...

SCHIEFFER: How do you get along with the president these days?

Sen. KENNEDY: Well, I--my--I've--we--very cordial. He's always been very thoughtful with regards to our family. And we--I've worked with him on the--and Republicans in a bipartisan way for the IDA bill, the disabled education bill, that the president signed. We work on that, actually, during the course of the campaign. It was really the only bill that passed, except the omnibus bill, the extension of the debt limit as well, after the election. So we've had areas that we have been able to work. I'm interested in progress. And we're going to try and see what we can.

I think this is--but what we want to try and make sure is that we're going to have--be sure about what the president is going to do, not only what the president's going to say. You know? Before--not long ago, he said we're going to have a new attitude about the relationships with the United States Senate on judges. And then the next day he sent up the judges that had already been rejected. And--so let's walk the walk as well as talk the talk. And I think we can get some important things done. We want to work with this president.

SCHIEFFER: Senator Kennedy, thank you so much for joining us. We'll be back with a final word, in just a minute.

(Announcements)

SCHIEFFER: Finally today, there has been a chorus of criticism about whether the administration should hold a round of lavish inauguration parties in the midst of a war. My voice has not been among the chorus. Some Americans will find it inappropriate, some won't. But whatever the case, they don't need my help in making a judgment.

But what does hack me off is the news that may not have made your local paper, news that for the first time those of us who live in the District of Columbia will be paying a big chunk of the inaugural costs, nearly \$12 million for such things as police overtime and building reviewing stands along the parade route. In the past, the federal government has reimbursed the District government--read that, DC taxpayers--for those costs. But this time the administration has informed DC authorities they'll have to absorb the cost and suggests that they use federal funds that had earlier been earmarked to fight terrorism. That means money that would have been used to expand hospital capacity here and buy protective gear for Washington firemen must now be used instead to build parade grandstands where, incidentally, the president's supporters get first dibs on the seats.

This seems neither fair nor very smart. Why would an administration, already under severe criticism for sending soldiers into battle without enough armor, put itself in a position where it appears equally indifferent to equipping those charged with fighting terrorist at home? If nothing else, surely someone in this administration will realize how this looks and take steps to see that every dollar diverted from the war on terrorism to build parade grandstands is repaid.

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