

**CENTER FOR  
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)  
CSIS-BOB SCHIEFFER SCHOOL OF JOURNALISM DIALOGUE:  
SHUTDOWN AVOIDED: IMPLICATIONS OF THE BUDGET BATTLE  
AND THE PATH FORWARD**

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(Off-side conversation.)

H. ANDREW SCHWARTZ: Good evening, good evening and welcome to the Center for Strategic and International Studies. My name is Andrew Schwartz and I'm the senior vice president for external affairs. Welcome to the greatest Schieffer series we will ever have. All of our heroes are here, and you just can't top this.

I'm also especially pleased because I wouldn't be standing here without Senator Johnston, who I interviewed – who I interned with when I was out of Tulane in 1990. And so it's great to have Senator Johnston here.

I'll let Bob introduce the rest of the panel, but I wanted to thank you for coming out. Look at us on Facebook, look at us on Twitter, look at us on csis.org because you'll be able to see this session replayed on all those mediums. And thanks for coming.

BOB SCHIEFFER: Wow, thank you very much. Well, this is really going to be a lot of fun for me, because I have to make a confession upfront: These gentlemen are all friends of mine. You know, I covered Capitol Hill for 15 of the years that – the 42 years that I've now been in Washington. It is still the best beat; it's still the best assignment you can have in Washington. People say, well, the most prestigious is the White House, and it's fine. (Laughter.)

I mean – (inaudible, laughter) – when you're covering the White House, you get real nice luggage tags and “White House press” and all of that, but if you really want to find out what's going on in Washington, you have to go up to the Hill. And it's still now one of the few places left in Washington where you have direct, face-to-face contact with the newsmakers. And that's what makes being a reporter the fun that it is.

So is my mic not on? Let's see here.

JOHN WARNER: You've got to go over the whole thing again.

MR. SCHIEFFER: How is that? (Laughter.)

MR. : (Inaudible, laughter) – tell them again how the Congress is better than the White House.

MR. SCHIEFFER: (Inaudible, cross talk) – and people say, no, how do they know – I mean, they say they can hear, that they know. I mean – but anyway.

Tom Daschle, who is right here, was the leader – the Democratic leader for a lot of the time when I was up covering the Hill. We all know he's from South Dakota. In 2007, he joined

with former majorities leaders George Mitchell and Bob Dole and Howard Baker to create a Bipartisan Policy Center and organization dedicated to finding common ground on some of the pressing public issues of the day. He's now a senior policy advisory at DLA Piper in their government-affairs practice. We're glad to see him.

Bennett Johnston, pride of Louisiana, is – well, there he is, right over there. I know which one he is. (Laughter.) He was one of the senior appropriators when I was up covering the Hill. He was the chairman, I guess, of the energy and policy –

J. BENNETT JOHNSTON, JR.: Energy and natural resources.

MR. SCHIEFFER: – natural resources committee for a long time. And it's interesting: Senator Johnston either directly or indirectly was responsible for all energy legislation considered by Congress from 1973 to 1996.

Old buddy John Warner right here, a senior senator, served, what, four terms?

MR. WARNER: Five.

MR. SCHIEFFER: Five terms – (laughter) – as senator from Virginia. Was always a major influence and voice on foreign policy and defense policy because he was always – and how long were you chairman of the Armed Services Committee?

MR. WARNER: Three times, and I know I had it up in ranking another three times. I had my fair share – wonderful privilege and responsibility.

MR. SCHIEFFER: Yeah. And then of course, Vin Weber down here. And I told Vin the other day, it was getting so the last couple of campaign years, he'd be on CBS more than I was – (laughter) – because whenever somebody wanted to know what the inside story was on politics, they'd always go to Vin Weber. He's now managing partner of Weinstock.

And he served in the House from 1981 to 1993, represented Minnesota's second congressional district and was always somebody on the Hill – I mean, the best thing I can say about him, when you want to know something about something, you'd go to Vin Weber and he would give you the straight story about it. And he's one of those members of Congress that is the kind I really like, because most of them, you can find them when the news is good. But when the news is bad, you could find Vin. (Laughter.) And those were the guys that had the most credibility with me.

VIN WEBER: I think I appreciate that. (Laughter.)

MR. SCHIEFFER: So I want to just start, and why don't we just start with you, Senator Johnston? So the president's going to make this speech tomorrow and he's going to tell us what he plans to do about raising the debt ceiling and the new budget. What do you expect he's going to say?

MR. JOHNSTON: Well, I think he's going to say that we need a commission or a group like the Gang of 6 to study the matter and to come up with the recommendations, because there is not enough time between now and the election to put together what needs to be put together and to educate the public about it, because you've got to have taxes, which are anathema to the Republicans; you've got to have cuts in the health care, which are anathema to the Democrats.

It's going to take a long period to educate the public. So I think he is going to give some general parameters along those lines, but say, this commission or this group needs –

MR. SCHIEFFER: But don't we already have a commission? I mean –

MR. JOHNSTON: Well, we had one, and maybe he'll say we'll have to vote on it. But I don't think it's possible for him to come up with a detailed list and really expect that to be the basis of an agreement.

MR. SCHIEFFER: What do you see as his hardest task tomorrow night, Senator Daschle?

JOHN DASCHLE: Well, Bob, I don't – this president has never really been comfortable getting into too many of the details in public pronouncements like this. So if I had to guess, I would say he'd probably do three things, and they're all going to be difficult: One is, he's going to probably more publicly than ever before to embrace the Simpson-Bowles commission work. I think you can expect that.

The second thing I think he's going to try to do is make the case that all five categories have to be on the table. By categories, I'm talking about discretionary, non-defense; defense; mandatory spending; entitlements and revenue, that all five of those are going to have to be on the table. And he's going to be working to – with Congress.

And then if I had to guess, he'll probably make an effort to say that the Gang of Six in the Senate is onto something procedurally, that they have been working with all five of those categories and that he would like to see that expanded, maybe as Bennett suggests, to a more formal effort.

But if I had any kind of an appreciation of where he's going to go, it would be those three things.

JOHN WARNER: I think my former leader has it about right. As we say, I associate myself with your categories and things like that. But I really believe this commission thing, Bennett – you got to start with a fundamental principle. If it's a public commission, then every deliberation has got to be open. If he does a commission behind closed doors, it'll be suspect. So I don't know how you – you know from experience that many things that we all settled, it was behind the doors in a – 4 a.m. in a conference between the House and Senate and we did.

So I just – I'd like to say one other word. Frankly, you mentioned I'd served five terms. When I had the privilege of serving those terms and stepped down after 30 years, I also

concluded 50 years as a partisan politician. I went to work in the Eisenhower White House in the spring of 1960. So I said at that time, as I say today, I'm apolitical. I pass the torch to the next generation to do the partisan things. What I say is coming from the heart. And speech, your turn. (Laughter.)

MR. SCHIEFFER: How will that be received, what the president says tomorrow night? Ben, what do you think he's going to say and what does he need to say?

MR. JOHNSTON: I agree with about 90 percent of what Tom said, with one exception, and I'll get to it. I hope that he says basically what Tom said about the five categories, and everything's got to be on the table, because that's what the Democrats believe. And that'll take – I mean, Paul Ryan took us a certain distance by putting a couple of issues on the table that have not been put on the table, the entitlements particularly. The president can take us a step further by talking about how the Democrats view about those five categories.

The only thing I hope – the only place I disagree with my friend Tom is, I hope he doesn't talk about the Gang of Six, because I think it'll weaken them. I think the Gang of Six –

MR. SCHIEFFER: Weaken them, not – (inaudible).

MR. JOHNSTON: Them. I think they're playing – they can play a tremendously important role coming in after this with a bipartisan approach. But if the president embraces them too much, Republicans will look at him and say, well, that's just turned into a stocking horse for the administration. And it's too bad that that's what people will think, but we're in a very polarized environment.

To try to get to a point where we actually have a big deal – and that's what we're talking about – I think it's a very delicate path. So I hope the president does everything that Tom said and then stops short of embracing the Gang of Six. And then I hope the Gang of Six, which I think could become the gang of 20 or 30 if what I'm hearing is right, comes out with something that takes us the next step and we actually get to do a deal.

MR. SCHIEFFER: Senator Daschle, just tell us exactly who the Gang of Six is. I think I know, but I mean, this is, what, three Democrats and three Republicans?

MR. DASCHLE: Three Democrats, three Republicans. Mark Warner, Saxby Chambliss, Tom Coburn, Kent Conrad –

MR. SCHIEFFER: Leader, a Democratic leader?

MR. DASCHLE: Kent Conrad and who am I missing?

MR. SCHIEFFER: Conrad, is he part of –

MR. DASCHLE: Kent Conrad is part of it. But he's –

MR. WARNER: Durbin, is Durbin –

MR. DASCHLE: Oh, Dick Durbin, Dick Durbin, right. And you know, they've been meeting now ever since the Simpson-Bowles commission finished their work. And I don't disagree at all with what Vin said. I think – I've heard some of the – or seen some of the Republican comments about how they hope that he doesn't give too much of a bouquet to what they're doing, because it might hurt their credibility in selling whatever they come up with on the Republican side –

MR. : On the House side.

MR. DASCHLE: On the House side, especially. But I think what he's going to say, without – hopefully without getting them in too much difficulty or trouble is, it's got to be a bipartisan effort. And that – you know, he may want to talk around the Gang of Six. But I think he needs to cite efforts on the Hill, that whether it's Simpson-Bowles or the Bipartisan Policy Center or the Gang of Six, you know, those are all illustrations of what needs to happen process-wise for us to get to the next step.

MR. JOHNSTON: Let me say one thing –

MR. SCHIEFFER: Yes, go ahead.

MR. JOHNSTON: – about the process. I was on the last economic summit under Ronald Reagan, and it was private. As a matter of fact, there was a vow of secrecy. And we came up with a proposal which Senator Bentsen, Lawton Chiles and I presented to Ronald Reagan. We called it the “2-percent solution.” He didn't like it, but in any event, I think the negotiations have to be private, because there's got to be a principle of simultaneity.

The Republicans and Democrats eventually have to join arms, but you can't do that during the negotiating process because, you know, whatever Republicans comes up and says, I'm willing to go along with tax increases, he's going to be excoriated. So it's got to be quiet and then have the package presented as a joint package.

MR. WARNER: I agree with that and I agree with – the Gang of Six – you know, if I had run again, we wouldn't have Mark Warner. So I did a good thing – (inaudible, laughter) – he's a fine man. I like him very much.

MR. SCHIEFFER: So all of this is playing out against – they're going to have to vote, when was it, in May, I guess, on whether or not to raise the debt ceiling. The White House as of now is publicly saying they want a clean vote. Let's just vote up or down on whether to raise the debt ceiling. Republicans say, no way, no how.

MR. WARNER: That's true.

MR. SCHIEFFER: What do you all think is going to happen here on out?

MR. WARNER: Well, Boehner's out front; settle it. And I think – and the president has opened the door slightly on the weekend talk shows and so forth through his emissaries. In all probability, there will be not a – what they call a “straight up and down” debt ceiling. Got to have it, but they'll put something on there.

But let me just – if I may take a minute, I had a very interesting morning this morning. In the cold rain, I went to the World War II memorial in honor of Bob Dole, whom I served with. And he worked so hard to – you remember, Tom, and all of this can put that up, my privilege to work with him. But I watched – the vice president was there and Tom Brokaw was the MC. And I watched the speakers in this rainy, cold morning, framed against that statue.

And it came back to me – I was a young 17, 18-year-old sailor in the last year of the war. No glory, but I did my duty like 16 million. But I said to myself, you know, that country, that great country at that time were all united. We all had the same ration card, rich or poor. We all had the same gas ration, all of these things. We need to unite this country to solve the enormity of this problem that's coming. And that means every one of us, whether rich or poor or otherwise, has got to have some measure of sacrifice.

So I'll go so far as to say, I think one of the revenue sources should be a consumption tax. Uhh, everybody says. Now, that would save the fellow that has to spend another nickel or something – not a great big one. Well, I'm in it too, so every American is participating in resolving a fiscal problem that's every bit as serious as the challenges we had as a nation to secure our freedom in World War II.

MR. SCHIEFFER: So how do you feel about that, Congressman?

MR. WEBER: About the consumption tax?

MR. SCHIEFFER: Yeah.

MR. WEBER: I think we're getting one right now imposed by OPEC. But beyond that – (laughter) – but you know, I think that there's – I think at the end of the day, you have to – in this discussion, you have to differentiate between what you would like to have and what you think is possible. I don't think it's probably possible to do the deal that needs to be done without a revenue component.

I agree with that. Doesn't mean that that's what I would write. If I could do it all by myself, I probably wouldn't. But I think that the Republicans are going to have to figure out how to come to grips with the revenue component of it. And the one thing that they can't do I know is what the president would probably like, which is get rid of the Bush tax cuts and raise the top rate. That's a non-starter.

MR. SCHIEFFER: Really?

MR. WEBER: If – in my view, that is the least possible of all difficult options – (chuckles). But you know, whether it's a broadening of the base, as the Simpson-Bowles commission talked about, or maybe even a consumption tax Senator Warner just talked about – if it's in the context of a growth-oriented reform of the tax code, I think that there's a chance of getting a revenue increase built into the plan.

I don't think that the possibility of raising tax rates of the top income groups is going to get – it'll get voted on very quickly in the House and we'll be done with this discussion. So I hope the president doesn't quite go there.

MR. SCHIEFFER: Let me just go back, before we get past it too far in talking about what's coming next: The leadership in the White House have all agreed on a budget, basically for last year, to keep the government funded until October with a pretty good-sized cut in there. Are you all confident that that's going to pass the House and Senate?

MR. JOHNSTON: I think so, because not to pass it is just impossible. They may have to do it with Democratic votes as well as a split Republican caucus, but I think it'll pass.

MR. SCHIEFFER: Senator Daschle, what's –

MR. DASCHLE: Bob, I think it's going to be very close. I think especially in the House it's going to be close. I don't think there's a lot of enthusiasm on either side. If I had to really give you an answer today, I'd say it probably will, but there's going to be – you know, there's been some rumors in the last 24 hours that there's a little bit of unraveling around the edges already.

MR. SCHIEFFER: Well, that's what I'm beginning to hear, and that's what I'm beginning to wonder, if this thing actually is going to pass.

MR. WARNER: I think it's going to pass because they're saving their vigor for the debt-limit debates.

MR. SCHIEFFER: For the debt limits.

MR. WEBER: Yeah, I still think it's going to pass, although it's a little dicier than it used to be. Let me say, I think conservative Republicans in the House could be making a big mistake in voting against this. We were talking a minute ago about the debt-ceiling vote and the Democrats' desire to have this be a clean vote, which is inimical to Republican interests – not that raising the debt ceiling is, but they need the leverage of a spending bill to accomplish anything policy-wise.

If John Boehner cannot pass the continuing resolution with Republican votes, when he sits down to negotiate the debt ceiling, he's in a much weaker position, because they're going to say, well, what do you mean you have to include these riders in order to get Republican votes? You couldn't get enough Republican votes to pass the continuing resolution.



So conservative Republicans who are intending to vote against the debt ceiling – or, pardon me, against the continuing resolution are making a very serious mistake in terms of their own interests.

MR. SCHIEFFER: Talk a little bit about, who has the hardest job here? Boehner, Harry Reed or President Obama?

MR. WARNER: Clearly President Obama, Bob. I mean, as our distinguished leader said, he doesn't get out early enough, I believe, in some of these major issues. It's all right to sit back and let Congress work its will, but every now and then the president has got to lead. As I said, we got to unite this country. And that doesn't mean it's all his problem. It's as much my problem as it is your problem. We've all got to come together, but his strong leadership is essential to make that happen.

MR. DASCHLE: I agree with John. I think it goes to – as you look at the entire challenge, one of the questions – it may not be – it's certainly not the only one, but one of the questions is, who pays? How do you get from here to where you need to go and who pays? The more equal it is along all five of those categories that I mentioned, the more you spread the political risk and the political difficulty.

The more you ask one constituency over the other to pay more, which is what happened, in my view, during the debate on the continuing resolution, you're asking a certain constituency to pay more. If that happens again, it's going to be a lot harder for the president and for the Democrats. If you've got revenue on the table, it's going to be equally as hard for the Republicans.

But I think it's – it comes down to the question, so who's paying?

MR. SCHIEFFER: But I must say, it seems to me John Boehner has had a pretty tough job here. (Chuckles.) I mean, when he's got these people on his right and then he has people to the left, I mean, keeping that crowd together –

MR. WEBER: He's got the most labor-intensive job. I don't know if it's – in some sense, it's more difficult than the president's. But it certainly requires a lot more work. He's got 87 freshman Republicans. And it's not just – I mean, the perception or the media commentary often is, well, these are all tea party radicals and that's his problem.

No – these are just brand new members of Congress that don't know the process! He's got to go through a significant process just of educating them. What does the debt ceiling mean? Why does it have to pass? We weren't here to vote for these spending bills in the past – how come we've got to vote for the debt ceiling? What is a CR? How come we're voting on the FY '12 budget when we're only in FY '11?

I mean, to educate his caucus, one-third of who are brand-new members, is a difficult task. Yes, made more difficult by the fact that you've got a very energized conservative

constituency which we sort of euphemistically call the tea party. But it's a labor-intensive job for John Boehner.

MR. : I say Boehner –

MR. WARNER: He's done a good job, though. I think we all agree with that.

MR. WEBER: I agree. He's done a great job.

MR. WARNER: And you remember, when we came to the Senate, Bennett, the first year you were to be seen and not heard. Do you remember that?

MR. JOHNSTON: Right. Right. Right.

MR. WARNER: And we'll tell you when you do your maiden speech. Now, that's changed quite a bit, hasn't it? (Laughter.)

MR. JOHNSTON: Well, I say Boehner's got the toughest job because the tea party can veto Boehner. I mean, he can't go without his right wing. The Democrats cannot veto the president. They're stuck with the president and they're – we're all going to be with him, you know, no matter what. All he has to do is show leadership, which is very hard. But he doesn't have to bring any particular group with him. He hopes they'll be there.

MR. SCHIEFFER: You know, I – and Senator Warner brings up an interesting point and I'd like just to kind of elaborate on that a little bit. It's not just the rules of the Senate that are more relaxed than they were. It's the whole political process where it's not just, be seen and not heard. Now people are tweeting; they are, you know, going through all this stuff. I mean, we have this business – I mean, I go to news conferences now and, you know, there are six people that are putting out something before the guy finishes the first sentence of what he said.

Has that made – what's been the impact on politics of all of that?

MR. WARNER: It has driven the money issue of – for elections. In my first race, less than a million dollars. I portend the coming race in Virginia – I'm not saying anything other than I bet that both of them have to raise close to 20, 25 million (dollars) to be able to get that ability to project an answer and do it very quickly, whether it's on television, on Facebook or Twitter. They've got to have a team 24/7, quick reactions, not go to sleep and wake up and see – read the paper in the morning: oh, well, I can change that quote.

MR. SCHIEFFER: Well, to underline that, yesterday, when Mitt Romney formed his exploratory committee – and I think it's pretty clear he did that because he's just got to get going on raising money – they were talking about that President Obama is expected to spend a billion dollars on the presidential campaign this year.

MR. DASCHLE: But John is right. I mean, this – I think that it's – that the blur that has occurred between news and entertainment is troubling because I think it has caused more

hyperbolic rhetoric. And the environment is so much more polarized today in part because of all the sources that are as much entertainment as they are news today. So it's sorted it out. And that polarization plays itself out every day on the floor of the House and the Senate.

MR. SCHIEFFER: And you know, Senator, it's not just the blur between news and entertainment. It's the blur between news that's true and news that isn't.

MR. DASCHLE: That's right.

MR. SCHIEFFER: I mean, I notice that like everybody. I have one of these Google alerts and I got a thing where it said, Schieffer says he's okay with Soros taking down the government. Now, what is that about? (Laughter.)

MR. DASCHLE: So that's not true?

MR. SCHIEFFER: No, it isn't true. (Laughter.) I mean, I have no – I said – somebody walked up to me in an airport and asked me a question and I said, no, no, I don't – I know about that but we're not going to do a story about it. Well, I don't remember anybody walking up in airport and I don't remember anything. But, I mean, that's just, you know, a very minor example of how all of this has really changed politics.

MR. WEBER: One interesting aspect of it, Bob – and if you think about it this way, is we're decrying the increased partisanship in Washington. And I do too – I think that's true. But maybe we're using the wrong words because paradoxically, one of the reasons we have this phenomenon of what we call increased partisanship in Washington is because the political parties themselves are weaker.

Interest groups, bloggers, talk radio: Those – that's where the centers of power are now. In the days when the political parties actually had real strength and were able to exert some influence on the process, it actually produced somewhat less polarized environments than we feel today.

MR. SCHIEFFER: But because of all of this, we'll never go back to those days –

MR. WEBER: No, we won't.

MR. SCHIEFFER: Where you have a strong political party that's kind –

MR. WEBER: And I think also it means it would be very difficult, at least in the House, which I know best – it would be very difficult to have a speaker of the kind that we had under Speaker Rayburn, those people in the past. Everything is transparent now. John Boehner can't come in there and just crack heads and wrap knuckles and force people to do what he wants them to do. It's not going to work.

MR. JOHNSTON: And the interest groups are a lot stronger because of the power of money. I mean, I think the Supreme Court had it dead wrong when they said money is speech

and speech is money. But that's another – that's something for another day. But it makes interest groups so powerful because, you know, they can ignore the party and give their money direct.

MR. WARNER: Well, we had more discipline, you know. When I came, there were about eight chairmen of your party – the Democratic Party – who really controlled the Senate with their good eight Republican seniors that they worked together and had a little drink together and their wives got together and everything worked out. So that's the way the Senate – and you did not go awry of those chairmen or your senior Republican leaders in those days.

MR. SCHIEFFER: Why do you think it is? And I'd like to get all of your takes on this. I have my own thoughts on it. Why do you think that it's not that way anymore?

I mean, I remember when I came to Washington and we would have Democrats and Republicans over for dinner. And now I find elected officials don't like to be invited to the same party with people of the other party because they don't want people back home – the Democrats don't want anybody to think they're running around with Republicans and vice versa.

MR. JOHNSTON: Well, they don't have time. They don't have time to go to dinner – they've got to go to fundraisers. They've got to spend all their time raising money. It has corrupted the process.

MR. DASCHLE: That's a part of it – I think a big part of it. And I also think – I think it's the airplane because what the airplane has done is given everybody the capacity to go home. They don't even move their families to Washington any more.

MR. : That's correct. That's absolutely right.

MR. DASCHLE: And as a result, they leave their families at home so there's a pressure to get home, not only from constituents but most importantly, from your family. So they don't have the opportunities to socialize like they used to.

And then I think the parties –

MR. SCHIEFFER: And as a result, they don't know one another.

MR. DASCHLE: They don't know one another. And then I think there's more – ask Bob Bennett about the political pressure about reaching over to the other side – Bob, the senator from Utah, who was castigated for working with Ron Wyden on health issues. I mean, it's just – there are some in the parties that really don't want to see that any longer.

MR. WEBER: Tom is totally right about the living arrangements. Think of the number of members that we know or read about or think about that – they don't live with their families here anymore. They live in a – they share an apartment with two or three other members.

MR. WARNER: Or some of them, they live in their offices!

MR. SCHIEFFER: Right.

MR. WEBER: That never happened before. I mean, it just wasn't – they were part of the Washington community. Yes, they were in their districts but they were also part of the Washington community. And after hours, you know, they had a social relationship with members of Congress on the other side of the aisle. Maybe their kids went to the same school or something like that. That doesn't happen much anymore. People are in here as late in the week as they can get – Tuesday morning, maybe – and out as soon as they can leave, Thursday evening, preferably.

MR. SCHIEFFER: Does anybody think they are not going to vote to raise the debt ceiling? Because if they don't, I mean, you can talk about what the impact on the economy would be if you can't pass a budget resolution but if you don't raise the debt ceiling –

What do you think – and it doesn't even have to come to the vote. I mean, just the – if people get the idea around the world they're not going to raise the debt limit, what do you think the impact of that would be, Senator Daschle?

MR. DASCHLE: I think it would be absolutely catastrophic, Bob. I mean, I've heard people say that it would be many, many times worse what we've experienced in the last two or three years, that it would just destroy our credibility financially. It could mean – I ran into a bank – one of the – a very well-known bank president a couple of days ago. He said it would – it could mean bankruptcy for his bank almost immediately.

MR. WARNER: Bob, you've got to remember, we're borrowing, I think, up to almost 40 cents on the dollar of what we're spending. And as Tom Daschle correctly said, we're looked upon as the leader of the world in so many ways and financial is one. We've got to keep that borrowing capacity to fund, what is it? Several billion dollars a day, almost, that we have to borrow. And we have to borrow from abroad. Now, abroad is going to lend money to a government that can't function and is bankrupt? No.

MR. SCHIEFFER: So let's talk about – what do you all think the final deal is going to be here, I mean, if in fact – do you think they're going to come to some kind of an agreement?

MR. WEBER: On the FY '12 budget? Or on the debt ceiling?

MR. SCHIEFFER: Yes. Well, I mean, something is going to be attached to the debt ceiling, is what I would – but I mean, the next –

MR. WEBER: I'll start. I think that they're going to pass the debt ceiling. They have to pass the debt ceiling. I think – just sort of repeating what I said about the CR – the question is how are we going to reconfigure power on Capitol Hill? Is it going to have to pass through the House with a lot of Democrat votes because Republicans don't vote for it, in which case, as we go into the FY '12 negotiations, Republicans are seriously weaker?

MR. : Yeah.

MR. WEBER: They don't get that but they are. Or is Boehner going to be able to get a majority of the Republicans to vote for this and show that he's got some strength with his caucus? He'll do the very best that he can. And I hope he comes out of it strong because I want the Republican position to be dominant or at least as strong as it can be in those negotiations. I think then we've got – we have a chance of doing a deal, a big deal on FY '12.

I am encouraged by the White House's response to Paul Ryan. Yes, they said they don't agree with him and they actually disagreed strongly. But they avoided some of the more inflammatory political rhetoric with which they could have described his budget, which said to me, we're going to keep the door open to sitting down and doing some kind of a deal down the road. So I'm hopeful that that can happen.

MR. JOHNSTON: I think you're going to have a House budget resolution pass, a Senate budget resolution pass and no conference committee. Think of the vast gulf between Ryan on health care, you know, and the Democrats on health care. I mean, that is – that is a huge thing. It's going to take too much time. There's no way, in my judgment, that they could do that before the election. And they shouldn't try. They ought to let this process work so the public can be educated.

MR. SCHIEFFER: Well, what are you doing in the meantime, in between elections? I mean, is it just a –

MR. JOHNSTON: Well, you pass a budget resolution – I mean, you pass the debt.

MR. SCHIEFFER: Series of resolutions? I mean, continuing resolutions all the way up to the election next year?

MR. JOHNSTON: Yeah, you know, cut a little more out of discretionary. It's just too big a deal. Even the Democrats don't have a good way to cut health care. I mean, nobody has come up with that magic formula other than really a single-payer, which the country will not go along with.

MR. WEBER: I have to disagree with Bennett, I just have to say, because I really understand what you're saying, Senator, but I really think if we don't – if we're looking for a big deal, I think it's this Congress or it's going to be forced on us by a fiscal crisis.

MR. WARNER: That's correct.

MR. WEBER: And I wish that were not the case. I wish we had the time to educate and go through the next election. I've heard the argument about why we need to wait until after the next election spun so many different ways. Some people say, only a reelected President Obama, free of election concerns, can do it. Others say, only a newly elected Republican president with a fresh mandate can do it. People in the Congress say, we need – we had one election on deficits; we need a second one to strengthen the mandate.

I don't buy any of this. I think this is the Congress. And however difficult it is, if it's not done here, I think it's going to be precipitated by a crisis.

MR. JOHNSTON: Is this Congress going to be able to come up with taxes on the rich, maybe?

MR. WEBER: Well, taxes. (Laughter.)

MR. JOHNSTON: You know, look at the polls. The polls say the public supports taxes on the rich more than cuts in Medicare. And do you think the Democrats are going to let it go by without taxes on the rich? Not a chance. It takes education.

MR. WEBER: It'll be no different after the 2012 election battle.

MR. JOHNSTON: I do think that there's going to be a game of political chicken going on for the next couple of months because nobody wants to see the debt limit but everybody is going to use the debt limit as, sort of, their leverage for trying to get as much of their agenda included in the overall agreement as they can.

But I think at the end of the day, the real question is, can you deal with entitlements, with mandatory spending, with all of the controversy around revenue in a timeframe that really starts ticking seriously May 18<sup>th</sup>? That's less than a month away. And that's a – that's a huge agenda. We've not been able to do that in 30 years. So to be able to do that in 30 days is going to be a real reach. But the pressure is there and the question is whether or not – they might be able to agree to a framework that would allow them more time to work out the details. But I don't see how you get all those details locked in by May 18<sup>th</sup> or sometime shortly after that.

MR. SCHIEFFER: And, well, you say 30 days but that's minus yet another congressional recess.

MR. DASCHLE: Right.

MR. SCHIEFFER: It would be four weekends.

MR. JOHNSTON: June, July is pretty well the date.

MR. WARNER: Let's get the dates a little – Tom, I don't think it's a couple of months they've got to play around.

MR. DASCHLE: (Inaudible, cross talk) – when the clock starts ticking.

MR. WARNER: Well, May, July, we're bankrupt. There's \$81 billion left before we hit the debt ceiling. So we've got to go with it and make these tough decisions. I agree – revenue, we've got hit the – Social Security: That is, look at, figure out what we're going to do; Medicare; Medicaid – all of these things have got to be addressed.

I think by fall, we should have – before the fiscal year starts – a bill in place. I really do. I'm optimistic, like you. This Congress – it is – now is the time. You cannot kick the can.

MR. SCHIEFFER: Anybody want to ask some questions? We'd love to have some from the audience. We have microphones here if you'd like to do it.

MR. : Yeah.

MR. SCHIEFFER: And while you're thinking about your questions, let me just go back to the panel here.

Let's just talk about the entitlements a little bit. Does anybody think that there will be a serious effort to reform Social Security?

MR. : Yes.

MR. WARNER: I think there will be an effort – (inaudible) – but, go ahead, Tom – (inaudible, cross talk).

MR. DASCHLE: Listen, I agree with John. And I think that – I think that Social Security, in some ways, is the easiest of the entitlements –

MR. : Yes.

MR. DASCHLE: – to deal with because there are fixes that most people shouldn't have that much difficulty agreeing to. I actually personally think aging – you know, the age limit ought to be looked at again. But that's just one piece of it.

But whether it's age or whether it's means testing or bumping up the cap that now exists with regard to revenue, I mean, there are a lot of ways to – changing, just changing the cost of living calculation is a very profound way to take out longevity of the trust fund a good deal. So there are things you can do.

MR. SCHIEFFER: But the thing you are not mentioning is political will. And that's the ingredient that they can't –

MR. WEBER: I don't think this takes any more political will, though – more or less, Bob – than Medicare or revenues or maybe even defense spending. But Tom's exactly right. The point about Social Security is, we know how to get money out of Social Security. It's not complicated.

You get to Medicare, it's much more difficult. We're not sure some of the things we're suggesting will save money over the long term. We're not sure how to do it.

MR. SCHIEFFER: I think that's right.



MR. DASCHLE: Well, there's a big distinction and – I just emphasize there's a big distinction in health issues between cost saving and cost shifting. If all we do is put a limit on Medicare and Medicaid, we're shifting all those costs onto the overall health sector and not saving anything. So you're saving the government, technically. But you're not saving the system or the American people a thing.

MR. WARNER: Do you feel the system should be somewhat reformed?

MR. DASCHLE: Absolutely.

MR. WARNER: Well, I do too.

MR. SCHIEFFER: From the floor.

Q: Hi. Max Entman, CSIS. Thanks so much for coming and joining us tonight, gentlemen. We actually had a question from our Facebook page and they were asking about the fact that there's a lot of people in this administration who've worked on economic issues in the previous administration.

They were wondering if that, you know, contributes to the fact that there is this kind of partisan deadlock and maybe there needs to be an infusion of new ideas, new financial and economic thinkers to kind of work towards fixing the budget. Do you have any comments on that? And by that, I mean the Clinton and the Obama administrations. Sorry if that wasn't clear.

MR. SCHIEFFER: Who'd like to tackle that?

MR. DASCHLE: Well, I think it's always good to have new ideas and new blood. I mean, it's – you know, there's – you get kind of wedded to ideas sometimes and you don't want to move off them because you've made the same arguments for so long. So, having an infusion of new and innovative thought is always welcome, it seems to me.

MR. JOHNSTON: Well, we've had two tsunami elections back to back. And both of them had the theme of change. I mean, they want change because they don't like what the choices are. I mean, that's the problem – that's why it's going to take time. People don't like these choices. They don't like the idea of cuts in their Medicare or whatever. And so changing the cast of characters is not going to change the difficulty of these choices.

MR. SCHIEFFER: That's a good point.

MR. WARNER: Now, I disagree with Bennett a little bit. Bennett, look, there was a big change and what happened? We're where we are today. Now, that was caused by the infusion of new blood. Now it's a problem we've got to solve. But we've got to solve it. We went through the lame duck and made very important gains, the president did. He led and got done. We didn't close the government. Those were decisions that were made. The republic is still carrying on!

Just think of how they felt in 1787. On September the 17<sup>th</sup>, they finished the constitutional convention. They carried on. This idea that we're going to wait until the next Congress is wrong. We've got to do it now.

Q: I'm thinking that some of the freshman a year ago were being told that they couldn't win and they didn't think they were going to win. And I wonder if some of the people who ran were more likely to be business owners and not long-time state senators. I wonder if some of them don't care if they get along with people. They're not trying to learn the system: They're here on a mission. They're going to vote against everything and if they go home, that's okay. That's what they came here for.

MR. WEBER: I don't know all of these freshman Republicans, but I've spent a lot of time getting to know some of them. I think that they are maligned in the press by this description of them as, quote, "the tea party class." These are pretty good, solid folks. Yes, they are conservative Republicans, but I think you identify one key thing – people in this town, including people like me, don't quite get this – I can't tell you how many conversations I've said, saying, well, what is the game these freshmen are playing? How do they think this is going to advantage them?

I've had so many conversations with new members of Congress. They really believe they're here on a mission. You may think they're right or wrong about that, but they think they are. They think they got to save the country from fiscal collapse. And if they have to go back home and get beat over that, they're ready to do it. I've never heard these kind of conversations from members of Congress in the past.

MR. SCHIEFFER: Well, that's kind of a healthy thing, though, really.

MR. WEBER: Sure.

MR. SCHIEFFER: I think we need more people who say they're willing to get – (inaudible, cross talk).

MR. WEBER: Well, that's a healthy thing if you agree with them, no? If not – you think – (laughter) – if not, you think that they're rigid ideologues. But if – you know. If you agree with them, they're principled folks.

MR. SCHIEFFER: Yes, they are.

MR. WEBER: They are – they are good folks.

Q: Arley Johnson with the National Association for State Community Services Programs. Along the same line, I was listening to you, Mr. Schieffer, talk about the things that are in the blogs, and the lies in the media. What I'm confused about is, it is good to hear you gentlemen speak. You're out of office now, and you speak so eloquently, and you speak like statesmen and – (laughter) – you seem to be able to cover both sides of the aisle.

It's obvious that those that are still in the boiling pot can't do that. But where are the statesmen that are speaking up when these lies and things are told and put in the media? It's obvious the media, the fourth rail, is not answering.

And then, I mean, I keep hearing this stuff about a president not having a birth certificate, and this other idiotic stuff just keeps coming back and back. And George Bush, you know, blew up the Twin Towers – that stuff is just ridiculous. Why does it keep filtering through our system? Don't we need statesmen like you all to be standing up, saying, we need to stop this foolishness so we can get on with the business of the state?

MR. SCHIEFFER: Well, everybody has a newspaper now. I mean, in the old days, it used to be, you know, you had a newspaper and you had an editor and sub-editors, and you had reporters. And they went out and checked out things. But now, everybody that has a computer has a newspaper.

And you know, the Internet, the interesting thing about the Internet is, it is the only vehicle we've ever had to deliver news that has no editor. You know, stuff – the worst newspaper in the country, the smallest radio station, has somebody on the staff that knows where the stuff comes from. (Laughter.)

Stuff pops up on the Internet, and you don't know if it's true. You don't know if it's false.

MR. WARNER: And people believe it, Bob. And they believe it.

MR. SCHIEFFER: And there are a certain number of people that, as long as they see it written down, they're going to believe it.

MR. WARNER: That's right.

MR. SCHIEFFER: And so that's what everybody – (inaudible, cross talk).

MR. WEBER: You know, Bob, you're the – you're the journalist. What I would say, one interesting factor to me, it seems, is the media today in terms of the phenomenon you just described is more like the media at the founding of the country when you had overtly partisan media –

MR. SCHIEFFER: Or in Lincoln's time.

MR. WEBER: Yeah, around Lincoln's time. We were all lucky to grow up in a time when media was more objective.

Q: How do we combat that? Is it with statesmen like yourselves, that you'll have to have a larger voice? I mean, where is the – I mean, where is the governor? Who comes in –

MR. SCHIEFFER: Well, it's very difficult. If I had an answer for you, I'd probably be richer than Bill Gates because I would have taken – (laughter) – advantage of it.

MR. WEBER: Or Donald Trump. (Laughter.)

MR. SCHIEFFER: It's – (chuckles). Who, speaking of birthers, is now, you know, trying to become a champion of the birthers.

MR. WARNER: It's a change in our culture. I mean, the violence on television, that's what sells, I mean regrettably. I don't particularly care for it. I just don't.

But we shouldn't leave without touching one other subject here, Bob, and that is, what about the level of defense spending? And having devoted much of my career to that subject – and frankly, as I look at this problem we have today, it started way back, maybe touching your leadership period, Mr. Leader. I don't know. But it can't be all heaped on this Congress –

MR. DASCHLE: No, that's true. That is true.

MR. WARNER: – or the president. It started back there. And I'm partially responsible because I was always in there trying to get more money for defense spending, to care for the families and get that big help – get that big GI Bill through, and things like that.

So I'm partially guilty of this excessive spending we have today. I admit it. Because I'm just two years out of the Senate, (and you fellows are ?). But we better – I think, with Gates, he's done very sensible recommendations, I think, where he could make cuts in defense now. Recently I think they got the budget, 513 billion (dollars) – 2 billion (dollars) cut out. I mean, Gates could work with that.

But we got to look at that. I think that should be on the table, but done under the closest of scrutiny. But it shouldn't be written out.

MR. SCHIEFFER: Yes?

Q: Thank you. My name is Jim. I'm a reporter from Singapore. I was wondering if the panel could address, you know, whether there are any foreign policy implications, if any, to all these budget cuts that everybody's seeing. A lot of people, of course, saying that the cuts that are on the table right now are less than meets the eye. But you know, what about the next two, three years, or five years, as this process gathers momentum? What's going to be the impact on America's leadership in the world, especially at a time where you have competition from a rising China?

MR. WEBER: One answer, and just to follow up on what Senator Warner said, I think sometime in the future not too distant we're going to see a debate within the Republican Party that we haven't seen for a long, long time about national security, defense spending and foreign policy. The Republican Party has pretty much been in lockstep on those issues for decades, really, maybe since Ronald Reagan was elected.

But you look at what's happened in the last – just look at a little, sort of, straws in the wind in the Republican Party over the last year or so. You got the members of the Deficit Reduction Commission, Republican members, who voted for significant defense spending cuts: Senator Coburn is vocal about it; you know, one of our leading presidential candidates, Haley Barbour, former chairman of the Republican Party, sitting governor of Mississippi, who's talked about cutting the defense budget and questioned our mission in Afghanistan; Michele Bachmann, a little less mainstream, but – (laughter) – has come out against the intervention in Libya.

And then, of course, you get outside of government, you got George Will and Tony Blankley and various other commentators on the right who are questioning Afghanistan, intervention and the whole Republican approach to foreign policies.

You may see – I don't know where it leads. Your question is, what are the implications? I'm not sure, but I think we may have a debate within the Republican Party, maybe playing out in the presidential campaign, that we haven't had in a long time.

MR. WARNER: And we should.

MR. DASCHLE: It's even broader than defense. And I agree completely with what Vin just said. But I think it goes to, what is our international presence going to look like as we go forward? I mean, the current agreement has an \$8 billion cut in foreign aid. And of course, foreign aid is the easiest thing to attack and cut because it doesn't involve any domestic constituencies to speak of. And so it's easy to demagogue it, and it's easy to make assertions about what little value there is. But there is a huge value.

And I think the questioner was citing China. As we travel, it's amazing to me the Chinese presence in Latin America and in Africa, and in places all over the world. I mean, we have to be engaged.

Now, with Northern Africa and the Middle East and all of the turmoil there, it's all the more important, it seems to me, that we not pull back, but that we stay engaged and be full-fledged partners here. And I think that's going to be in jeopardy if we don't have the resources to do it right.

MR. WARNER: I agree a hundred percent. And we got to remember, this is a global economy that we're competing in, and we cannot withdraw in that sense.

MR. JOHNSTON: Well, that's true. But also we've got to fix our own economy because if our budget, if our economy is not fixed, we don't have the strength to do anything once the tsunami hits.

MR. SCHIEFFER: And you know – just let me throw a couple figures out here, just in very round terms, to show you how much the world has changed. I looked this up the other day. In 1962, entitlements took up 20 percent of our budget; discretionary spending took up 20 percent of our budget. And 60 percent of the budget was defense spending.

Today, 20 percent of the budget is defense spending, 20 percent is discretionary spending, and guess what, entitlements are now 60 percent of the budget. Those are just very round terms. That just gives you an idea of where we are, and how serious this all is now, and how difficult it is going to be to make the kind of cuts to get this all back into balance.

Yes, sir?

Q: Thank you. My name is Bill Breer. I'm a retired foreign service officer. But it occurs to me that something has been missing from the discussion – I'm going back to domestic affairs right now – and that is the cost of medical care. Our cost is, per capita, roughly double the rest of the civilized world. And our results are not necessarily any better. Many people on the Hill boast that we have the best medical care in the world, but we don't have the best longevity, and we don't have the best – (inaudible, cross talk).

MR. SCHIEFFER: Infant mortality. Yeah.

Q: One of the worst infant mortality rates. And that's fixable, I think. The cost can be reduced by – there are a lot of suggestions out there. But Medicare, I think, delivers medical services with a smaller overhead than most of the private health insurance companies do, for example. And there are many, many ways we can cut that back without destroying the Medicare system. Thank you.

MR. JOHNSTON: Well, that's a single-payer system.

MR. SCHIEFFER: Jack Marsh?

Q: My name is Jack Marsh. I'm with the Freedom Forum and Newseum, and a former constituent of Senator Daschle's. I was really struck by the comments that all five of you made about this breakdown of civility, really, among members of the House and the U.S. Senate.

The fact that they will come in on Tuesday, leave on Thursday, families don't socialize – they just don't – they don't connect. For goodness' sake, they don't even accept a dinner invitation from Bob and Pat Schieffer. I mean, that's appalling. (Laughter.)

MR. SCHIEFFER: Maybe we don't serve very good food. I mean, that might be something – (laughter).

Q: But a serious question –

MR. SCHIEFFER: Watered-down drinks. (Chuckles.)

Q: A serious question: How do we return civility and honor, in some cases, and respect to the process on Capitol Hill?

MR. SCHIEFFER: I think it's an excellent question. And I'd like to hear all four of our panelists. This will be our final question. But I think it's a very important question.

Start with you, Senator Johnston.

MR. JOHNSTON: Well, I think the public has got to value it more. And I think the public is beginning to understand that people need to meet in the middle and be more civil. And when the public demands it –

MR. SCHIEFFER: But now, they think “compromise” is a bad word.

MR. JOHNSTON: A lot do. But a lot of people are understanding that you can't have too much partisanship. And I think they think it's too much.

MR. DASCHLE: I would say that if you could do one thing – I mean, Bennett made such a good point about the money – I think John mentioned this too – the money chase, and how much time has to be spent raising money. And I don't know – until we deal with that issue, I don't know how you ever get back to where we need to be.

But I will say that what I worry a lot about is the lack of socializing outside of what happens on the floor of the House and Senate. There ought to be more effort. If I were the president, I would – I would bring people up to Camp David almost every weekend just to develop a relationship. There has to be more communication, more inclusion.

And you know, the leaders can do that. We used to take some times and try to get out and around and see the sights, you know, the beautiful facilities we've got in Washington. Most members of Congress drive by them every day, and they never get in the buildings.

I mean, it's amazing how few members actually have been in the National Archives or, you know, some of these gorgeous facilities we've got in Washington. There ought to be more of an effort to explore this great city and to socialize, and to build the kind of relationships that oftentimes just never get done.

MR. SCHIEFFER: You know, I will – as we go around, I'll just add my two cents' worth here. I was at a symposium honoring Sam Nunn down at Georgia Tech recently. And Sam Nunn, in my view, was probably among the most productive senators that I've ever been around or ever covered. And we were talking about this very thing.

And he said to the audience – and he brought up Saxby Chambliss, who is part of this Gang of Six – a Republican. And Sam, of course, is a Democrat. And he said, you know, Saxby is really doing some fairly remarkable things with this group, and they're really bringing people together. And he said, I'll tell you something else. He said, he's getting a lot of heat from the people back home, that they're really pouring it on.

And he said, how many of you have either called or emailed or written Senator Chambliss and said, you know, I really appreciate what you're doing, I know this is a hard thing, and I appreciate what you're doing?

He said – and he asked how many, and oh, maybe, two hands rose in the audience. And he said, you know, I think one of the things that we can all do is when our elected officials are doing these kind of hard things, he said, it doesn't hurt to let them know. Because, he said, they're getting plenty of comment and plenty of attention of people who don't approve of what they're doing. And he just threw that out. I thought it was a rather good suggestion.

MR. WARNER: Well, he was – he is truly a beautiful man. And I was privileged to be the ranking member on his committee –

MR. SCHIEFFER: I know that.

MR. WARNER: – for his entire period of, I think, eight years as the chairman. And he's one of my dearest friends.

But I want to take a statement you made: The public doesn't like compromise. Now, the government is functioning today and not closed down because of compromise. I'm telling you, the majority of Americans breathed a sigh of relief –

MR. SCHIEFFER: Oh, I agree.

MR. WARNER: So I'm going to take you on.

MR. SCHIEFFER: I think most people do like compromise. But I mean, people come in to Washington, and think they're elected not to compromise.

MR. WARNER: Well, that's all right.

MR. SCHIEFFER: That's what I'm saying.

MR. WARNER: I think every dark cloud has its silver lining. This crisis that we're in could well begin to bring back a measure of civility after they settle it. If we can get the bill, which I think the two of us want to make sure is in place by September for the new fiscal year, then they will look back with a sense of accomplishment and say, you know, somehow we made it happen together. Because it's only going to happen if you can get the votes to pass these various things. And that takes compromise.

So that's a silver lining in this dark cloud. (Chuckles.)

MR. WEBER: I don't think it can happy very easily. I don't want to – I hate to –

MR. WARNER: It's not easy. Democracy is not a pretty process.



MR. WEBER: Look, I think we can accomplish what Senator Warner and I have talked about with other – everybody who wants to. But in terms of your broader question, how do you restore civility, I speak about it a lot, and have for a long time – like, 15 years.

It's not easy. If I were to say one change that I think would be helpful – I think if we changed the congressional schedule. But we have people now who don't have families here; they're all back. And can you imagine trying to force a change in schedule on them that would basically be saying, you're going to be spending a lot less time with your family?

It's not easy. And I – so I – you know, a harsh reading of history says, you go through phases. And it just takes a lot of time. And I wish I thought that there was some way we could easily solve this problem.

I think we're living in a – because of the schedule and the media and the social issues that Tom talked about in terms of people in Washington, and the influence of interest groups and everything we've talked about tonight, we're living through a period of polarization. And we better figure out how we can make it work through that polarization, as opposed to trying to figure out how we're going to stop it. Because I just don't think we're going to end that.

MR. SCHIEFFER: So once again, we have not solved very many problems here. (Laughter.) But we have at least given you, I hope, a better understanding of what the problems are. And only in understanding the problems, that's the beginning in solving them.

So on behalf of CSIS, and TCU and the Schieffer School of Journalism, thank you all for being with us. (Applause.)

(END)