

>> Senator we were just talking a moment ago and you said -- this is a pretty close quotation I wrote as fast as I could, "when you combine terrorism with globalization with the aging of the American population, this country is going to have some decisions to make pretty quickly."

>> Yeah.

>> Explain on that a little bit.

>> Well we're at a crossroads in many respects and we're gonna have to do what other generations have done and that is come together for a change and solve them. You know the things that we hold most dear. And that is our safety, our very survival, and certainly our economic well-being. It's at stake with regard not only to our own families, but with regard to future generations. There's nothing that could be more serious than the things that this generation is going to face and are already facing.

>> Now, let me throw some problems at you. Taxes, I mean political problems.

>> Yeah.

>> Not policy problems so much as political problems. Journalist David Frank, "Americans were furious about federal income taxes in 1980 when Reagan was elected, but today poll show Americans relatively unbothered by income taxes. No surprise, three decades of tax reforms defeat the majority of the nations income tax burden on the top five percent of income earners." Now, you talk about Tax reform, how can you do it if the country is indifferent?

>> Well the country is not gonna be indifferent for very long. They're facing a huge tax increase by the end of 2010. The alternative minimum tax are gonna be kicking more and more people into higher and higher brackets with inflation. So one thing that's gonna get everybody's attention one more time, plus the Tax Code just gets increasingly complex. We also have the highest tax rates for corporations than anybody in the world that's hampering our competitiveness. So there's a lot to do in terms of keeping the tax rates lower and in terms of reforming the entire tax structure. So it's the part of leadership to bring some of these things to people's attention to the extent that they need to be brought, but I think most Americans are inherently aware of them and they're certainly gonna be in a couple of years.

>> Alright. Reforming the entire taxes -- our time is very limited I just wanna get the feel for your disposition here. So, you could propose a sweeping overhaul of the Tax Code or entitlement programs even as George W. Bush proposed a sweeping overhaul of social security. Lost a year of his Presidency and got nothing out of it from his warning, be careful about taxes, don't invest too much political cabinet here or you could just, say take the approach of the late Milton Friedman, and Milton's view was, I think I can quote this exactly, "I'm in favor of any tax cut at any time for any reason, whatsoever," that is

politically opportunistic and cut where you can. First thing to do would be to make George W. Bush's tax cuts permanent.

>> Yeah.

>> What's your disposition [inaudible] of the politics?

>> My disposition is toward that what Milton Friedman said. Of course, what he knew is the same thing that everyone from Calvin Coolidge, to John F. Kennedy, to Reagan, to Bush and that is lower rates. Bring in more revenue to the government. I mean, we had one day in April of this year where the federal government took more money in with these lower rates and then the history of the country. So, that's just the basic economic principle. Nowadays, unfortunately it's not a matter of collecting money for the legitimate functions of government to many, on the Democratic side. It's a matter of redistributing the wealth and dividing up the pie instead of trying to make the pie bigger. And, of course you do that by growth. The Economic expansion and growth, more jobs and better economy and that comes from a lower tax rates.

>> You just demonstrated your political courage by the way by citing Calvin Coolidge as one of your models.

>> We are good company.

>> Alright, the hard one, Iraq, how do you handle Iraq? All the polls indicate -- this is a crude way of putting it and argue with me if you think I'm putting it the wrong way, but the polls indicate that fundamentally, the sitting president of the United States, a member of your party, someone as who you dealt has simply lost the support of the nation in the war in Iraq. How do you address it as a candidate to succeed him?

>> Well, it's a day to day basis right now. Petraeus is gonna come back and give us a report. I've got a lot of confidence in him. I've got two couples who have sons. They're friends of mine, who have sons who have [inaudible] there more than once. You ought to see the e-mails that they send back, full of optimism and full of hope. And as long as they've got optimism and hope, I've got optimism and hope. We need to keep in mind that regardless how this thing turns out, how Americans are viewed, how are they perceived in terms of our strength, in terms of our stick-to-itiveness, in terms what Osama Bin Laden was right when he said where we course. Or Saddam was right when he said we're a paper tiger. How we come out of them, how we are viewed by friend and foe alike is gonna depend, is gonna reflect, impact our stability and our freedom for a long, long time in this country. So, we ought to be very, very careful about the decisions we make in terms of perceptively pulling out of there or wholesale pulling out of there before there's any stability. There's an awful, awful lot of downside and those kids who are over there right now fighting in order to keep kids for a few years from now of having to go back and do the same thing.

>> Is this a fair statement of your position? That as to specific policy initiatives, we have to wait to see how the situation develops, day by day, week by week, especially in the coming months I think General Petraeus -- we expect a report on the surge of September.

>> September.

>> So, as regards to specific initiatives, watch, wait, see, but the over arching principle would be we must not lose. We must not leave Iraq in a way that is perceived by Iraqi's or the rest of the world or indeed by ourselves as a lost. Is that a fair position, your statement?

>> We must take every opportunity that we have and exhaust every reasonable hope that we have. Do not loose that. Regardless of that, there's gonna be a day after Iraq and I'm concerned about that also. And how we're perceived with regard to Iraq is going to affect the world for a long, long time. We're gonna be facing China, and Russia, and countries that are growing rapidly militarily. They have human rights issues that we will probably never resolve. They've got missiles pointed toward Taiwan and in China's case we've got the issue of terrorism, there's gonna be worth this for a long time. Our enemies sees this in terms of conflict has been going on for fourteen hundred years and we have to be steady and what we do today is going to affect our security for tomorrow.

>> Under Ronald Reagan defense spending got as high as about six percent of GDP. Today, five years after 9-11 coming up in six years after 9-11 it's still only about four percent of GDP.

>> Right.

>> To prepare for the day after Iraq, do you want more spend on defense?

>> Yes.

>> You want more carriers?

>> I think that -- well, you have to look across the board.

>> Okay.

>> I mean, obviously with the transformation that's going on in our military today, you can do some things better and more efficiently than you could in the old days. But we're gonna have to look at non-conventional threats, as well as some old-fashioned type threats. There some people building up out there that are gonna present some challenges that we've seen before, perhaps. We have to hope for the best, prepare for the worst and that's gonna require not only military expenditures, it's gonna require additional homeland security expenditures, we're going to rev-up our intelligence capabilities that were fallen in to disrepair since the end of the cold war. All of those things can't be done on the cheap anymore. We can't have guns and butter. We can't tell people that don't

really worry about it, we'll take care of these problems and we won't have to tax you with the responsibility of bearing any burdens. It's gonna be different.

>> Napoleon once said something about, "If you want to understand the man you have to know what he was thinking when he was 21." 1963, you were 21 years old and a junior at Memphis State University. Were you political?

>> I was beginning to be. Yeah.

>> Were you conservative?

>> Yeah.

>> Was there a book that you read? Was it gold water? Was it Reagan? What drew you to it?

>> Conscience of a conservative.

>> Was it really?

>> There was a thin book. I was, you know, I had a family that had already started. I had a student loan and I had a part-time job and I was listening to what was going on around me and reading. And I was opened to the world of ideas that had not been the case when I was growing up in Lawrenceburg, Tennessee, so it was a whole new world to me. And I read this book and started watching Barry and I felt that not only was this someone who's saying something important about our constitution, the way our government should operate, but he was telling the truth and you know how important that is to a young man when he listens to an older man especially a politician. He was telling the truth. It didn't go well politically that year, but he inspired me. I went on to law school back home to my little hometown, started the first Republican club and announced that I was the first Republican in my family.

>> You're a movement Conservative.

>> I guess so, I must be.

>> Law school, when you get your degree at Vanderbilt, you served as Assistant U.S. Attorney, minority council to the Senate Watergate Committee, Special Council to two other Senate committees, shepherd to the current Chief Justice of the United States John Roberts through his Senate Confirmation hearings, the law is a huge part of your life. Aside from the Chief Justice who's obviously a friend of yours which Justices do you most admire?

>> I admire Scalia, Thomas, Alito, and from time to time on occasion there's another one or two I admire.

>> Alright. Since you got your Law Degree in 1967, which decision of the Supreme Court has done the greatest de-service to the nation?

>> Oh, I suppose that overall I'd have to say Roe versus Wade.

>> So, as President -- two comments on Roe versus Wade occurred to me immediately, Judge Bork has written, I think I can quote him exactly that Roe versus Wade contains, "Not a single sentence of legal reasoning."

>> Yeah.

>> Bad decision from the first word to the last. Rudy Giuliani recently said that we need to appoint justices and it would be alright with him if they upheld Roe and it would be alright with him if they overturn Roe. What's your view on this?

>> No, I think Roe was fabricated that of a whole cloth. I think it represents a bigger problem with the federal judiciary and that is too many people who get up and decide one day that they wanna change social policy in this country that has been there for a couple of hundred years. In this particular case, it was not only bad law, it was bad medicine. I mean, we know a lot of things now about all that that we didn't even know then. And, it was another example of affording of the notion federalism which is an integral part of our constitution, taking things away from the state to decide by the people on a local basis and having a few men in black robes make those decisions. So, it's not only the substance of the decision, but the symbolic affect that it had.

>> So, you're position on abortion would be overturn Roe and put it back to the states and let the states decide. Alright, voters are gonna have a simple question. Voters and Republican Primaries are gonna have a simple question. You're running against impressive people, including of course Rudy Giuliani, Mitt Romney, and your old friend John McCain. What do you got that they ain't got?

>> I'm not gonna get into that. I've said this where John is concerned that we were friends before this and we will be friends after this, unless of course he beats me. But other than that, it's not about me or them, it's about the country. Having another good man in the race is not gonna hurt our country. And at the end of the day people will make that decision, it has to do with your view. It has to do with your electability. I don't want to turn the keys of this country over to Hillary Clinton or anybody else on that side of the aisle, quite frankly. And I think with me, we wouldn't have to do that, and we'll see, it's all up to the American people and whatever they decide.

>> You just have a hunch, you're the most electable.

>> Yeah.

>> And you're gonna put it to the voters to let them decide.

>> Exactly, and I will happily abide by whatever they decide and we'll be together in November.

>> Last question, here's the other question voters are going to have. You have a happy second marriage. You've got two little children. Just tell me your littlest child is only eight months old.

>> That's right.

>> And you have an immensely successful acting career. By the way, I have quite a long list of autograph that you -- I've been requested to have these signed by you.

>> I'd be happy to.

>> Now, when Ronald Reagan.

>> Never [inaudible] who could ask you.

>> When Ronald Reagan went to politics his acting careers had pretty well played out. There's a sense of what he needed to work, you don't.

>> Yeah.

>> What are you doing here? What are you doing here? This is a heavy sacrifice.

>> I lot of tug around the kitchen table about that very thing. But, as my wife pointed out, when I was talking about our kids, she said, you know, we need to think about what kind of world they're gonna grow in up in to. And she said, you could do something about that. And, we're not gonna be far away from you, whether it's a campaign trail or the White House. We're gonna be very close back one way or the other. And, strangely enough when things are going so well in your personal life, it freezes you up to look at things objectively and to view what's going on in your country and really analyze as to whether or not demand meets the times. Before, I had other things, collateral issues and unsettled in my personal life and so forth. It's not like that anymore. And I think that if the person has an opportunity to make even a small impact in the direction or the course of his country, at a time of great challenge and great peril actually, then you got to seriously consider that and I've got the kind of wife and kind of stability now that allows me to do that, and that's why I'm doing it.

>> Senator, you're a fellow, just off camera is telling me we're out of time. Thank you very much.

>> Thank you very much.

>> Senator Fred Thompson, I'm Peter Robinson, Thanks for joining us.