

[BRET BAIER: Welcome to Ames, Iowa, on the campus of Iowa State University and the Republican presidential debate.

Our event is being sponsored by Fox News and the Washington Examiner, in conjunction — in conjunction with the Iowa Republican Party. We're being seen, obviously, on Fox News Channel, being streamed on foxnews.com. You can log on and check out how you can react to our debate. We're also being heard on Fox News Radio.

And these folks in the stadium — in the studio are just fired up, as you can hear.

Okay ... now let's meet the candidates: former Senator Rick Santorum; businessman Herman Cain; Congressman Ron Paul; former Massachusetts Governor Mitt Romney; Congresswoman Michele Bachmann; former Minnesota Governor Tim Pawlenty; former Utah Governor Jon Huntsman; and former speaker of the House, Newt Gingrich.

Joining me at the desk tonight, my Fox News colleague and anchor of "Fox News Sunday," Chris Wallace. And from the Washington Examiner, Byron York and Susan Ferrechio.

We're gathered tonight at a very unsettling moment for Americans. We've watched the stock market on a wild rollercoaster ride this week, as people are anxiously tracking their balances and their retirement accounts and college funds. About 14 million people don't have a job tonight, and millions more have given up looking or have taken part-time work to try to scrape by. The nation's credit rating was downgraded for the first time in history, as we try to get a handle on the country's skyrocketing debt. And just last weekend in Afghanistan, more American lives were lost than on any other day in this decade-long conflict.

So tonight, we are respectfully asking you, the candidates, to try to put aside the talking points, to try to put aside the polished lines that get applause on the campaign trail here in Iowa and around the country, and to level with the American people, to speak from the heart about how you would navigate this country through the challenges America faces.

So let's begin. Congresswoman Bachmann, you say you can turn the economy around within one quarter by cutting taxes, reducing spending, and repealing the health care law. In fact, this week you said, quote, "It isn't that difficult," and, quote, "Solutions aren't that tough to figure out."

Isn't it unrealistic to suggest that something as massive and complex as the U.S. economy can rebound in just three months?

[BACHMANN: We can start to seek recovery within three months, not the whole recovery, but we can begin to see it, if we put into place what we know to be true. Number one, we should not have increased the debt ceiling. In the last two months, I was leading on the issue of not increasing the debt ceiling. That turned out to be the right answer.

And this is part of the movement that we're seeing all across the country. I've been

leading that movement. I've been giving it voice. And it's not just Republicans. It's disaffected Democrats. It's independents. It's libertarians all coming together, apolitical people, because two days from now, Bret, we get to send a message to Barack Obama. And the message is this: You are finished in 2012, and you will be a one-term president.

[BAIER: Governor Romney, Congresswoman Bachmann says she can start to turn the economy around in three months. How long would it take you?

[ROMNEY: Well, I'm not going to give you an exact time-frame, but I can tell you this, that if you spend your life in the private sector and you understand how jobs come and how they go, you understand that what President Obama has done is the exact opposite of what the economy needed to be done. Almost every action he took made it harder for entrepreneurs to build businesses, for banks to make loans, for businesses to hire, and to build more capital.

What needs to be done — there are really seven things that come to mind. One is to make sure our corporate tax rates are competitive with other nations. Number two is to make sure that our regulations and bureaucracy works not just for the bureaucrats in Washington, but for the businesses that are trying to grow. Number three is to have trade policies that work for us, not just for our opponents. Number four is to have an energy policy that gets us energy secure. Number five is to have the rule of law. Six, great institutions that build human capital, because capitalism is also about people, not just capital and physical goods. And number seven is to have a government that doesn't spend more money than it takes in. And I'll do it.

[BAIER: You — Governor Romney, you mentioned leadership on the economy. You are the front-runner in this GOP field, yet when it came to weighing in on the debt ceiling deal in Congress, something that had a major impact on the economy, many on this stage say you were missing in action. Some columnists even said you were in the "Mittness Protection Program." Then just hours before the House voted, you released a statement saying you could not support the bill. Is that leadership?

[ROMNEY: You know, this is a critical issue, which is, how big is the government going to be? Back in the days of John F. Kennedy, the federal government took up, along with the state and local governments, 27 percent of the economy. Today, government consumes 37 percent of the economy. We're inches away from no longer having a free economy.

And so this is a critical issue. And, therefore, well before the debate got pushed along, I signed a pledge saying I would not raise the debt ceiling unless we had "cut, cap and balance." And that is the view I took on June 30th, and I reiterated that throughout the process, and, frankly, all the way to the very end.

[BAIER: Just so everyone knows, when candidates go over the allotted time, they've agreed to this system. That's what you hear, the bell. And we'll try to not ring the bell that much. It's not the doorbell.

So to be clear — and just to be clear here — you echoed Congresswoman Bachmann and Congressman Paul in being against that final compromise deal. So to phrase it another way, if you were president, you would have vetoed that bill?

[ROMNEY: Look, I'm not going to eat Barack Obama's dog food, all right? What he served up was not what I would have done if I'd had been president of the United States. If — if I'd have — if I'd have been...

[BAIER: I know, but that bill was the deal on the table, Governor.

[ROMNEY: If I'd have been — well, I'm not — I'm not president now, though I'd like to have been. If I were president, what I would have done is cut federal spending, capped federal spending as a percentage of the total economy, and then worked for a balanced budget amendment. If we do that, then we can rein back the scale of government. And that's the right thing to do. And that's what I said is the — and June 30th.

[BAIER: OK. Congressman Paul, as you know, when Standard & Poor's downgraded the country's credit rating last week, one of the reasons S&P listed was because of partisan gridlock in Washington. Congressman, what specific things would you do as president to increase growth, calm the markets, create jobs that could pass through a divided Congress?

[PAUL: Well, they didn't downgrade it mainly because they couldn't come to a conclusion. They couldn't come to a conclusion because they didn't know what was going on. The country's bankrupt, and nobody wanted to admit it. And when you're bankrupt, you can't keep spending.

And all these proposed cuts weren't cuts at all. What you have to do is restore sound money. You have to understand why you have a business cycle, why you have booms and busts. If you don't do that, there's no way you can solve these problems.

And the booms and busts comes from a failed monetary system that — the interest rates that are way lower than — than they should be encourages malinvestment and debt. And to get out of that, all this other tinkering, you cannot do that unless you liquidate debt. You don't bail out the people that are bankrupt and dump the debt on the people. That is what's happened.

So you have to allow liquidation of debt, eliminate the malinvestment. Then you go back and you can get growth again by having a better tax structure, lower taxes, invite capital back into this country, get a lot less regulations. And under those conditions, you can have growth again.

[BAIER: And you can get it through a divided Congress?

[PAUL: Well ... {pause} The divided Congress will exist for a long time to come. Yes, you would have to get it through a — you'd have to get it through a divided Congress. But the one thing is, if you approach it constitutionally and if you approach it on the principles of liberty, you can bring people together.

If we have to cut, maybe we wouldn't be so — so determined that you can't cut one nickel out of the militarism around the world. Neither the Democrats or the Republicans want to cut that. So if you want to cut, you have to put the militarism on the table, as well.

[BAIER: Mr. Cain — Mr. Cain, we — we know you have a four-point economic plan. But one specific thing, what one specific thing would President Cain do first to restart the economic engine? And, again, with the caveat: That one thing would have to get through a divided Congress.

[CAIN: Make the tax rates permanent. That's one of — of the four-point plans, because the business sector is the economic engine. You have the group that's talking about spending. You have the group that's talking about cutting. I represent growth. And it starts with the business sector putting fuel in the engine.

In addition to that one thing that you asked me to identify, we must have a maximum tax rate for corporations and individuals of 25 percent, take the capital gains tax rate to zero, take the tax on repatriated profits to zero, make them permanent, and — and then certainty back into this economy. And I believe we can turn it around.

And one other thing. We don't have an option to wait longer than 90 days. It is imperative that we get this economy going in 90 days with the next president of the United States of America.

[BAIER: Governor Huntsman, you told the "New Hampshire Union Leader" recently you intend to convene a "council of business leaders" to figure without is needed to improve our economy.

Governor, you have essentially been running for president for three months now. We checked your Web site. We were unable to find a detailed plan.

In the middle of an economic crisis, shouldn't you already have a pretty detailed plan by now?

[HUNTSMAN: The plan you will find on our Web site, it is coming. We have been in the race only for a month and a half. But here's what I intend to do.

I intend to do exactly what I did as governor of the state of Utah. We took a good state and we made it number one in this country in terms of job creation. If you want to know what I'm going to do, I'm going to do exactly what I did as governor.

It's called leadership. It's called looking at how the free market system works. It's creating a competitive environment that speaks to growth.

We cut taxes historically. We didn't just cut them, we cut them historically.

We created the most business-friendly environment in the entire country. We were the best-managed state in the country. We maintained a AAA bond rating. All of the things this country so desperately needs.

When you look at me and you ask, what is that guy going to do? Look at what I did as governor. That is exactly what I'm going to do, and it's exactly what this country needs right now.

[BAIER: Speaker Gingrich, some people on this stage have run big companies, some have turned around companies, some managed payrolls. What makes you more qualified than anyone else on this stage to create jobs and grow the economy?

[GINGRICH: You know, you've been asking about divided government. This coming Saturday is the 30th anniversary of Ronald Reagan signing the Kemp-Roth tax cut which was done with divided government. I was part of that effort in the House when the Democrats were in control.

He did it by going to the American people with clarity, creating a sense of urgency, bringing pressure to bear on the Democratic congressmen, and building a bipartisan majority. That tax cut led to seven years of growth, which in our current economy would be the equivalent of adding 25 million jobs, \$4.4 trillion a year to the economy and \$800 billion in new federal revenue.

A decade later, as Speaker of the House, we had divided government. We negotiated with Bill Clinton. He vetoed welfare reform twice. We passed it three times. He signed it the third time, the largest entitlement reform of your lifetime.

We passed the first tax cut in 16 years, the largest capital gains tax cut in history. Unemployment dropped to 4.2 percent. How would the country feel today at 4.2 percent unemployment?

That's my credential.

[BAIER: Governor Pawlenty, you say your economic plan with tax cuts and spending caps would grow the economy by an average rate of five percent a year for 10 years, a rate that have never been achieved in 10 years in a row.

With the last two quarters averaging less than one percent growth — and even some Republican budget analysts, very skeptical, openly skeptical of that plan — is your proposal just pie in the sky?

[PAWLENTY: Well, the United States of America needs a growth target, and it needs to be an aggressive and bold growth target. I don't want the United States' growth target to be anemic or lag like Barack Obama's.

So, is the bar high? Yes. But do we need that growth to get out of this hole? You bet. And I hope people will go to our Web site and read that whole plan, because it's the most specific, comprehensive plan of any candidate in this race.

But, Bret, there's another question here. Where is Barack Obama on these issues?

You can't find his plans on some of the most pressing financial issues of our country. For example, where is Barack Obama's plan on Social Security reform, Medicare reform, Medicaid reform? In fact, I'll offer a prize tonight to anybody in this auditorium or anyone watching on television: if you can find Barack Obama's specific plan on any of those items, I will come to your house and cook you dinner.

{LAUGHTER}

{APPLAUSE}

[BAIER: What do you think of that?

[PAWLENTY: Or, if you prefer, I'll come to your house and mow your land. But in case Mitt wins, I'm limited to one acre. One acre.

[BAIER: Oh.

{LAUGHTER}

[BAIER: Governor any response?

[ROMNEY: That's just fine.

[BAIER: OK. Senator Santorum, nothing about your lawn, but Governor Pawlenty says America can quickly grow five percent a year for 10 years, with the right mix of policies.

Is he right?

[SANTORUM: America has unbounded potential. And I think putting a limit on that potential, we've grown at faster rates than that.

For me, it's been a focus on one thing as I've traveled to now 68 counties in the state of Iowa, 50 in the last 14 days, working and meeting with the people of Iowa. And I've been talking to them about what we're going to do to grow the manufacturing sector of this economy.

When I grew up in Butler, Pennsylvania, a little steel town, 21 percent of the people of this country worked in manufacturing. It is now nine. If you want to know where the middle of America went, it went to China, it went to Malaysia, it went to Indonesia. We need to bring it back.

I put together a four-point plan to do it, including energy — producing more energy, because of course manufacturers use more energy than just about everybody else in the business world. But the big thing I proposed is to take the corporate rate which makes us uncompetitive, particularly in exporting goods, take the corporate rate and cut it to zero for manufacturers.

You want to create opportunity for businesses in manufacturing to grow, cut that tax to zero. Our jobs will come back.

{APPLAUSE}

[BAIER: Turning the economy around is the topic we've received the most e-mails, the most Facebook messages, the most tweets about. Of course, it's topping all of the polls. So finding specific solutions to the country's economic ills will be a recurring theme throughout the debate tonight.

Now to my colleague Chris Wallace with the next round of questions.

[WALLACE: Thank you, Bret. Good evening candidates.

Governor Pawlenty and Congresswoman Bachmann, as you both know there's an expression Minnesota nice. And some people believe that both of you have tested it in recent weeks.

Governor Pawlenty, you say that Representative Bachmann has no accomplishments in congress. You have questioned her ability to serve as president because of her history of migraines. Question governor, is she unqualified or is she just beating you in the polls?

[PAWLENTY: Well, Chris to correct you, I have not questioned Congresswoman Bachmann's migraine headaches. I don't think that is an issue. The only headache I hear about on the campaign trail is the headache Barack Obama has given the people of this country with his lousy leadership and this lousy economy.

{APPLAUSE}

[PAWLENTY: Now as to Congresswoman Bachmann's record. Look, she has done wonderful things in her life, absolutely wonderful things, but it is an indisputable fact that in congress her record of accomplishment and results is nonexistent. That's not going to be good enough for our candidate for president of the United States, that is not going to be good enough for the president of the United States to serve in that capacity. The American people are going to expect and demand more. And in fact we need somebody who can contrast with Barack Obama on results.

If you go to my record in Minnesota you will see government spending went from historic highs to historic lows. We appointed conservative justices, transformed the court in a conservative direction, we did health care reform the right way — no mandates individually, no government take-overs and more. That's the kind of record we're going to need to contrast and beat Barack Obama.

[WALLACE: Congresswoman Bachmann, I'm going to ask you in a moment your own question about Governor Pawlenty. But I want to give you an opportunity to respond to his comments. You have 30 seconds. One, that you have no record of accomplishments in congress, and two that there's something missing in your resume because you do not have executive experience.

[BACHMANN: Well, thank you for asking the question.

I would say governor, when you were governor in Minnesota you implemented cap and trade in our state and you praised the unconstitutional individual mandates and called for requiring all people in our state to purchase health insurance that the government would mandate.

Third, you said the era of small government was over. That sounds more like Barack Obama, if you ask me.

During my time in...

{APPLAUSE}

[BACHMANN: ...during my time in the United States Congress I have fought all of these unconstitutional measures as well as Barack Obama. And I led against increasing the debt ceiling the last two months.

[WALLACE: I just wanted to pick up, and in fact you anticipated the question I was going to ask you. And then I'm going to give you a chance to respond, governor.

Congresswoman Bachmann, isn't that about the worst thing you can say about a fellow Republican in this campaign, that he reminds you of Barack Obama?

[BACHMANN: The policies that the governor advocated for were cap and trade. He praised and wanted to require Minnesotans to purchase the unconstitutional individual mandate in health care. And he said the era of small government is over. I have a very consistent record of fighting very hard against Barack Obama and his unconstitutional measures in congress. I'm very proud of that record. That is what qualifies me, as a fighter and representative of the people, to go to Washington, D.C. and to the White House.

People are looking for a champion. They want someone who has been fighting. When it came to health care, I brought tens of thousands of Americans to Washington to fight the unconstitutional individual mandates. I didn't praise it. When it came to cap and trade, I fought it with everything that was in me, including I introduced the Lightbulb Freedom of Choice Act so people could all purchase the lightbulb of their choice.

I also believe in big government is hurting the United States. We need to have small government.

[WALLACE: And I'm sure you have been waiting for the opportunity. Governor Pawlenty, 30 seconds to respond.

[PAWLENTY: Well, I'm really surprised that Congresswoman Bachmann would say those things. That's not the kinds of things she said when I was governor of the state of Minnesota. And moreover, she's got a record of misstating and making false statements. And that's another example of that list.

She says that she's fighting for these things. She fought for less government spending, we got a lot more. She led the effort against ObamaCare, we got ObamaCare. She led the effort against TARP, we got TARP. She said she's got a titanium spine. It's not her spine we're worried about, it's her record of results.

If that's your view of effective leadership with results, please stop, because you're killing us.

[WALLACE: I...

{MURMURS FROM AUDIENCE}

[WALLACE: Wait, wait, wait, wait.

{MURMURS FROM AUDIENCE}

[WALLACE: Congresswoman Bachmann, 30 seconds to response.

[BACHMANN: Thank you so much. I was at the tip of the spear fighting against the implementation of ObamaCare in the United States Congress. Nancy Pelosi, Harry Reid and Barack Obama ran Congress, but I gave them a run for their money.

Again, on cap and trade, I was there from the very beginning, giving Speaker Pelosi a run for her money. That's why I was Speaker Pelosi about her number one target to defeat last year, because I was effectively taking them on on nearly every argument they put forward.

I fought...

{BELL SOUNDS}

[BACHMANN: — when others ran, I fought. And I led against increasing the deficit.

{MURMURS FROM AUDIENCE}

[WALLACE: OK, let's — let's move to our panelists, if we could, so we can get more questions in.

Thank you.

[WALLACE: I — I see six other candidates there. I'm going to go to Governor Romney.

You're campaigning as the man who can fix the economy. Let's look at your record, sir.

As head of Bain Capital, you acquired American Pad & Paper. Two U.S. plants were closed and 385 jobs were cut. Later, you bought Dade International. Almost 2,000 workers were laid off or relocated. And when you were governor, Massachusetts ranked 47th of the 50 states in job growth.

Question, you are going to be the jobs president?

[ROMNEY: Absolutely, Chris.

Let me — let me tell you how the real economy works.

When I was at Bain Capital, we invested in about 100 different companies. Not all of them worked. I know there are some people in Washington that doesn't understand how the free economy works. They think if you invest in a business, it's always going to go well. And they don't always go well.

But I'm very proud of the fact that I learned about how you can be successful with an enterprise, why we lose jobs, how we gain jobs and overall, in those 100 businesses we invested in, tens of thousands of jobs, net-net, were created.

I understand how the economy works. Herman Cain and I are the two on the stage here who've actually worked in the real economy. If people want to send to Washington someone who spent their entire career in government, they can choose a lot of folks. But if they want to choose somebody who understands how the private sector works, they're going to have to choose one of us, because we've been in it during our career.

And, by the way, as the governor of Massachusetts, when I came in, jobs were being lost month after month after month. We turned that around. We were able to add jobs, balance our budget and get Massachusetts back on track. And, by the way, our unemployment was below the federal level three of the four years I was in office.

[BAIER: Chris will continue his round of questions on this round.

And coming up, the issue of illegal immigration, the battle over health care.

Please go to FoxNews.com/politics to check out the live blogging on tonight's debate.

We'll be right back from Ames, Iowa after a short break.

[BAIER: Welcome back to the Stephens Auditorium on the campus of Iowa State University and the first Republican debate in the Hawkeye State. Now back to another fiery round of questions from Chris Wallace.

[WALLACE: Thank you.

Speaker Gingrich, one of the ways that we judge a candidate is the campaign they run. In June, almost your entire national campaign staff resigned, along with your staff here in Iowa. They said that you were undisciplined in campaigning and fundraising, and at last report, you're a million dollars in debt. How do you respond to people who say that your campaign has been a mess so far?

[GINGRICH: Well, let me say, first of all, Chris, that I took seriously Bret's injunction to put aside the talking points, and I wish you would put aside the gotcha questions.

{APPLAUSE}

Like — like Ronald Reagan, who had 13 senior staff resign the morning of the New Hampshire primary and whose new campaign manager laid off 100 people because he had no money, because the consultants had spent it, like John McCain, who had to go and run an inexpensive campaign because the consultants spent it, I intend to run on ideas.

Congress should come back Monday. They should repeal the Dodd-Frank bill. They should repeal Sarbanes-Oxley. They should repeal Obamacare. They should institute Lean Six Sigma across the entire federal government, a hard idea for Washington reporters to cover, but an important idea, because it's the key to American manufacturing success.

[GINGRICH: I'd love to see the rest of tonight's debate asking us about what we would do to lead an America whose president has failed to lead, instead of playing Mickey

Mouse games.

{APPLAUSE}

[WALLACE: Speaker Gingrich, if you think questions about your records are Mickey Mouse, I'm sorry. I think those are questions that a lot of people want to hear answers to, and you're responsible for your record, sir.

{BOOING}

[GINGRICH: Well, if I get a rebuttal...

[WALLACE: Pardon?

[GINGRICH: I think that there's too much attention paid by the press corps about the campaign minutia and not enough paid by the press corps to the basic ideas that distinguish us from Barack Obama.

{APPLAUSE}

[WALLACE: Governor Huntsman — Governor Huntsman, at the risk of raising Speaker Gingrich's ire, I'm going to ask you about your record, sir. You supported a stimulus package in 2009. In fact, you said the Obama stimulus package was not big enough. As governor, you signed onto a regional cap-and-trade market. You endorsed civil unions for same-sex couples. And you served as President Obama's ambassador to China. Some people have suggested that maybe you're running for president in the wrong party.

[HUNTSMAN: Chris, let me just say, I'm proud of my service to this country. If you love your country, you serve her. During a time of war, during a time of economic hardship, when asked to serve your country in a sensitive position where you can actually bring a background to help your nation, I'm the kind of person who's going to stand up and do it, and I'll take that philosophy to my grave.

In terms of the stimulus you talked about, it was failed. And let me tell you what I talked about with respect to the stimulus. I talked about the need for more tax cuts in the stimulus. We didn't have enough of it. And why did I talk about the need for tax cuts for business?

Because we had done it in the state of Utah.

We had done historic tax cuts. We created a flat tax in the state of Utah, exactly what needs to happen in this country. We got the economy moving. We became the number-one job creator in this nation and the best managed state. That's exactly what needs to happen in this nation. I am running on my record, and I am proud to run on my record.

[WALLACE: Mr. Cain...

{APPLAUSE}

Mr. Cain, you have a compelling personal story and a strong record as a businessman,

but you also have a growing list of questionable statements in this campaign, and I want to ask you about those, if I may, sir.

You said that communities have the right to ban Muslims from building mosques, before you later apologized. You have stated that you do not have a firm plan yet as to what you would do in Afghanistan until you talk to the generals. You at one point in the campaign didn't know about the so-called Palestinian right of return during a big debate about the Mideast peace issues.

How do you reassure people that you know enough to be president of the United States, sir?

[CAIN: You want me to answer all of those in one minute, Chris? Pick one.

I know more about the Palestinian — the right of return issue now...

{CROSSTALK}

[CAIN: ... than I did then, and — but I know about it. I've been documented.

The first point that you raised, about saying that communities have a right to ban mosques, no, that's not exactly what I said. Unfortunately, the people who helped you put that together have misquoted me. I have gone on record, and I put it in a press release that's available at my office that simply says that if anyone misunderstood my intent, I apologize for that. But never will I apologize for saying that Sharia law does not belong in the courts of the United States of America.

Now, relative to Afghanistan...

{APPLAUSE}

Relative to Afghanistan, since we did this last, I have learned more about Afghanistan. And you may recall that one of the things that I always stress: Make sure you're working on the right problem. We don't have one problem in Afghanistan. We have three problems to deal with. I now have a better understanding of it. And if I get an opportunity to rebuttal, I'll tell you what those three are.

{LAUGHTER}

[WALLACE: You're going to get asked about Afghanistan, sir.

Bret?

[BAIER: Now we turn to Susan Ferrechio with the Washington Examiner. She has the next round of questions for the candidates. The topic: illegal immigration. Susan?

[FERRECHIO: OK, we'll start with Governor Huntsman. You said that we need to bill a fence to secure our borders, but then we need to deal with the millions of illegal immigrants already here in the country.

You said, quote, "There's got to be an alternative to sending them back. That's unrealistic."

Governor Huntsman, are you proposing citizenship for illegal aliens?

[HUNTSMAN: Listen, I'm — I am a conservative problem-solver. I am pro-life, I'm pro-Second Amendment, I'm pro-growth on economics, and I'm here to tell you that, when elected president, the thing we need to do most on illegal immigration — because there has been zero leadership in Washington. And with zero leadership in Washington, we've created this patchwork of solutions in all — in a lot of the states, which makes for a very complex and confusing environment.

When elected president, I'm simply going to prove to the American people that we can secure the border. That's what they want done. And I'm not going to talk about anything else until we get it done. Secure the border.

Eighteen hundred miles, we've got a third of it done, between fencing and technology and National Guard boots on the ground. We can finish. And I will talk to the four border state governors and get verification from them that, in fact, we've secured the border.

And once that is done, then we can move on. But this discussion has zero in the way of any intellectual credibility until such time as we secure the border.

{APPLAUSE}

[FERRECHIO: OK.

Governor Romney, turning to you, in 2008, you said you favored allowing American companies to hire more skilled foreign workers. With the unemployment rate now at 9.1 percent, do you still think that employers need to import more foreign labor?

[ROMNEY: Well, of course not. We're not looking to bring people in and — in jobs that can be done by Americans. But at the same time, we want to make sure that America is a home and welcome to the best and brightest in the world.

If someone comes here and gets a PhD in — in physics, that's the person I'd like to staple a green card to their — to their diploma, rather than saying to them to go home.

Instead, we let people come across our border illegally or stay here and overstay their visa. They get to stay in the country. I want the best and brightest to be metered into the country based upon the needs of our employment sector and create jobs by bringing technology and innovation that comes from people around the world.

Look, we — we are a nation of immigrants. We love legal immigration. But for legal immigration to work, we have to secure the border, and we also have to crack down on employers that hire people who are here illegally.

I like legal immigration. I'd have the number of visas that we give to people here that come here legally, determined in part by the needs of our employment community. But we have to secure our border and crack down on those that bring folks here and hire

here illegally.

[FERRECHIO: OK.

Turning to you now, Mr. Cain.

When President Obama joked about protecting the borders with alligators and a moat, not only did you embrace the idea, you upped the ante with “a 20-foot barbed wire electrified fence.”

Were you serious?

[CAIN: America has got to learn how to take a joke.

{LAUGHTER}

But let me — allow me to give you my real solution to the immigration problem. I happen to believe that is four problems.

Yes, we must secure the border with whatever means necessary. Secondly, enforce the laws that are there. Thirdly, promote the path to citizenship that's already there.

We have a path to citizenship for illegal aliens. It's called legal immigration.

And then, fourth, I happen to agree with empowering the states and allow them to deal with that issue. If we work on the right problem, we will be able to solve it.

And in the case of immigration, we've got four problems that we need to work on simultaneously. It turns out that America can be a nation with high fences and wide open doors. That's what built this nation. So we can have high fences and wide open doors, all at the same time.

{APPLAUSE}

[FERRECHIO: All right. Thank you.

Speaker Gingrich, you recently told Univision that you're looking at the idea of having citizen boards choose which illegal immigrants can stay in the country and which would have to go. Who decides the memberships of these boards, and how would they work?

[GINGRICH: I think it's very important to go back and look at how the Selective Service Commission worked in World War II, because it was local, practical decision-making, and people genuinely thought it was fair and it was reasonable. But let me go back to your earlier question to Herman.

I thought the president's speech in El Paso where he talked about moats and alligators was the perfect symbol of his failure as a leader. He failed to get any immigration reform through when he controlled the Senate and he controlled us {ph}. He could ram through Obamacare, but he couldn't deal with immigration.

Now he has the Republicans in the House in charge, and he descends to a level of attack which I think is very sad for a president of the United States on an issue like this. We ought to control the border.

And I agree with Governor Huntsman, we can control the border.

I would be prepared to take as many people from Homeland Security's bureaucracy in Washington and move them to Texas, Arizona and New Mexico, as are needed, to control the border.

{APPLAUSE}

[GINGRICH: We should have English as the official language of government. And we should have a method for distinguishing between people who have lived here a long time and people who have come very recently.

[FERRECHIO: OK.

Congressman Paul, you are opposed to a system that requires employers to verify the immigration status of their workers. Why would you want to eliminate one more tool to help curb illegal immigration?

[PAUL: I don't like putting the burden on our businessmen to be the policemen. That means he has to be policing activity.

And I also resent the fact that illegals come into this country, and they do have problems, but if a church helps them and feeds them, we don't blame the church, or at least we shouldn't in a free society. But I have a strong position on immigration.

I don't think that we should give amnesty and they become voters.
But I do think we should deal with our borders.

But one way that I would suggest that we could do it is pay less attention to the borders between Afghanistan and Iraq and Pakistan and bring our troops home and deal with the border. But why do we pay more attention to the borders overseas and less attention to the borders here at home?

We now have a mess on the borders, and it has a lot more to do with it than just immigration, because we're financing some of this militarism against the drug dealers on the borders right now to the tune of over \$1 billion. And there is a mess down there, but it's much bigger than just the immigration problem.

But I do not believe in giving entitlements to illegal immigrants at all. And there should be no mandates on the states to make them do it.

{APPLAUSE}

[BAIER: As I said, we'll be returning to topic number one, the economy, throughout the debate.

Byron York has the next round of questions.

[YORK: Thank you, Bret.

We're going to start with Governor Romney.

Governor, in 2005, when you were the governor of Massachusetts, you successfully appealed to Standard & Poor's to upgrade your state's credit rating. You said you used a combination of spending cuts and new revenues to put Massachusetts on a more sound financial footing. You even approvingly cited a tax increase passed by the Democratic state legislature.

Doesn't this show that sometimes raising taxes is necessary?

[ROMNEY: No. I don't believe in raising taxes. And as governor I cut taxes 19 times and didn't raise taxes. Let's step back and talk about the first part what you said. I was fortunate enough to be a governor that got an increase in the credit rating in my state. At the same time we got a president who got a decrease in the credit rating of our nation. And that's because our president simply doesn't understand how to lead and how to grow an economy.

I was very proud of the fact that Republicans and Democrats worked together in Massachusetts to cut spending. I came in, we had a huge deficit. I went to the legislature and I said I want expanded powers to unilaterally be able to cut spending not just slow the rate of growth but to cut spending and they gave it to me and I did. We cut spending.

Every single year I was governor we balanced the budget. And by the end of my term we had put in place over a two billion dollar rainy day fund. That kind of leadership is what allowed us to get a credit upgrade from Standard & Poor's. And that's the leadership we finally need in the White House.

[YORK: We're going to go to Governor Pawlenty next. Governor you say you balanced every budget without tax increases as governor of Minnesota, but in 2005 you levied a new tax on cigarettes, which you called a health impact fee. You said you had to compromise with a Democratic legislature to to end government shutdown.

But doesn't that show that when leaders are faced with big deficits, they sometimes have to raise taxes?

[PAWLENTY: No. As I said before, I have got the best record of financial management, or one of them, of any governor in the country. The CATO institute gave only four governors in America their highest grade, an "A" grade. I was one of those governors. The other aren't running. The other three aren't even thinking about running.

As to the circumstance that you mentioned, I had the first government shutdown in 150 years. We did put together a package, but I balanced the budget every time in Minnesota that I was governor. In fact, my last budget ended June 30 of this year with a surplus.

I did agree to the cigarette fee. I regretted that. As it turns out the courts later held it to

be a fee. But nonetheless, it was an increase in revenues. It turns out we had a new budget forecast a few months later. And we didn't even need it.

But my record of leadership in Minnesota, cutting spending from historic highs to historic lows, balancing the budget every time, doing health care reform the right way. Again, stands in contrast to Barack Obama. He should cancel his Cape Cod vacation, call the congress back into session and get to work on this.

Barack Obama is missing in action. He should have the kind of leadership I had when I was governor of the state.

[YORK: Thank you, governor. Next we're going to go to Representative Bachmann. This is a question also about that cigarette tax increase. You were in the Minnesota state legislature at the time. And you said you opposed the tax, but in the end, you voted for it. Now you promise never to raise taxes. Why would you compromise then, but not now?

[BACHMANN: That's right. I was very vocal against that tax. And I fought against that tax. The problem is, when the deal was put together, Governor Pawlenty cut a deal with the special interest groups and he put in the same bill, a vote to increase the cigarette tax as well as the vote that would take away protections from the unborn.

And I made a decision, I believe in the sanctity of human life. And I believe you can get money wrong, but you can't get life wrong. And that's why I came down on that decision that I made.

{APPLAUSE}

[YORK: Governor Pawlenty, do you have a response — 30 seconds — to that?

[PAWLENTY: Yeah, what is wrong in the answer is the answer. Congresswoman Bachmann didn't vote for that bill because of a stripping away of pro-life protection, she voted for it and is now creating that as the excuse.

But nonetheless, she speaks of leading these efforts in Washington and Minnesota, leading and failing is not the objective. Leading and getting results is the objective. I've got the best record of results as any candidate in this race.

[YORK: All right. Thank you. We're going to go to Senator Santorum.

OK, yes you can.

[BACHMANN: In the — this is exactly what I'm trying to illustrate. We need to have a president of the United States who stands firm on their convictions. This is what I have demonstrated for everyday that I have been in congress. I have a consistent record of standing on my convictions. I didn't cut deals with special interests where you put the pro-life issues together with tax increase issues. That's a fundamental. It's a nonnegotiable.

And when we come to a nonnegotiable, we must stand. And I stand.

{APPLAUSE}

[YORK: Governor we're going to come back around.

[PAWLENTY: Just very quickly.

Her answer is illogical. Her answer is illogical. If there were two bad things in the bill — a tax increase and we're hypothetically stripping away pro-life protections, which we weren't, then it is a double reason to vote against it. She voted for it.

[BACHMANN: I need to respond to that.

[YORK: OK. We have other people here.

[BACHMANN: I need to respond to that, because — I need to respond to that.

[YORK: I understand.

I understand. You have the next question. {addresses Senator Santorum} You have the next question, senator. I promise.

{APPLAUSE}

[{UNKNOWN}: Congresswoman Bachmann, 15 seconds, OK?

[BACHMANN: This is what I want to say. If a person — if a member casts a vote one way, they would be increasing the cigarette tax. If they cast a vote another way, they would not be voting for the pro-life protection. It was a choice. The governor put us in that box and I chose to protect human life.

[BAIER: OK, we'll come back around later.

Byron?

[YORK: All right, next we're going to Senator Santorum...

[{UNKNOWN}: yes, we are.

{APPLAUSE}

[SANTORUM: And I told you when I traveled around Iowa, you would see me in your city, in your hometown, but you probably wouldn't see much of me on television. So it's totally true tonight.

{LAUGHTER}

[YORK: Well, Senator, here you are.

The deficit cutting super committee is now getting to work. Democrats will demand that savings come from a combination of spending cuts and tax increases, maybe \$3 in cuts for every \$1 in higher taxes.

Is there any ratio of cuts to taxes that you would accept?

Three to one?

Four to one?

Or even 10 to one?

[SANTORUM: No. The answer is no, because that's not the problem. The problem is that we have spending that has exploded. Government has averaged 18 percent of GDP as — as a percentage of the overall economy that government eats up. And we're now at almost 25 percent.

Revenues are down about 2 or 3 percent.

So if you look at where the problem is, the president is in spending, not taxes. And we'll get those taxes up if we grow the economy. I put forward the plan to grow the economy and I've provided leadership in the past to get bipartisan things done.

You know, I — I sympathize with Michele Bachmann, who stands up and says, I'm going to stand firm on these things. You need to stand firm on these things. But you can't stand and say you give me everything I want or I'll vote no. You have to find the principles, like I did on welfare reform. I said three things — to cut a federal entitlement, to end it, the three things we wanted to accomplish, end a federal entitlement, which we did. We wanted to require work, which we did. And we wanted to put a time limit on welfare.

We did those three things. We compromised on everything else. I didn't get everything I wanted, but I got the core of what I wanted and we transformed welfare. You need leaders, you need people who are good at leadership, not showmanship.

{RINGS BELL}

[YORK: But just confirming, Senator, you would not negotiate on raising taxes?

[SANTORUM: Absolutely not, because it's not the problem. And the Democrats know it's not the problem. This is where leadership comes in. You go to the American public and you lay out the facts. I've been traveling around Iowa and I lay out the facts to people and they nod their heads, and they say, yes, this makes sense.

We need to get the economy growing. That doesn't mean taking more money out of it, that means — making — that means creating energy jobs, creating manufacturing jobs. And my plan will do that.

[BAIER: Well, I'm going to ask a question to everyone here on the stage. Say you had a deal, a real spending cuts deal, 10 to one, as — as Byron said, spending cuts to tax increases.

Speaker, you're already shocking your head.

But who on this stage would walk away from that deal?

Can you raise your hand if you feel so strongly about not raising taxes, you'd walk away on the 10 to one deal?

{APPLAUSE}

[BAIER: Mr. Speaker, why are you shaking your head?

[GINGRICH: I — I think this...

[BAIER: Is that not an important question?

[GINGRICH: Look, I think this super committee is about as dumb an idea as Washington has come up with in my lifetime.

{APPLAUSE}

[GINGRICH: I mean if you look {ph} for a second, I mean I used to run the House of Representatives. I have some general notion of these things. The idea that 523 senators and congressmen are going to sit around for four months while 12 brilliant people, mostly picked for political reasons, are going to sit in some room and brilliantly come up with a trillion dollars or force us to choose between gutting our military and accepting a tax increase is irrational. This is — they're going to walk in just before Thanksgiving and say, all right, we can shoot you in the head or cut off your right leg, which do you prefer?

{LAUGHTER}

[GINGRICH: What they ought to do is scrap the committee right now, recognize it's a dumb idea, go back to regular legislative business, assign every subcommittee the task of finding savings, do it out in the open through regular legislative order and get rid of this secret phony business.

{LAUGHTER}

[BAIER: OK. Just making sure everyone at home and everyone here knows that they all raised their hands. They're all saying that they feel so strongly about not raising taxes that a 10 to one deal, they would walk away from. Confirming that.

Now to Chris Wallace with a round of questions on health care.

[WALLACE: Governor Pawlenty, you admit that you muffed a question in the last debate about Governor Romney's health care plan, so I'm going to give you another chance.

You've said that the president's plan and the Romney plan are so similar that you called them both ObamneyCare. And you also said this:

"I don't think you can prosecute the political case against President Obama if you are a co-conspirator."

Could you please tell Governor Romney, who's two down from you, what he and President Obama have conspired to do?

[PAWLENTY: Yeah, I don't want to miss that chance again, Chris.

{LAUGHTER}

Yeah, Mitt, look, Obamacare was patterned after Mitt's plan in Massachusetts. And for Mitt or anyone else to say that there aren't substantial similarities or they're not essentially the same plan, it just isn't credible. So that's why I called it Obamneycare, and I think that's a fair label, and I'm happy to call it that again tonight.

But that's not the only similarity between Governor Romney's record and President Obama's record. Again, if we're going to take him on, we have to contrast with him on other important issues. For example, in spending, I've got the best spending record. I took Minnesota's historic spending from highs to lows. Mitt ran up spending in his watch as governor 40-plus percent over his n four years. That's not going to contrast very well with the president.

In the area of judicial selections, the Boston Globe said that two out of three or so of Mitt's judicial selections, judge selections were either pro-choice, Democrat, or liberal. I appointed conservatives, strict constructionists to my supreme court. So we're going to have to take it to Barack Obama, and we're going to have to show contrast, not similarities.

[WALLACE: Governor Romney, I'm going to ask you a question about health care, but I'd like to give you 30 seconds to respond to the criticism of other parts of your record.

[ROMNEY: I think I like Tim's answer at the last debate better.

{LAUGHTER}

There are some similarities between what we did in Massachusetts and what President Obama did, but there are some big differences. And one is, I believe in the 10th Amendment of the Constitution. And that says that powers not specifically granted to the federal government are reserved by the states and the people.

We put together a plan that was right for Massachusetts. The president took the power of the people and the states away from them and put in place a one-size-fits-all plan. It's bad law. It's bad constitutional law. It's bad medicine. And if I'm president of the United States, on my first day, I'll direct the secretary of HHS to grant a waiver from Obamacare to all 50 states.

{APPLAUSE}

[WALLACE: But, Governor — and this is — this is your one-minute question. Do you think that government at any level has the right to make someone buy a good or service just because they are a U.S. resident? Where do you find that authority, that mandating authority, government making an individual buy a good or service in the Constitution?

[ROMNEY: Chris, you're — you're asking me, what do we think we should do about Obamacare? And the answer is...

[WALLACE: No, I'm asking you...

[ROMNEY: And the answer is — the answer is, I think you have to repeal Obamacare, and I will, and I'll put in place a plan that allows states to craft their own programs to make those programs work.

[WALLACE: But, sir, I'm asking you where you find that authority in the Constitution.

[ROMNEY: And let — and let me tell you — where do I find it in the constitution? Are you familiar with the Massachusetts constitution? I am. And the Massachusetts constitution allows states, for instance, to say that our kids have to go to school. It has that power. The question is, is that a good idea or bad idea? And I understand different people come to different conclusions.

What we did in our state was this. We said, look, we're finding people that can afford insurance, health insurance, that are going to the hospital and getting the state to pay for them. Taxpayers are picking up hundreds of millions of dollars of costs from people who are free riders.

We said, you know what? We're going to insist that those people who can afford to pay for themselves do so. We believe in personal responsibility. And if the people aren't willing to do that, then they're going to help the government pay for them. That was our conclusion.

The right answer for every state is to determine what's right for those states and not to impose Obamacare on the nation. That's why I'll repeal it.

{APPLAUSE}

[WALLACE: Congresswoman Bachmann, you are a big believer in the 10th Amendment and the idea of granting power to the states. So let me ask you: Does that make any difference whether mandatory health insurance is being imposed by a state or by the federal government?

[BACHMANN: No, I don't believe that it does. I think that the government is without authority to compel a citizen to purchase a product or a service against their will, because effectively when the federal government does that, what they're doing is they are saying to the individual, they are going to set the price of what that product is.

If the federal government can force American citizens or if a state can force their citizens to purchase health insurance, there is nothing that the state cannot do. This is clearly an unconstitutional action, whether it's done at the federal level or whether it's the state level.

And I will not rest, as the president of the United States, until we repeal Obamacare. And as the nominee of the Republican Party, I also will not rest until I can also elect an additional 13 senators who agree with me so we'll have a filibuster-proof Senate and we can actually repeal Obamacare.

[WALLACE: Congressman Paul, you are a constitutional expert, and you talk a lot about the Constitution. What do you think of this argument, that the state has a constitutional right to make someone buy a good or service just because they're a resident, not because they're driving and need a driver's license, but just the fact that they are a resident?

[PAUL: No, the way I would understand the Constitution, the federal government can't go in and prohibit the states from doing bad things.

And I would consider that a very bad thing, but you don't send in a federal police force because they're doing it and throw them in a court. So they do have that leeway under our Constitution.

But we have big trouble in this medical care problem. And we have drifted so far from any of our care being delivered by the marketplace.

And once you get the government involved — and both parties have done it. They've developed a bit of a medical care delivery system based on corporatism. The corporations are doing quite well, whether it's Obama or under the Republicans.

The drug companies do well. The insurance companies do well. The organized medicine do well. The management companies do well. The patient and the doctors suffer. There's a wedge. Every time you have the government get in here with these regulations, and have these mandates, there's a wedge driven in between the doctor and the patient.

We have to get the people more control of their care, and that's why these medical savings accounts could at least introduce the notion of market delivery of medical care.

{APPLAUSE}

[WALLACE: Senator Santorum — Senator Santorum, I see you wanting to jump in. Your thoughts about Romneycare?

[SANTORUM: Well, first, I was the first author of medical savings accounts back in 1992 with John Kasich in the House, but this is — this is a very important argument here. This is the 10th Amendment run amok. Michele Bachmann says that she would go in and fight health care being imposed by states, mandatory health, but she wouldn't fight go in and fight marriage being imposed by the states, that would be OK.

We have Ron Paul saying, oh, what the states want to do — whatever the states want to do under the 10th Amendment's fine. So if the states want to pass polygamy, that's fine. If the states want to impose sterilization, that's fine.

No, our country is based on moral laws, ladies and gentlemen. There are things the states can't do. Abraham Lincoln said the states do not have the right to do wrong.

I respect the 10th Amendment, but we are a nation that has values.

We are a nation that was built on a moral enterprise, and states don't have the right to tramp over those because of the 10th Amendment.

{APPLAUSE}

[BAIER: When we come back — we're going to take a short break — we're going to talk about a couple of people who are not here tonight, also, national security, foreign policy, the war on terror, and a bit later, social issues, fired-up crowd here. Check out foxnews.com and vote in our online poll. We'll be right back after this break.

{COMMERCIAL BREAK}

[BAIER: Welcome back to the Stephens Auditorium on the campus of Iowa State University.

Our next round is a lightning round, really quick, before we get into foreign policy and national security.

Are we actually missing a candidate on the stage? We are.

[[UNKNOWN]: She'll be right back.

[BAIER: She'll be right back, Congresswoman Bachmann. There she is. That's OK.

OK. There we go.

Texas Governor Rick Perry obviously is not here tonight. He's giving a speech on Saturday in South Carolina. We're told he's getting into this race, but he's not answering questions tonight. He's not taking part in the straw poll on Saturday.

So, is he outsmarting you — 30 seconds — Congressman Paul?

[PAUL: Maybe he didn't want to face up to the challenge, for all we know.

{APPLAUSE}

[BAIER: Are you worried about this strategy?

[PAUL: Oh, no. I'm very pleased that he's coming in, because he represents the status quo. And I feel like I'm sort of separated from the other candidates with my strong belief in liberty and limited government and different foreign policy, and wanting to deal with the Fed. So he'll just gather all their votes.

{APPLAUSE}

[BAIER: OK.

Mr. Cain, what about Texas Governor Perry?

[CAIN: Welcome to the contest. From my perspective, it doesn't bother us or my campaign. That's just one more politician, and that makes this business problem solver stand out that much more.

{APPLAUSE}

[BAIER: Governor Huntsman, your thoughts?

[HUNTSMAN: We all need prayers, and I hope he offers a whole lot for everybody here on this stage.

But you know what? Aside from that, we also need jobs in this country. And I hope that if he does get in this race, he broadens and expands this dialogue about job creation.

The people in this nation know that President Obama has had two-and-a-half years to get it right on the most important issue we face, expanding the economy and creating jobs. He's fundamentally failed us. So anyone who is going to expand this group a little bit, and brings a little savvy on the subject, I think is a net plus.

[BAIER: Former governor Sarah Palin is here in Iowa this week as well. She's not in this race yet either.

Congresswoman Bachmann, is she stealing your thunder?

[BACHMANN: I like Sarah Palin a lot. We are very good friends. And I think there's room in the race for Governor Perry, Sarah Palin, or even, Bret, you, too, if you want to throw your hat into the race.

[BAIER: I think I'll be out of this one.

{LAUGHTER}

[BAIER: Speaker Gingrich, any thoughts on either of those?

[GINGRICH: Well, I want to act {ph} on what Congresswoman Bachmann just said. You know, Mayor Giuliani has every right to run, and I think he's talking to some folks about it. Governor Perry has a great record of job creation in Texas, and I think he's a very formidable person. Governor Palin has a nationwide audience.

And I know it's a shock sometimes to political folks, but the first delegates are chosen in January. People have lots of time to come and play.

Now, they are missing this great opportunity to be with you guys and have all the fun that we're having here tonight, but, you know, that's their prerogative. And I would like forward to anybody who wants to run for office. That's what America is all about.

[BAIER: I'll split this next round with Chris Wallace. The topic, foreign policy and national security.

Governor Pawlenty, another five U.S. soldiers were killed today in Afghanistan after the single biggest loss, that helicopter crash over the weekend, last weekend. Almost 10 years after 9/11, after the killing of Osama bin Laden, with casualties mounting there, costs adding up, many people calling the government there corrupt, is it still worth it?

[PAWLENTY: Well, first of all, Bret, let's just stop and pause and reflect upon the loss of life, the five brave members of the military that you mentioned, as well as the 30 that were lost about a week ago, and all the others who have been lost or wounded in that

conflict. We owe them not just our words of thanks and appreciation, but to their families, our thoughts and prayers.

We wouldn't have the country we have without those brave men and women. We owe them our all. Not just with our words, but with our deeds.

{APPLAUSE}

[PAWLENTY: But as to Afghanistan, we were justified in the invasion. It was 10 years ago. People killed Americans. We needed to go there, find them, bring them to justice or kill them. But in terms of where we are now, 10 years removed, I was last there last summer with Governor Perry by the way, And met with General Petraeus. He thought would it take two years from last summer to have an orderly and successful wind down of our mission in Afghanistan, at least in terms of significant troop withdrawal.

President Obama has accelerated that faster than either General Mullen or General Petraeus recommended. I would have accepted their recommendations and drawn them down a little slower.

[BAIER: So it is still worth it?

[SANTORUM: It is still worth it. But we are going to have to have a successful draw down not one according to Barack Obama's campaign calendar next year.

[BAIER: Governor Romney in June 2009 you argued that America's willingness to fight wars of liberation, quote, "nurture democracy and human rights all over the world," was what made America, quote, "the hope of the earth." Basically a full embrace of George W. Bush's freedom agenda.

Yet last debate about Afghanistan you said this, quote, "we've learned that our troops shouldn't go off and try to fight a war of independence for another nation."

Those two statements are dramatically different. Have your views changed?

[ROMNEY: No, I have the same view. And it's this which is that we have helped the people of Afghanistan establish freedom from the Taliban. But now we are at a point where they are going to have to earn and keep that freedom themselves. This is not something we are going to do forever. We've been there 10 years. We've been training the Afghan troops.

Sometime within the next two years, we are going to draw down our troop strength and reach a point where the Afghan military is able to preserve the sovereignty of their own nation from the teary of the Taliban. That has to happen.

It's time for the troops of Afghanistan to take on that responsibility according to, as I said in that last debate, according to the time table established and communicated by the generals in the field.

And those generals recommended to President Obama that we should not start drawing our troops down until after the fighting season in 2012. He took a political decision to draw them down faster than that. That is wrong. We

should follow the recommendation of the generals and we should now look for the people of Afghanistan to pick up their fight and preserve that liberty that has been so dearly won.

[BAIER: Speaker Gingrich, as President Obama was deciding what to do in Libya, you were asked what you would do. You said, quote, “exercise a no-fly zone this evening, communicate to the Libyan military that Gadhafi was gone, and that sooner they switched sides the more likely they were to survive.”

After the president launched military action a few days later you said, quote, “I would not have intervened. I think there were other ways to affect Gadhafi.”

Are you certain about the way forward in Libya and where it stands now?

[GINGRICH: Let me suggest — this is a good example of a gotcha question.

[BAIER: No, it is not.

[GINGRICH: No, yes it is. No, go back previous to Greta Van Susteren two weeks earlier, when I said what we should do go in covertly, use Egyptian and other allies not use American forces.

[BAIER: But Mr. Speaker, you said these two things.

[GINGRICH: That’s right. I said that thing specifically after the president that day announced gloriously to the world as president of the United States that Gadhafi has to go. And I said if the president of the United States is serious about Gadhafi going, this is what we should do.

The following interview came after the same president said, well, I didn’t really mean go meant go, I meant go meant maybe we should have a humanitarian intervention. Now, the fact that I was commenting on Fox about a president who changes his opinion every other day ought to be covered by a Fox commentator using all the things I said, not handpicking the ones that fit your premise.

[BAIER: Mr. Speaker the question was are you now certain the way forward in Libya?

[GINGRICH: I have a red light, but if I’m allowed to answer.

[BAIER: You’re allowed to.

[GINGRICH: I talked recently to General Abizad {ph} who is probably the most knowledgeable senior general who speaks fluent Arabic who said to me we have a bigger strategic deficit than our fiscal deficit. I think we need to rethink everything in the region.

I think we need to rethink Afghanistan, we need to rethink Iraq and I think we need to recognize that right now Iran is on offense and our troops are in danger everywhere in that region. And I think we need a very serious national debate about it.

[BAIER: Governor Huntsman, you were former ambassador to China for the Obama

administration. Last week a top cyber security firm detailed new instances of cyber espionage, hacking into U.S. computers. Experts said, quite, all signs point to China. Would you as president consider cyber attacks acts of war?

[HUNTSMAN: Absolutely.

This is the new war field, cyber intrusion is. What we need in this country is to use this issue as not only an economic development tool, but also a national security tool. We need early warning capabilities and we need safeguards and we need counter measures.

Not only have government institutions been hacked into, but private individuals have been hacked too. It's gone beyond the pale.

Listen, this is also part of a dialogue that has not taken place with the Chinese. We need a strategic dialogue at the highest levels between the United States and China. That is not happening.

This is a relationship, the United States and China, we are both on the world stage. As far as you can see into the 21st century, we are going to have to deal with the Chinese. We better get it right.

I understand this relationship. I've been at it for 30 years. I think it would be great thing to have a president of the United States who knew something about China.

[BAIER: I'll turn to my colleague, Chris Wallace.

[WALLACE: Governor Pawlenty, you say we have to prevent Iran from getting nuclear weapons. You also recently said that Syrian President Assad must go. Would you rely on the same idea of international sanctions that President Obama has been using? Or would you be more forward-leaning in possibly using military action?

[PAWLENTY: Well, first of all, Chris, we need to use a increasing number of tools and measures. As to Iran, I believe we should undertake every plausible step to deny their intentions and their plans to get a nuclear weapon. That will include sanctions. That will include some of the good work that you saw with some of the scientists on their way to work in Iran. That will see — see some of the good work that you saw with the computer virus. But in the end, we should take every plausible step to deny that intention.

As to Syria, Bashar al-Assad is mowing down and killing his people, up to 2,000 right now. And the president of the United States, Barack Obama, will not say he should go. Until recently, he and Hillary Clinton suggested that Bashar Assad was a reformer. He's not a reformer; he's a killer.

This is another example of naive foreign policy by this president. And worse yet, he sticks his thumb in the eye of our best friends around the world, that we should stand with. For example, Israel, he repeatedly sticks his thumb in Israel's eye. We should stand shoulder to shoulder with Israel. There should be no daylight between us and the nation of Israel. They're one of our best friends in the world.

{APPLAUSE}

[WALLACE: Congressman Paul — Congressman Paul, you say that President Obama is not too soft on Iran, you say that he is too tough on Iran. I want to put up some of your statements. “Sanctions are not diplomacy,” you say. “They are a precursor to war and an embarrassment to a country that pays lip service to free trade.” As for Iran’s nuclear ambitions, you wrote this: “One can understand why they might want to become nuclear capable, if only to defend themselves and to be treated more respectfully.”

Is that your policy towards Iran?

[PAUL: Well, even our own CIA gives me this information, that they have no evidence that they’re working on a weapon. Just think of what we went through in the Cold War. When I was in the Air Force, after I was drafted in the Air Force, all through the ’60s, we were — we were standing up against the Soviets. They had like 30,000 nuclear weapons with intercontinental missiles.

Just think of the agitation and the worrying of a country that might get a nuclear weapon some day. And just think of how many nuclear weapons surround Iran. The Chinese are there. The Indians are there. The Pakistanis are there. The Israelis are there. The United States is there. All these countries — China has nuclear weapons.

Why wouldn’t it be natural that they might want a weapon? There’d be — internationally, they’d be given more respect. Why should we write people off? There was — you know, in the ’50s, we at least talked to them. At least our leaders and Reagan talked to the Soviets.

What’s so terribly bad about this?

And people — countries that you put sanctions on, you are more likely to fight them. I say a policy of peace is free trade. Stay out of their internal business. Don’t get involved in these wars. And just bring our troops home.

{APPLAUSE}

[WALLACE: Congressman Paul — Congressman Paul, I want to just give you 15 seconds. I want to just make sure I understand. So your policy towards Iran is, if they want to develop a nuclear weapon, that’s their right, no sanctions, no effort to stop them?

[PAUL: No, I think that — I think that thing — that makes it much worse. Why would that be so strange, if the Soviets and the Chinese have nuclear weapons? We tolerated the Soviets; we didn’t attack them. And they were a much greater danger — they were the greatest danger to us in — our whole history. You don’t go to war against them.

I mean, this whole idea of sanctions, all these pretend free traders, they’re the ones who put on these trade sanctions. This is why we still don’t have trade relationships with Cuba. It’s about time we talked to Cuba and stopped fighting these wars that are about 30 or 40 years old.

{APPLAUSE}

[WALLACE: Mr. Cain...

[SANTORUM: Just —...

[WALLACE: Senator Santorum, I got a question for you...

[SANTORUM: Well, as the author of the Iran Freedom Support Act, which he is criticizing, because I authored it when I was in the United States sanction — Senate, when it actually imposed sanctions on Iran because of their nuclear program — Iran is not Iceland, Ron.

Iran is a country that has been at war with us since 1979. Iran is a country that has killed more American men and women in uniform in Iraq and Afghanistan than the Iraqis and the Afghanistans have — Afghanistan has had. The — the Iranians...

{CROSSTALK}

[WALLACE: Quiet, please.

[SANTORUM: The Iranians — the Iranians are — are the existential threat to the state of Israel. You ask — you ask the Israelis, what keeps them up at night? It's the Iranians funding of Hamas and Hezbollah and the support of Syria...

[WALLACE: Thirty seconds...

[SANTORUM: ... and the reason — hold on. Let me finish.

[WALLACE: No. There are rules here, sir.

[SANTORUM: Yeah, I know there are rules. And you guys have been giving these guys a lot of time and not a whole lot of time to me, so let me answer the question.

[BAIER: You have a question — you have a question coming.

Congressman Paul?

[PAUL: OK, the senator — the senator is wrong on his history. We've been at war in — in — in Iran for a lot longer than '79. We started it in 1953 when we sent in a coup, installed the shah, and the reaction — the blowback came in 1979. It's been going on and on because we just plain don't mind our own business. That's our problem.

{APPLAUSE}

[WALLACE: Mr. Cain — Mr. Cain, you told Bill O'Reilly in June — and I want to put it up — the way you stop Iran from getting a nuclear weapon is for us to get serious about real energy independent — a real energy-independent strategy. Do you really think that more domestic oil production in this country is going to convince the mullahs

in Tehran not to pursue a nuclear weapon?

[CAIN: I believe that our energy strategy is directly related to national security, as well as stopping Iran in their efforts. The head of Iran, Ahmadinejad, has said that he wants to wipe Israel off of the face of the Earth. I take that seriously. He has also said — he has also said that he's not going to listen to the United States, Britain, or anybody else in their attempts to do what they want to do.

That being said, there's more to foreign policy than bombs and bullets. There's bombs and bullets and economics.

If we go serious about maximizing all of our energy resources in this country, we can become a player on the world market. As the price of oil goes down, it puts an economic squeeze on Iran. This is why I believe we should have a serious energy-independent strategy in order to be able to be a player on the world market. That's what I meant by using our energy resources, not just oil, but all of our resources to become energy independent.

{APPLAUSE}

[WALLACE: Congresswoman Bachmann, I want to switch to another angle of the war on terror, though if you want to weigh in on Iran, feel free. We — you say that we don't win the war on terror by closing Guantanamo and reading Miranda rights to terrorists. Congressman Paul says terrorism suspects — suspects have committed a crime and are due — should be given due process in civilian courts. Could you please tell Congressman Paul why he's wrong?

[BACHMANN: Well, because, simply, terrorists who commit acts against United States citizens, people who are from foreign countries who do that, do not have any right on our — under our Constitution to Miranda rights.

We've also seen that Guantanamo Bay has yielded significant information. In fact, we've learned that that led to the capture and the killing of bin Laden.

This is a tool that we need to have in order to be able to prosecute the new type of war, the new type of warfare, and the new type of terrorists that this country is dealing with.

Regarding Iran, Iran is the central issue in the Middle East and their capacity to become a nuclear power. They're one of the four state sponsors of terror in the world.

I sit on the House Select Committee on Intelligence. I can't reveal classified information, but I can say this: As president of the United States, I will do everything to make sure that Iran does not become a nuclear power.

[WALLACE: Thirty seconds, Congressman Paul.

[PAUL: Well, I think she turns our rule of law on its head. She says that the terrorists don't deserve protection under our courts, but, therefore, a judgment has to be made. They're ruled a terrorist. Who rules them a terrorist? I thought our courts recognized that you had to be tried.

And we've — we've done this. And we've brought individuals back from Pakistan and other places. We've given them a trial in this country, over 300, or at least — near 300, we tried and put them in prison.

So this idea that we — we have to turn it on its head and reject the rule of law, we already are at the point where this administration
— please let me finish — half a second — this administration — this administration...

{BOOING}

... this administration already has accepted the principle that, when you assume somebody is a terrorist, they can be targeted for assassination, even American citizens. That affects all of us eventually. You don't want to translate our rule of law into a rule of mob rule.

{APPLAUSE}

[WALLACE: Senator Santorum — Senator Santorum, I want to pick up on this debate. You say Attorney General Holder must be under the influence. And, in fact, you've suggested, perhaps, smoking mushrooms to want to try terrorists in civilian court.

Are you also suggesting that Congressman Paul is under the influence?

[SANTORUM: Well, any...

{LAUGHTER}

[SANTORUM: — anyone — anyone that suggests that Iran is not a threat to this country or is not a threat to stability in the Middle East is obviously not seeing the world very clearly. He sees it exactly the way that Barack Obama sees it, that he has to go — we have to go around and apologize for the fact that we've gone out and exerted our influence to create freedom around the world.

I don't apologize for that. I don't apologize for the Iranian people being free for a long time and now they're under a — under a mullacracy that — that tramples the rights of women, tramples the rights of gays, tramples the rights of people all — all throughout their society and it's the greatest supporter of terrorism in the Middle East and around the world and is setting up training camps and is working with Venezuela and other countries in our — south of our border to threaten us.

This is — the — Iran is a country that must be confronted. I was in front of the — I was in front of this curve. I authored the Iran Freedom and Support Act back in 19 — excuse me, 2004. It was blocked by Joe Biden, nonetheless, and Barack Obama once. We got it passed.

And I can tell you, if Rick Santorum and when Rick Santorum is president, Iran will not get a nuclear weapon because the world as we know it...

{RINGS BELL}

[SANTORUM: — will be no more.

[WALLACE: Conger — Congressman Paul, 30 seconds.

[PAUL: You've heard the war propaganda that is liable to lure — lead us into the sixth war. And I worry about that position. Iran is a threat because they have some militants there. But believe me, they're all around the world and they're...

{CROSSTALK}

[PAUL: Excuse me.

They're — they're all around the world and they're not a whole lot different than others. Iran does not have an air force that can come here. They don't have — they can't even make enough gasoline for themselves. And here we are building this case up...

[SANTORUM: {INAUDIBLE}.

[PAUL: Please. Please. They're building up this case like, just like we did in Iraq — build up the war propaganda. There was no al Qaeda in Iraq.

{RINGS BELL}

[PAUL: And they had nuclear weapons and we had to go in. I'm sure you supported that war, as well.

{CROSSTALK}

[WALLACE: OK...

[PAUL: It's time we quit this. It's time — it's trillions of dollars we're spending on these wars.

{APPLAUSE}

{BOOS}

[BAIER: When we come back...

{BOOS}

[BAIER: — when we come back, we'll try to get a hold of things — social issues. That should be fun. And the most prescient — pressing issues right now, getting America back to work, after this break.

{COMMERCIAL BREAK}

[BAIER: Welcome back to Ames, Iowa, and the first Republican presidential debate in the Hawkeye State. A fiery debate, at that.

Now to Byron York from "The Washington Examiner."

[YORK: Thank you, Bret.

We're going to talk about social issues now. We're going to start with Speaker Gingrich.

Speaker Gingrich, you've said you would impose a loyalty test for Muslims to serve in your administration. You said, "We did this in dealing with the Nazis, and we did this in dealing with the communists."

Are you really comparing American Muslims to Nazis? And what specific loyalty test would you require them to take?

[GINGRICH: Well, actually, I didn't describe it as applied to Muslims. I described it as applied to everybody.

Now, we had, after all, a Catholic head of counterespionage for the FBI who turned out to be a Soviet spy. We've had a Cuban-American refugee who turned out to be a major Cuban spy for over 20 years on behalf of Castro.

My point was, there is nothing illegitimate about seeking to make sure that people are loyal to the United States if they work for the government of the United States. And I was responding to this insane moment where "The New York Times" attempted bomber, the guy who built the car bomb from Pakistan, was asked by the judge, who said to him, "But you swore an oath of loyalty to the United States." And he said to the judge, "I am your enemy. I lied."

{LAUGHTER}

[GINGRICH: And the judge seemed mystified at the idea that somebody would have lied. And my point is, we now know, for example, from the Venona papers and others there really were communist spies. And I would suggest to you we need security provisions across the board to ensure that those Americans and the American government are loyal to the United States.

{APPLAUSE}

[YORK: All right. Thank you, Speaker Gingrich.

Next, we're going to go to Mr. Cain.

Mr. Cain, you recently said this about Governor Romney's Mormon faith: "It doesn't bother me, but I do know it's an issue with a lot of Southerners."

Could you tell us what it is about Mormonism that Southerners find objectionable?

[CAIN: Well, I did make that statement, and it does not bother me. But because I live in Atlanta, Georgia, have been back in my hometown for 10 years, I listen to what people say.

What they basically say is that they are not real clear about how his Mormon religion relates to the majority of the people's Protestant, Christian religion in the South. That

was the point that I was trying to make. It was not a dispersion whatsoever on his religion. I was simply saying what others have told me about not being clear in understanding his religion. That's what it was.

[YORK: Mr. Cain, if I could ask one follow-up, you have already apologized for remarks you made about Islam. Is your focus on other people's religions hurting your campaign?

[CAIN: It is not hurting my campaign, Byron, because my focus is not on other people's religion. Let me repeat myself and be real clear.

I believe in the First Amendment to the Constitution. I believe that the government does not have a right to impose religion on people. But when you're talking about some of these sensitive issues, I think we owe it to ourselves to make sure people are committed to the Constitution of the United States of America first.

{APPLAUSE}

[YORK: All right. Thank you, Mr. Cain.

Next, we're going to go to Representative Bachmann.

In 2006, when you were running for Congress, you described a moment in your life when your husband said you should study for a degree in tax law. You said you hated the idea. And then you explained, "But the Lord said, 'Be submissive. Wives, you are to be submissive to your husbands.'"

As president, would you be submissive to your husband?

[BACHMANN: Thank you for that question, Byron.

[YORK: You're welcome.

[BACHMANN: Marcus and I will be married for 33 years this September 10th. I'm in love with him. I'm so proud of him. And both he and I — what submission means to us, if that's what your question is, it means respect.

I respect my husband. He's a wonderful, godly man, and a great father. And he respects me as his wife. That's how we operate our marriage. We respect each other. We love each other.

And I've been so grateful that we've been able to build a home together. We have five wonderful children and 23 foster children. We've built a business together and a life together And I'm very proud of him.

{APPLAUSE}

[YORK: Thank you Ms. Bachmann.

Now we're going to ask a few questions about gay marriage starting with Governor

Romney. When the Massachusetts supreme court legalized gay marriage in 2003, you accused the justices of assuming for themselves the powers that should belong to the state legislature.

Now that the New York state legislature has legalized gay marriage, do you believe state lawmakers have the right to make same-sex marriage legal in their states?

[ROMNEY: I'd far prefer having the representatives people make that decision than justices. But I believe the issue of marriage should be decided at the federal level.

You might wonder why is that? Why wouldn't you just let each state make their own decision? And the reason is because people move from state to state of course in a society like ours, they have children. As to go to different states, if one state recognizes a marriage and the other does not, what's the right of that child? What kind of divorce proceeding potential would there be in a state that didn't recognize a marriage in the first place?

There are — marriage is a status. It's not an activity that goes on within the walls of a state. And as a result our marriage status relationship should be constant across the country.

I believe we should have a federal amendment in the constitution that defines marriage as a relationship between a man and woman, because I believe the ideal place to raise a child is in a home with a mom and a dad.

[YORK: All right. Thank you, governor.

Next we'll go to Governor Huntsman.

Recently, a Des Moines Register poll found that 58 percent of likely caucus goers, Republican caucus goers here in Iowa, consider support of civilian unions a deal killer for a candidate. You support civil unions. Why are you right and most other candidates along with most GOP caucus goers, why are they wrong?

[HUNTSMAN: I'm running on my record. I'm proud to run on my record. Some people run from their record, I'm running on my record. I believe in traditional marriage first and foremost. I've been married 28 years. I have seven terrific kids to show for it.

But I also believe in civil unions. Because I think this nation can do a better job when it comes to equality. And I think this nation can do a better job when it comes to reciprocal beneficiary rights. And I believe that this is something that ought to be discussed among the various states.

I don't have any problem with states having this discussion. But as for me, I support civil unions.

{APPLAUSE}

[BAIER: So, the question was, why are they wrong?

[HUNTSMAN: Why are they wrong? They are not wrong. All I'm saying is this ought to be an issue that takes place at the local level of government, that's where these decisions ought to be made. And as for those who were polled, everybody can come to this with their own point of view.

I believe in traditional marriage. But I also believe that subordinate to that we haven't done an adequate job when it comes to equality. That is just my personal belief. Everyone is entitled to their personal belief too.

[YORK: All right. Thank you. Governor.

Next question is for Representative Paul. You've often said you believe defining marriage is a job that should be left to the states. Recently Senator Santorum asked if a state wanted to allow polygamy, would that be okay too? What is your answer to that?

[PAUL: That is sort of like asking the question if the states wanted to legalize slavery or something like that. That so past reality that no state is going to do that.

But on the issue of marriage, I think marriage should be between a single man and a single woman. And the federal government shouldn't be involved.

I want less government involvement. I don't want the federal government having a marriage police. I want the states to deal with it if they need to, if they need to.

But if you didn't need the states — really, why do we have to have a license to get married? Why don't we just go to the church? What other individuals do, why can't we permit them to do whatever they call it that is their problem not mine. Just so nobody else forces their definition of marriage on you. That is what we have to prevent.

So I would say less government would be better if you have to have regulations let the state governments do it.

{APPLAUSE}

[YORK: All right.

Senator Santorum? You're looking incredulous. Response?

[SANTORUM: Well, it sounds to me like Representative Paul would actually say polygamous marriages are OK. If the state has the right to do it, they have the right to do it. It is not beyond reality, Ron, it is exactly what's being offered in other states right now. And it's being litigated in our courts right now, which is exactly how gay marriage came about as we see here in state of Iowa where seven justices forced gay marriages on the people of Iowa.

I was the only one on this panel who came to Iowa last year and made sure that those three justices were defeated. I campaigned and worked to make sure those justices were defeated, because we can't have...

{APPLAUSE}

[{UNKNOWN}: You can finish, senator.

[SANTORUM: We can't have 50 marriage laws. This was the approach that the left took on abortion, which is to pick a few states, pick a few courts and then go to the Supreme Court and say equal protection, you can't have different state laws then you will have nine people up at the Supreme Court deciding what marriage is in this country.

You have to fight in each state. And there's where I disagree with Rick Perry, I disagree with Michele Bachmann. I will come to the states and fight to make sure this strategy of picking off a state here and there does not be successful in transforming marriage.

[BAIER: Congresswoman Bachmann, quickly?

[BACHMANN: Thank you. I support the federal marriage amendment, because I believe that we will see this issue at the Supreme Court someday. And as president, I will not nominate activist judges who legislate from the bench. I also want to say, when I was in Minnesota, I was the chief author of the constitutional amendment to define marriage as one man, one woman. I have an absolutely unblemished record when it comes to this issue of man-woman marriage.

[YORK: All right, our next question — thank you, Representative Bachmann — our next question is for Senator Santorum. In June, you said, quote, "I believe that any doctor who performs an abortion should be criminally charged for doing so." You would allow no exceptions for cases of rape and incest. Polls have long shown that large majorities of Americans support at least some exceptions for abortion. Are your views too much, even for many conservatives to support?

[SANTORUM: You know, the Supreme Court of the United States on a recent case said that a man who committed rape could not be killed, could not be subject to the death penalty, yet the child conceived as a result of that rape could be. That to me sounds like a country that doesn't have its morals correct. That child did nothing wrong. That child is...

{APPLAUSE}

That child is an innocent victim. To be victimized twice would be a horrible thing. It is an innocent human life. It is genetically human from the moment of conception. And it is a human life.

And we in America should be big enough to try to surround ourselves and help women in those terrible situations who've been traumatized already. To put them through another trauma of an abortion I think is — is too much to ask. And so I would — I would absolutely stand and say that one violence is enough.

[YORK: Thank you, Senator.

{APPLAUSE}

Our next question is to Governor Pawlenty. Governor Pawlenty, you often cite an article in National Review saying you may be the strongest pro-life candidate in the race. What's your opinion on what Senator Santorum said about exceptions? And isn't he more pro-life than you are?

[PAWLENTY: Well, National Review I think is a respected publication from a conservative and Republican perspective, and they did an online article that said, based on results, not rhetoric, but based on results, that I'm perhaps the most pro-life candidate in this race.

And the reasons for that are these: Number one, when I was in Minnesota as governor, I proposed and signed into law the Women's Right to Know bill. I proposed and signed into law the positive alternatives to abortion bill. I proposed and signed into law the fetal pain bill and more. And our abortion rate in Minnesota has dropped dramatically, in fact, now at historic lows.

In terms of my personal views, the only exception I can really reconcile or justify is the life of the mother. And I would sign that bill if it came in that form to me as president or as governor.

But if another bill came with other exceptions that substantially advanced the pro-life cause, I'd sign that bill, too, because I want to make progress to limit and ultimately end abortions in this country.

And I want to move the pro-life cause forward. And I have. And that's why that publication said that perhaps I'm the most pro-life person on this stage, based on results, not just rhetoric.

[YORK: One brief follow-up. Do you support criminal charges for doctors who perform abortions?

[PAWLENTY: I think there should be absolutely consequences for doctors who perform abortions, when — if it's illegal and when it's illegal, and the possibility of criminal sanctions or severe civil sanctions. I don't think the woman involved should be criminally sanctioned.

[BAIER: As promised, back now to the economy. Susan Ferrechio with another round of questions. Susan?

[FERRECHIO: Turning to you, Governor Romney, you've suggested replacing government jobless benefits with individual unemployment savings accounts. Jobless benefits for millions of Americans are about to expire in just a few months. If you were president right now, would you extend them?

[ROMNEY: We got a lot of people out of work. We got a president that has a entirely failed economic policy and, frankly, doesn't know what to do to get this economy going again. Surely we're going to help those people who can't find other ways to care for themselves.

But the most important thing we're talking about tonight is making sure that President Obama is replaced by someone who knows how to get this economy going again.

That's what this debate is really about. And that's what the American people want to understand.

Unemployment benefits, I think they've gone on a long, long, long time. We have to find ways to reduce our spending on a lot of the anti-poverty programs and unemployment programs. But I would far rather see a reform of our unemployment system, to allow people to have a personal account which they're able to draw from as opposed to having endless unemployment benefits.

So, again, let's reform the system, make the system work better by giving people responsibility for their own employment opportunities and having that account, rather than doling out year after year more money from an unemployment system.

[FERRECHIO: Just a quick follow. So would you sign a bill to extend unemployment insurance if you were president right now?

[ROMNEY: If I were president right now, I would go to Congress with a new system for unemployment, which would have specific accounts from which people could withdraw their own funds. And I would not put in place a continuation of the current plan.

[FERRECHIO: Thank you.

Governor Huntsman, you've touted your job-creating abilities as Utah's chief executive, but let's talk about your time in the private sector. You said that you helped create thousands of jobs as vice chairman of the board of the Huntsman Corporation. But of the 12,000 workers employed by the company, almost 10,000 were hired in China and India and other places outside the U.S.

Isn't it accurate to say that, as far as your time in the private sector, you've got more experience creating jobs overseas?

[HUNTSMAN: I'm very proud of my experience in the private sector. Huntsman Corporation is a terrific company. It's a wonderful example of a family entrepreneurial success story. Created jobs, to be sure, left communities a whole lot better than they found them, created a wonderful Huntsman Cancer Institute.

But let me tell you the real problem of what we're up against. If you want to build a facility in the United States, you can't because of the EPA's regulatory reign of terror. If we want to strengthen our core in this country, which we must do, the percentage of our GDP that is from manufacturing is down to 10 percent or 11 percent. When I was born, it was 25 percent. It used to mean something when you read "Made in America."

We don't make things anymore in this country. We need to start making things in this country. And in order to do that, we need serious regulatory reform, not just repealing Obamacare, but ending the EPA's regulatory reign of terror. We need to create a more competitive environment that speaks to real tax reform, that allows our entrepreneurs and businesses to step up and get it done and expand our economic base and create jobs.

I'm very grateful for what Huntsman Corporation has done. It's a global company. The chemical industry is a global industry, and you've got to supply customers overseas.

But let's fix our core in this nation. Let's get back on our feet. People are hurting, they're scared, and they're concerned.

[FERRECHIO: Thank you.

Congresswoman Bachmann, turning to you, you voted against the debt ceiling increase deal and you voted against the Republicans' "cut, cap and balance" bill. You insisted the country was not at risk of default. If you had your way, the debt ceiling would not have been raised. What do you say to analysts who insist that Americans' investments, their 401{k}s, their college funds would have been far worse off today?

[BACHMANN: It — it was very important that we not raise the debt ceiling, because — consider what happened. The Congress gave Barack Obama a blank check for \$2.4 trillion. What did the American people get in return? \$21 billion in illusory cuts.

So from the time I've been in Congress, we've gone from \$8.67 trillion in debt to now almost double, to \$16.7 trillion. This is madness. I've been all across Iowa. People are almost unanimous: Do not raise the debt ceiling. That was the right thing to do. The worst thing that you can do is continue to borrow money and spend money that we don't have.

[BAIER: So, I'm sorry, the — what do you say to the analysts who say that the markets would have fallen through the basement?

[BACHMANN: I think the — I think the analysts — I think we just heard from Standard & Poor's. When they dropped — when they dropped our credit rating, what they said is, we don't have an ability to repay our debt. That's what the final word was from them.

I was proved right in my position: We should not have raised the debt ceiling. And instead, we should have cut government spending, which was not done. And then we needed to get — get our spending priorities in order.

[BAIER: Mr. Cain, do you agree with that?

[CAIN: I did not agree with raising the debt ceiling, because the solution that they came up with does not solve the problem, as Representative Bachmann talks about.

The way to deal with it is pay those things that need to be paid and then make the tough choices of cutting the other things, agency by agency, program by program, based upon performance metrics. We didn't need to raise the debt ceiling, but there was an easy way out, and the problem still has not been solved. And Standard & Poor's has sent a message.

[FERRECHIO: Mr. Cain, I've got another question for you. You — you say that we can boost job creation by eliminating the tax on companies that bring back overseas profits to the U.S. But when we tried a tax break like this in 2004, companies didn't create jobs. They just paid bigger dividends to their shareholders. Why would it work this time?

[CAIN: It'll work this time for a number of reasons, because I think you're only looking at a small piece of it. Remember, it is a combination of things that I indicated. If you

just pick out one thing and try just to do that, no, that is not comprehensive.

When I talked about lowering the top corporate and personal tax rays to 25%, also taking capital gains rates to zero as well as suspending taxes on the repatriated profits. And here's the big one, make them permanent. Uncertainty is what is killing this company.

Now if a company were to decide that they want to take some of that money and pay a bigger dividend, so what, it is their money. The people receiving the dividends might be happy with that. Maybe that is the right thing to do.

So I'm not concerned — I am not concerned about what they will do with that money if it is allowed to come back. I'm more concerned, bring it back so they will have an incentive to make some growth decisions.

I don't know one company that sits around the board room and talk about how we are going to standstill. It is about growth. And that's what I'm about, growth in jobs and the economy.

{APPLAUSE}

[QUESTION: Speaker Gingrich, you say the unemployment problem in America has been made worse by the policies of the Federal Reserve. You call for auditing the Fed and stripping it of its banking powers. But Congressman Paul thinks the Fed needs to be abolished to create lasting prosperity. Why is the Fed worth saving?

[GINGRICH: Well, I think that having some kind of central bank is an important part of how you deal with monetary policy in the modern world. But I would say to you that having Chairman Bernanke deal with hundreds of billions of dollars, some estimates as much as \$16 trillion in secret is profoundly against a free society.

The feds should be totally audited. It should be out in public. Their decision documents from '08 — '07, '08 and '09 should be public. We should now who they bailed out and why they bailed them out. And who they didn't bail out.

And I think that it is a scandal that the Federal Reserve is secret. And I think, frankly, their monetary policy since the late 90s has been a major factor in the bubble that has been created and a major factor in the economic pain we're now going through.

So the fed is certainly — going back as Reagan did to sound money is certainly a key part of how you get back to prosperity. And the Fed is the primary villain in failing to have a sound money policy.

{APPLAUSE}

[QUESTION: Congressman Paul, if I could follow up with you, is Speaker Gingrich wrong to want to save the Fed?

[PAUL: Not exactly. Because my position isn't that I'd closed the door down immediately, you can phase it out. But there are some other things that we could do in

a transition phase.

For instance, and I'm delighted that mainstream is catching up with this, these days, for auditing the Fed. This is great.

{APPLAUSE}

[PAUL: But I made a suggestion, which is a series of suggestions. And there's been quite a few who have supported me on this. We owe the Fed \$1.6 trillion in treasury bills. Where'd they get the money to buy it? They created it out of thin air. So we pay them interest. Now that's on our books. So we literally, with legislation, could wipe \$1.6 trillion off that is not a solution to the monetary problem or our spending problems, but it would give you a year to work this out. And wouldn't have had that — any of that debate going on. Those were all scare tactics to try to scare people into doing things.

But that is one thing that we could do.

But eventually we have to deal with the fed, because the Fed creates the business cycle. If you don't understand the business cycle, you don't know why we have recessions, the sooner we learn that the better.

{APPLAUSE}

[QUESTION: Thank you.

Senator Santorum, I've got one for you. You said that you were, quote, the Tea Party before there was a Tea Party. But a top Tea Party goal, particularly in Iowa, is to revert back to the gold standard, something you oppose. How do you consider yourself in line with the Tea Party without agreeing on this major issue?

[SANTORUM: Well first off, I didn't say that the Washington Post said it. I simply commented on what they said. I don't take the claim, the Tea Party organization is flat and it should stay that way. It should support ideas not candidates. And people who stand up and say they lead it, well, I think most of the Tea Party people think their leadership is among the people not anybody is a member of congress or anywhere else.

What I've said is that I agree with Newt. I think there's some reforms we can do at the Fed. And I agree we need to audit the Fed.

Disagree with most of what Ron Paul said. Just because he's mostly wrong, doesn't mean he's always wrong.

{BOOING}

[SANTORUM: I appreciate his contribution in that regard.

I want to talk about, because I didn't get a chance to comment on this debt ceiling. But Congressman Paul and Congresswoman Bachmann both in the congress, and they had an opportunity to lead. They're asking you have them lead this country, and they couldn't lead the congress to do something responsible in making sure that we didn't

have the fiasco that we have in place now.

We should have balanced the budget. The balanced budget amendment should have been the focus from the beginning. To suggest that we never need to raise the debt ceiling, that — that is, again, showmanship, not leadership. Of course we have to raise the debt ceiling at some point.

We have — we have — we're borrowing 42 cents of every dollar, 42 cents of every dollar. You're going to cut 42 cents of every dollar? Just to remind you, Medicare, Medicaid, Social Security, defense, and interest on the debt is 60 percent. That means cut everything else and something of those. That's showmanship, not leadership.

{APPLAUSE}

[BAIER: When we come back, some closing remarks from the candidates, and maybe a wild card or two. We'll see. Stay tuned.

{COMMERCIAL BREAK}

[BAIER: Welcome back to the campus of Iowa State University in Ames, Iowa. Very quickly, during the commercial break, realized I needed to give Congresswoman Bachmann 15 seconds to respond, since you were mentioned there. Congresswoman?

[BACHMANN: The thinking that says that we have to continue to raise the debt ceiling and spend money that we don't have is the wrong premise. The American people are asking for a very different, bold vision. And I was the leading voice against raising the debt ceiling.

That's what the American people want us to do: have our balanced budgets and also have our spending priorities in order. That was the right thing to do.

[BAIER: Governor Huntsman, this week, the Obama administration announced that they would grant waivers to some failing public school systems that couldn't meet the standard of the No Child Left Behind program. If you were president, would you return to full enforcement of this Bush-era law?

[HUNTSMAN: No Child Left Behind hasn't worked for this country. It ought to be done away with. We need to take education to the local level, where parents and local elected officials can determine the destiny of these schools. Nobody wants their schools to succeed more than local elected officials and their parents.

We need choice. We need vouchers. We need more technology in the classroom.

But let me just say, on the default, while I can, just for a moment. I'm the only one on this stage who stood up for a deal, for the Boehner deal, against this nation defaulting. I know I'm a little different than everybody else in that regard.

We are 25 percent of the world's GDP. We are the largest financial services sector by far in this entire world. And the thought that people would just let this nation default when we could have a deal that at least gets things going on cuts, raising the ceiling, gets us toward entitlement reform, gets us toward a balanced budget amendment. I thought Speaker Boehner should be complimented for what he did. This nation should

never default.

{APPLAUSE}

[BAIER: Mr. Cain, let me just ask you the education question. If you were president, would you return to the full enforcement of the No Child Left Behind law?

[CAIN: No. I believe in education starting at the local. No Child Left Behind had some faults. I don't believe in unfunded mandates. I believe that the federal government should be out of the business of trying to micromanage the education of our children.

[BAIER: Thank you Mr. Cain. And your answer had some special lighting there. Sorry about that. We had some special lighting in that part.

Time for now some closing comments. Each candidate has 30 seconds to close. Let's begin with Senator Santorum.

[SANTORUM: Thank you very much. I want to thank the people of Iowa. My family and I, Karen and the kids, came here three weeks ago. We've spent three great weeks here in Iowa enjoying — enjoying the time and been to 51 cities in 15 days, been to 68 counties — not as many as Chuck Grassley, but almost.

And we keep working very, very hard, because as you've seen here tonight, national media may not pay a lot of attention to us, but we pay a lot of attention to the people of Iowa, New Hampshire and South Carolina. And we're going to be out in your communities. We're going to be working very hard to earn your trust, so you can kick the tires and you can see what kind of president you want, someone who has leadership, proven leadership, and can get things done in Washington, D.C., and been a consistent conservative, and guys who can beat incumbent Democrats, three of them, three incumbent Democrats. That's better than anybody else on this panel.

[BAIER: Mr. Cain?

[CAIN: It is clear from the discussion tonight that America needs a leader and a uniter. I represent growth. All the issues that we talk about, if we don't get this economic engine moving by putting fuel in the engine, all of the rest of it won't matter.

A poet once said, life can be a challenge, life can seem impossible, but it's never easy when there's so much on the line. We have a lot on the line. Send Washington a message, and send a business problem-solver to Washington, D.C.

{APPLAUSE}

[BAIER: Congressman Paul?

[PAUL: I've been in politics for 35 years. My cause has been the cause of liberty. And I am convinced that liberty does not come from our government, but it comes from our creator.

And — and our goal should be peace and prosperity. It is under the principles of liberty

that you have the greatest chance of achieving peace and prosperity. That is why I am so down on these wars that is costing us trillions of dollars, why we have to reform the monetary system, why we need honest money, a gold standard and not paper money out of the Federal Reserve system.

But also, we need to change the environment for our businesses. We need to get — lower the regulations, and — and the taxes, and have private property rights and contract rights. Then we can achieve peace and real prosperity.

{APPLAUSE}

[BAIER: Governor Romney?

[ROMNEY: This country is in economic crisis. I think the people of this country understand that. And we have, unfortunately, as the leader of this country a man who is out of his depth and who doesn't understand what is needed to do to get this economy going again. He just doesn't understand how the economy works, because he hasn't lived in the real economy.

I think in order to create jobs, it's helpful to have had a job.
And I fundamentally believe...

{LAUGHTER}

... that what we need in this country is someone who's willing to go to work, who believes in America, who believes in free enterprise, who believes in capitalism, who believes in opportunity and freedom. I am that person. I love this country. And I will do everything in my power to strengthen our economy and keep America the hope of the Earth.

Thank you. I'd love your help.

[BAIER: Congresswoman Bachmann?

[BACHMANN: Well, the good news is, two years — two days from now, here in Ames, Iowa, all of us have a chance to send a message to Washington, D.C., about what we think about Barack Obama and his presidency. He got started here in Iowa. And now Iowa can bring that presidency effectively to a close.

I want to do that as president of the United States. And I'm inviting everyone to come to the straw poll, and let's send a message to Washington that they can't miss.

{APPLAUSE}

[BAIER: Governor Pawlenty?

[PAWLENTY: God has greatly blessed America, but with great blessing comes responsibility. And if we don't fiercely protect our most precious blessing, freedom, we may lose it forever.

Now is the time for effective, tested, conservative leadership. I am that leader for

America. And I will make sure, when I'm president, that America's brightest, strongest, and best days are ahead.

Good night. Thank you. And may God continue to bless the United States of America.

[BAIER: Governor Huntsman?

[HUNTSMAN: I'm running for president of the United States because I love this country. This nation is hurting, it is scared, and it is bankrupt. We have a cancer growing in this country called debt, and we must deal realistically with it.

We're about to hand down for the first time in the history of the greatest nation that ever was, the United States of America, to the next generation less good, less productive, less competitive than the country we got. Barack Obama won in 2008 on hope. I'm going to win in 2012 on solutions.

May God bless America. Thank you so very much.

[BAIER: Speaker Gingrich?

[GINGRICH: Well, let me, first of all, thank Fox and the Washington Examiner, and let me thank the people of Iowa for hosting this tonight.

I think in many ways this was a very important next step in the national conversation.

But I want to remind everyone that the presidential election is 15 months away. We are in a crisis now. And I would hope everybody watching us around the country would call their congressmen and their senators now and say, "Go back to Washington, repeal Dodd-Frank, repeal Sarbanes-Oxley, repeal Obamacare. This summer, start saving American families from the pain they're in, because we have real problems, and we need real leadership now."

{APPLAUSE}

[BAIER: Thank you all. Thank you all.

That is it tonight. Please go to foxnews.com, cast your vote on this debate. Our thanks to the candidates.

{CROSSTALK}

[BAIER: Thank you. And thank you to their staffs and to our debate partners, of course, Washington Examiner, the Iowa Republican Party, and to all of the great people here at the Stephens Auditorium — even him — on the campus of Iowa State University, and of course, to the wonderful people here in Iowa. They could not have been more hospitable.

You know, there's a big straw poll here Saturday. Stay tuned to Fox News Channel, America's election headquarters, all the way through to the general election and the inauguration. All the candidates, please note: Our next debate is September 22nd in Orlando, Florida. We will see you there.

Thanks for watching tonight. Good night.