

Full Transcript: ABC News Iowa Republican Debate

Dec. 11, 2011—

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The following is a full transcript of the ABC News Iowa Republican debate, with Michele Bachmann, Rick Santorum, Mitt Romney, Rick Perry, Ron Paul and Newt Gingrich, anchored by ABC News' Diane Sawyer and George Stephanopoulos.

DIANE SAWYER: And a good evening to all of you welcome to Iowa, welcome to Drake University as the presidential voting draws near, the time is coming. And the political team of ABC News has been out in force throughout this state. And we just wanna say to the people of Iowa, we are endlessly struck by how seriously you take your role as first in line for the vote.

GEORGE STEPHANOPOULOS: Every four years first.

DIANE SAWYER: That is true. And it's 24 days now and counting until the voting begins in the caucuses. And-- and it's at the time for closing arguments, so let us introduce the presidential candidates from the Republican party for the United States of America here at the debate tonight.

Former Senator Rick Santorum of Pennsylvania, Governor Rick Perry of Texas, former Governor Mitt Romney of Massachusetts (AUDIENCE WHOOP), former Speaker of the House Newt Gingrich of Georgia (AUDIENCE WHOOP), Texas Congressman Ron Paul, (APPLAUSE) and Congresswoman from Minnesota, Michele Bachmann. (APPLAUSE) Thank you all.

Before we begin if we can just one note, because George and I have been talking and all of us have been talking to many of you about what it takes to run for the presidency in this country right now. And we are talking about the determination, the physical stamina, the road you travel, the miles you travel and the sacrifices your families make as you do it. So we thought maybe at the end of this year-- the-- the end of this road does approach, we could all just salute your commitment to the presidential race and to democracy in this country. We salute you.

GEORGE STEPHANOPOULOS: The rules of the debate are pretty straightforward, the candidates have negotiated them, agreed to them. They're gonna forgo opening statements and then they will give, they've agreed, one minute responses to questions from Diane and me, 30 seconds for rebuttal to those. And we wanna show everybody at home that the candidates can see as well, this clock right here. And we'll shift from green to yellow to red over the course of the allotted time.

The audience here at Drake was chosen by the Iowa Republican Party, and all of you at home can follow on ABCNews.com and Yahoo.com. You can even join the discussion by downloading Yahoo's Enter Now app on your iPhone, and with that you can actually pitch in with opinions during this debate.

DIANE SAWYER: So it is time to begin. And people are telling us that they do feel it's time to choose. And the number one issue on which they're going to choose, jobs in America. And we would like to hear from all of you in this opening round. And the question is this: what is your distinguishing idea, distinguishing, from all of the others on this stage, about how to create jobs in this create, how to bring jobs back from overseas. And if you will, how many jobs do you think you can create and how long will that take? And Speaker Gingrich, will you lead us off?

NEWT GINGRICH: Well, I think that there's a clear record, I worked with Ronald Reagan in the early '80s and his recovery program translated into today's population of about 25 million new jobs in a seven-year period. As Speaker of the House, I worked with-- President Clinton and he followed with a very similar plan.

And we ended up with about 11 million new jobs in a four-year period. Went down to 4.2% unemployment. Starts very simply, taxes, lower taxes, less regulation, an American energy plan, and actually be positive with our people to create jobs. The opposite of the Obama plan, which is higher taxes, more regulation, no American energy, and attack people who create jobs with class warfare.

So I think there are a number of steps you can take. I would start with zero capital gains, hundreds of billions of dollars would pour into the country, I'd go to 12.5% corporate tax rate, that would bring in at least \$700 billion in repatriated money back from overseas. I would then go to 100% expensing for all new equipment-- abolish the (UNINTEL) news-- write it off in one year, and I'd abolish the death tax penalty. Those steps would begin to dramatically create jobs.

DIANE SAWYER: And I want to turn to Governor Romney, if I can. Because you've given a number and you've given a time frame, 11.5 million jobs in four years, aiming for six percent-- unemployment rate at the end of the first time. What is the distinguishing idea to do that?

MITT ROMNEY: Well, having spent my life in the private sector, I understand where jobs are created. They're not created in government, they're not created in Washington. They're created on Main Streets and streets all over America. And to help make America the most attractive place in the world for investment, for new enterprise, for entrepreneurs and for job growth, there's seven things you have to do. There's not just one, there's seven.

One, make sure that our employer tax rates are competitive with other nations. They're not now. We're the highest in the world. Number two, get regulators and regulations to recognize their job is not to burden the-- the private enterprise system, but to encourage it. Number three, to have trade policies that make sense for America, not just for the people with whom we trade.

This president has not done that. And China, that's been cheating, has to be cracked down on. Number four, we have to have energy policies that take advantage of our extraordinary energy resources. Number five, the rule of law, and the Boeing-- effort on the part of the N.L.R.B. violated that. Number six, grade institutions to create human capital, and number seven, finally a government that doesn't spend more money than it takes in.

DIANE SAWYER: And Congressman Paul, a number as a time frame and an idea.

RON PAUL: My -- approach is slightly different. Where I think all for less taxes and less regulations, we recognize this. But I emphasize the fact that you have to know why we have a recession, and why we have unemployment before you can solve the problem. And the re-- the financial bubbles are created by excessive credit and stimulation by the Federal Reserve. And then you have bubbles and you have to have a correction.

The-- this stimulus creates es-- excessive debt and malinvestment. As long as you don't correct that and you maintain the debt and the malinvestment, you can't get back to economic growth again. Unfortunately, so far what we have done, is we have not liquidated the debt, we have dumped the debt on the American people through TARP funding and-- and as well as the Federal Reserve.

So the debt is dumped on the people. And what did we do? We bailed out the people that were benefiting during the formation of the bubble. So as long as we do that, we're not gonna have economic growth. We-- you did the same thing in the Depression, the Japanese are doing it right now, so it's time we liquidate the debt and look at monetary policy. And then, of course, lower taxes. And I would like to-- do in the first year, cut \$1 trillion, 'cause that is the culprit, big spending and big government.

DIANE SAWYER: I wanna come back to those of you with another direct question of whether there is a number of jobs that can be created and a time frame you can tell the American people you can do it in. But I want to turn to Governor Perry for your distinguishing idea.

RICK PERRY: Yeah, the distinguishing mark is-- a tax policy that puts a flat tax in place of-- 20%. And you-- as they've said, you get rid of the regulatory burden that's killing people. And I have a record of doing that as the governor of the state of Texas over the last 11 years. We created over a million jobs in that state while America lost over two million jobs.

So there's a very clear blueprint of how to make this work. But I wanna talk about one other issue, and-- and Congressman Paul touched on it. And it's this idea, I can-- I can on a map diagram the problem that we've got in America today. And it d-- it's this direct line between Washington D.C. and Wall Street. And it's the corruption that's gone on. It's the idea of TARP. It's the idea of \$7.7 trillion that we didn't even know was being put into these peoples and these banks.

That's what Americans are really upset with. And it's gonna take an outsider who can come in to put in the model of taxes and regulation. And-- and be able to balance that budget by the year 2020 with 18% of G.D.P. That's what the American people want, and an outsider like Rick Perry is gonna do that.

DIANE SAWYER: All right, Congresswoman Bachmann?

MICHELE BACHMANN: Well-- one of our former competitors was Herman Cain and he always reminded us of the 9-9-9 plan. And what I would like to do is have the Win-Win-Win plan. And the way that we can do that is first addressing the tax code. I'm a former federal tax lawyer. And that literally, we will create millions of dollars if we abolish the tax code and embrace a pro-growth policy not only by lowering the rates for businesses, but by individuals as well.

And making it a tax code that applies fairly and the same to all Americans. That's very important. And something else I wanna do with my tax code policy is make sure that everyone pays something. Because today, 47% of the American people pay nothing in federal income tax. Everyone benefits by the country, they need to pay. But also, one of my "Win" points is with American energy production.

If we legalize American energy, we'll create 1.4 million jobs in just a few years' time. And here's something we-- else that we can do under the "Win" plan. We can cut government bureaucracy, which is ObamaCare. N.F.I.B. tells us, that's the small business agency, that we will lose 1.6 million jobs over five years if we keep ObamaCare. I wanna-- I am committed to repealing ObamaCare, Dodd-Frank, cutting out the E.P.A., and we'll save millions of jobs if we do that.

RICK SANTORUM: Well, I was just down in Fremont County, which is down in the far southwest corner of the state, and they just lost about, a couple hundred jobs at a ConAgra plant down there. And Governor Branstad and Lieutenant Governor Reynolds understand, that's why they asked us to have a forum here in Pella a few weeks ago on manufacturing.

They understand that the heartland of America is suffering because the manufacturing economy of this country continues to go down. We used to have 21% of people employed in this country in manufacturing, it's now nine. And it hurts disproportionately small town and rural America. So what I learned from traveling around Iowa is we had to get a plan together that'll revitalize manufacturing.

So I took the corporate tax, not the 12%. I zeroed it out for all manufacturers. We want manufacture, we want "Made in the U.S.A." to be the moniker under my administration. We want an administra-- we want-- to put a platform together that's gonna repeal regulations that are crushing our-- our b-- manufacturers and businesses. I'll repeal, one thing a president can do, he can't pass a law, but he can repeal regulations.

And Barack Obama has given us-- a bevy of regulations that need to be repealed, starting with a lot of our energy regulations that driving up our energy costs. That's another part of d-- of the plan, is to-- to make sure we have lower electricity rates, that we have oil and gas drilling going on here, so manufacturing can afford to be here. You put together that plan, we will get-- not only revitalize the economy, we'll-- we'll take care of an area of the ec-- of this country that has suffered in-- in recent times. And that's rural and small-town America.

DIANE SAWYER: I just wanna point out, I think that Governor Romney is the only one who actually gave a four-year, first-term number, which was again, 11.5 million jobs. Wondered if anyone else wanted to come in with a four-year, first-term promise for the American people.

RICK SANTORUM: --I-- I-- I-- I'm not gonna make a promise, because I don't believe you s-- I don't believe that government can sit there and-- and-- and from the top down dictate how many jobs are here. What we can do is we can create an atmosphere for businesses to thrive. And we know what that means. Less regulation, where-- a regulation that works for-- for-- for businesses, taxation that makes us competitive, a litigation environment that makes us competitive.

You create the platform. You create the-- you create that petri dish, you'll get lots of things growing there. And I don't need-- some government bean counter to tell us we've got a right-- right program to be able to c-- create jobs in this country.

DIANE SAWYER: I wanna move on if I can, to another question which represents some of the urgent and tough choices presidents have to make, because this one is coming up soon, December 31st. And it is the payroll tax cut. And as we know, the payroll tax cut, which funds the Social Security-- fund in this country is part of the argument, part of the debate, part of the consideration about the economy in this country right now.

And-- by some estimates, if this tax cut expires on December 31st, it could add as much as \$1,000 to the tax burden of American working families. And I know you are divided down the middle, if I can turn to you, Congresswoman Bachmann, and we know that you are a tax attorney, and-- you're familiar with these issues. Should this tax cut go?

MICHELE BACHMANN: Well, I-- this tax shouldn't-- cut shouldn't have been put in the first place, the payroll tax extension, because last December, I fought against this. And I encouraged my colleagues not to go down this road. This is President Obama's plan, a temporary gimmick, not permanent solution. That's what the business community is looking for.

That's where real jobs will be created. The reason why this is so detrimental to the economy as well is that this blew a hole, in other words, it took away \$111 billion away from the Social Security Trust Fund. This is a very real issue for senior citizens, because we have to pay the Social Security checks that are going out.

I'm completely different from b-- Barack Obama on this issue. I don't agree with Barack Obama. We have candidates on this stage that are standing with Barack Obama on this issue. But this year alone, it-- this will also cost the Social Security Trust Fund another \$112 billion. And we don't have enough money this year in the Social Security Trust Fund to put out those checks.

Which means, we have to go to the General Treasury to get the money. And trust me, when you open the door to the General Treasury, the only thing that comes out are moths and feathers. There's nothing in there. So we have to recognize, we can't spend money that we don't have. And that's what Barack Obama's trying to do. Temporary gimmicks, not permanent solutions--

DIANE SAWYER: But (UNINTEL) is a decision that does have to be made in three weeks. And Governor Romney, you have said it's a "temporary Band-Aid," but you have indicated that you are in favor of keeping it. So how do you differ from Congresswoman Bachmann? Is it worth it?

MITT ROMNEY: Well, I don't wanna raise taxes on people-- particularly people in the middle class that are suffering right now under the Obama economy. It's a temporary tax-- cut, and it'll help people in a d-- very difficult time. But-- but let's-- let's recognize, this is just a Band-Aid.

The extraordinary thing is, we have a president who's been in office three years with a fiscal crisis and a jobs crisis. The-- these unemployment numbers we're seeing, they're not just statistics, they're real people.

They're young people that can't start their lives, can't go to college, they're people in their 50s that expected to be in their big earning years, and they're not gonna be able to-- to have the-- the kind of future they hope for.

And-- and this is a president who has not, at this stage, put forward a plan to get this economy going again. All he does is talk about little Band-Aids here and there throwing gasoline on a fire, on a few embers. The right thing to do is to talk about how he's gonna make America competitive again. I spoke with businesspeople all over the country and have been one myself for 25 years.

People aren't investing in America because this president has made America a less attractive place for investing and hiring than other places in the world. That's got to change. And it's a shame that we've got a president who thinks that being hands-on in the economy means working on his golf cred. You know, the-- the-- the right course for America is to have a president who understands the economy and will make that his-- his focus and put in place a plan to get this economy going.

GEORGE STEPHANOPOULOS: Yeah, you're the only one I-- what is your position on it?

RICK PERRY: Is there a Social Security Trust Fund and-- or not? And is the Social Security system gonna be funded by payroll taxes or not? And the President of the United States runs around and talks about how Republicans don't care about Social Security and how they're gonna-- they're gonna rip apart the Social Security system, and he's the one defunding the Social Security system.

We're either gonna have a serious debate on how to fix Social Security, and we're not gonna do it by taking resources away from Social Security to pay benefits. So I'm-- I'm all for tax cuts, I-- I mean, I'll welcome the president to sit down with-- Republicans in Congress to work on a tax cut that's gonna create growth in the economy. But to-- to take the Social Security Trust Fund that is-- that is so sacrosanct to the Democrats when it comes for election time.

And then to use that as a tax and then try to beat up Republicans for-- for not supporting the tax cut is-- is absurd. You either care about Social Security and you wanna fund it, or you don't.

GEORGE STEPHANOPOULOS: So it's very divided. Three and three, Congressman Paul, 30 seconds rebuttal, Senate--

RON PAUL: Well-- well I want to-- extend the tax cut, because if you don't, you raise the taxes. But I wanna pay for it. And it's not that difficult. In my proposal, in my budget, I wanna cut hundreds of billions of dollars from overseas. The trust fund is gone. But how are we gonna restore it? We have to quit the spending. We have to quit this being the policemen of the world.

We don't need another war in Syria and another war in Iran. Just get rid of the embassy in Baghdad. We're pretending we're comin' home from Baghdad. We built an embassy there that cost a billion dollars and we're putting 17,000 contractors in there, pretending our troops are coming home. I could save--

GEORGE STEPHANOPOULOS: As I said, I do wanna broaden this out, and all of you have been debating for the past several months-- two big questions for this nomination fight. Who has the most consistent conservative candidate among you, and which of you is best able to defeat President Obama? And Governor Romney, Speaker Gingrich crystallized his argument a couple of weeks ago. He said, and I quote, "I'm a lot more conservative than Mitt Romney, and a lot more electable than anyone else." (LAUGH) I know you don't agree with that thought. (LAUGH)

MITT ROMNEY: Well, of course I don't agree with that. (LAUGHTER) I don't think most people agree with that. Speaker Gingrich has been in government for a long time and we can look at his record, we can look at my record. But really, this is more about-- about us talking about what we believe. And w-- and whether

we can lead the country at a time when-- when we need to restore the kind of values that make America the greatest nation on Earth.

We have in Washington a president who believes in a fundamental transformation of America into an entitlement society. Where the government takes for some from some and gives to everybody else. And the only people that do real well in that setting are the people in the government. This nation was founded on the principle of being a merit society, where education, hard work, risk taking, have lifted certain individual, and they have helped lift-- lift the entire nation.

That's what's going on today. And the reason I oughta be the nominee of our party is I believe I can take that message to our president and to the American people. And they'll say, "Mitt Romney understands the economy 'cause he's lived in it." I understand a merit-based society, I believe in the principles that made America the greatest nation on Earth. And Speaker Gingrich and I have a lot of places where we disagree, we'll talk about those--

GEORGE STEPHANOPOULOS: Why don't you name them?

MITT ROMNEY: What, places where we disagree? Let's see-- we can start with-- with his idea to-- to have-- a lunar colony that would mine-- minerals from the-- from the moon, I'm not in favor of spendin' that kinda money-- to do that. (LAUGHTER) He said that he would-- he would like to-- eliminate in some cases the child labor laws so that kids could clean schools. I don't agree with that-- that idea.

His plan in capital gains, to remove capital gains for people-- at the very highest level of income is different than mine. I'd-- I'd-- eliminate capital gains, interest, and dividends for people in middle income. So-- we have differences of viewpoint on-- on some issues. But-- but the real difference, I believe, is our backgrounds. I spent my life in the private sector.

I-- I understand how the economy works. And I believe that for Americans to-- to say goodbye to President Obama and elect a Republican, they need to have confidence that the person they're electing knows how to make this economy work again and create jobs for the American middle class.

GEORGE STEPHANOPOULOS: Your response?

NEWT GINGRICH: (THROAT CLEAR) Just a second. You had four allegations, do I get four responses?

GEORGE STEPHANOPOULOS: Take your time. (LAUGHTER)

NEWT GINGRICH: Okay. Let's start with the last one, let-- let's be candid. The only reason you didn't become a career politician is you lost to Teddy Kennedy in 1994. (LAUGHTER)

MITT ROMNEY: Now-- now wait a second, that-- (AUDIENCE BOOING) I mean you'll-- Okay, go ahead.

GEORGE STEPHANOPOULOS: --you'll get another response, go ahead.

NEWT GINGRICH: No, and I'm just saying, I've-- I looked at it, I thought, you know, I'm a citizen, I've served the country in many ways, you're a citizen, you served the country in many ways. But it's a bit much, you'da been a 17-year career politician by now, if you'd won. That's-- that's all I'm saying on that one.

Now number two, I'm proud of trying to find things that give young people a reason to study science and math and technology and telling them that some day in their lifetime, they could dream of going to the moon, they could dream of going to Mars. I grew up in a generation where the space program was real, where it was important, and where frankly it is tragic that NASA has been so bureaucratized, aims at you-- Iowa-- Iowa State's a perfect example.

Iowa State's doing brilliant things, attracting brilliant students. I wanna give them places to go and things to do. And I'm happy to defend the idea that America should be in space and should be there in an aggressive, entrepreneurial way. Third, as to schools, I think virtually every person up here worked at a young age. What I suggested was, kids oughta be allowed to work part-time in school, particularly in the poorest neighborhoods, both because they could use the money.

If you take one-half of the New York janitors who are unionized and paid more than the teachers, an entry-level janitor gets paid twice as much as an entry-level teacher. You take half of those janitors, you could give virtually-- you could give lots of poor kids a work experience in the cafeteria and the school library and-- and front office, and a lot of different things.

I'll stand by the idea, young people oughta learn how to work. Middle class kids do it routinely. We should give poor kids the same chance to pursue happiness. Finally (APPLAUSE) on-- finally on capital gains taxes I asked you about this at Dartmouth (?). I'm astonished, you're a businessman. You wanna create jobs. A \$200,000 cap on or capital gains tax cut is lower than Obama.

GEORGE STEPHANOPOULOS: Governor Romney, your response, then I wanna bring in the others.

MITT ROMNEY: Yeah, yeah. My proposal actually does create 11.5 million jobs, and it does so by a higher-- a G.D.P. growth rate than we've seen over these last Obama years. And-- and in my view, the place that we could spend our precious tax dollars for a tax cut is on the middle class, that's been most hurt by the Obama economy. That's where I wanna eliminate taxes on interest dividends and capital gains.

And with regards to the idea that if I'da beaten Ted Kennedy I coulda been a career politician, that's probably true. If I would've been able to get in the NFL liked I hope when I was a kid, why, I woulda been a football star all my life too, (LAUGHTER) but-- but I-- but I-- (APPLAUSE) I spent-- I spent my life in the private sector. Losing to pl-- Teddy Kennedy was probably the best thing I coulda done for-- for preparing me for the job I'm seeking, because it-- it put me back in the private sector. I worked in the private sector, I learned lessons that are desperately needed in Washington.

MITT ROMNEY: We don't need-- we don't need folks who are lifetime-- lifetime Washington people to-- to-- to get this country out of the mess it's in. We need people from outside Washington, outside K Street. And by the way, one more thing, to have kids work in the-- in the library and to-- and to help out in school and to clean the blackboards does not require changing our-- our-- our child labor laws in this country. We of course should encourage more kids to--

GEORGE STEPHANOPOULOS: Quite tough on Speaker Gingrich here in Iowa this week, accusing him of quote, and this is a quote from your ad, "serial hypocrisy." Why do you think Speaker Gingrich is a hypocrite?

RON PAUL: Well, he's been on different positions, you know, on so many issues. You know, single payer-- he's taken some positions that are not conservative. He-- he supported the TARP funds. And-- the other-- really annoy-- should've (LAUGH) annoyed a lot of people, he received a lot of money from Freddie Mac. Now, Freddie Mac is essentially a government organization.

While he was earning a lot of money from Freddie Mac, I was fighting over a decade to try to explain to people where the housing bubble was coming from. So Freddie Mac is bailed out by the tax payers. So in a way, Newt, I think you probably (LAUGH) got some of our tax payer's money. They g-- they got taxed, and they got money on, and they're still getting bailed out.

But-- you're a spokesman for 'em and you received money for 'em, so I think-- I think this is-- something that-- the people oughta know about. But there's been many positions, and you have admitted many of the positions where you have changed positions. But-- you know, if you were lookin' for a consistent position, you know, I-- I think there's gonna be a little bit of trouble anybody competing with me on consistency. (LAUGHTER) (APPLAUSE)

(OFF-MIC CONVERSATION)

NEWT GINGRICH: Well, first of all, as you say in your own, normally in your own speeches, the housing bubble came from the Federal Reserve inflating the money supply. Now, that's the core of the housing bubble and I happen to be with you on auditing the Fed and on fund-- and frankly on firing Bernanke. Second, I was never a spokesman for any agency, I never did any lobbying for any agency. I offered strategic advice. I was in the private sector. And I was doing things (LAUGHTER) in the private sector.

RON PAUL: Oh come-- okay, okay. (LAUGHTER) (APPLAUSE)

NEWT GINGRICH: And-- and when you're in the private sector, and you have a company and you offer advice like McKinsey does, like a bunch of other companies do, you're allowed to charge money for it.

GEORGE STEPHANOPOULOS: All right--

NEWT GINGRICH: Ca-- ca-- it's called free enterprise.

RON PAUL: It's the tax payer's money though, we had to bail these people out--

NEWT GINGRICH: Well I was-- I'm not for bailing them out, in fact, I'm for breaking them up.

GEORGE STEPHANOPOULOS: Let me bring Congresswoman Bachmann in on this, because you make similar accusations against Speaker Gingrich. You called him a "poster boy of crony capitalism." Did he answer your concerns?

MICHELE BACHMANN: Well, when you're talking about taking over \$100 million, and when your office is on the Rodeo Drive of Washington D.C., which is K Street, and you're taking money to influence the outcome of legislation in Washington, that's the epitome of the establishment, that's the epitome of a consummate insider. But your question was, who's the proven con-- constitutional conservative in this race, and that would be me.

I'm 55 years old, I've spent 50 years in the real world as a private business woman living real life and-- and building a real business. But you have to take a look at the candidates that-- that are on the stage. You started out with Mitt Romney with Newt Gan-- Gingrich, asking them about whether or not they're the conservative in this race.

But you have to take a look. You-- when you look at Newt Gingrich, for 20 years, he's been advocating for the individual mandate in healthcare. That's-- that's longer than Barack Obama. Or if you look at Mitt Romney as the governor of Massachusetts, he's the only governor that put into place socialized medicine. No other governor did. Our nominee has to stand on a stage and debate Barack Obama and be completely different.

I led 40,000 Americans to Washington D.C., to the Capitol, to fight ObamaCare. I didn't advocate for it. If you look at-- at-- at Newt/Romney, they were for ObamaCare principles. If you look at Newt/Romney, they were for cap and trade. If you look at Newt/Romney, they were for the illegal immigration problem. And if you look at (LAUGH) Newt/Romney, they were for the \$700 billion bailout. And you just heard Newt/Romney is also with Obama on the issue of the payroll extension.

GEORGE STEPHANOPOULOS: Okay.

MICHELE BACHMANN: So if you want a difference, Michele Bachmann is the proven conservative. It's not Newt/Romney.

GEORGE STEPHANOPOULOS: You threw-- you threw a lot out there. (APPLAUSE) So let's get both-- both of them a chance to respond, Speaker Gingrich, you go first, because you were in there twice-- also on r-- on-- Romney, and then--

NEWT GINGRICH: Okay-- those four points--

GEORGE STEPHANOPOULOS: --Senator Romney, right go ahead.

NEWT GINGRICH: Well, Michele, you know, a lot of what you say just isn't true, period. I have never-- I have-- I oppose cap and trade, I testified against it, the same day that Al Gore testified for it. I helped defeat it in the Senate through American solutions. It is simply untrue. I fought against ObamaCare at every step of the way. I did it with-- the Center for Health Transformation was actively opposed, we actively campaigned against it.

You know, I think it's important for you, and the-- this is fair game, and everybody gets to-- to-- to pick fights. It's important that you be accurate when you say these things. Those are not true. And most of the money I made, frankly, I made in ways that are totally-- had nothing to do with anything you've described. I did no lobbying, no representation. And frankly, my-- my speech-- my-- my speech money and other things I did, they had nothing to do with that.

It was a lot larger source of income. So, you know, I've had 24 books and I've had 13 New York Times best-sellers. Now-- that was not people who wanted influence running around buying my books. I know that doesn't fit your model, it happens to be true.

MICHELE BACHMANN: Can I respond? (APPLAUSE)

GEORGE STEPHANOPOULOS: Thirty seconds, then Governor Romney.

MICHELE BACHMANN: Well you'd have to go back to 1993 when Newt first advocated for the individual mandate in healthcare, and as recently as May of this year, he was still advocating for the individual mandate in healthcare. And Governor Romney sent his team to the White House to meet with President Obama to teach them how to spread the RomneyCare model across the nation. That's why I say, Newt/Romney, you've got to have our nominee as someone who is a stark, distinct difference with President Obama.

Who can go toe to toe and hold him accountable. President Obama knows me in Washington D.C. I've taken him on on issue after issue. Our nominee has to be willing to not agree with Barack Obama the-- on these issues, but stand 180° opposite of all the candidates on this stage I've been fighting President Obama for every year that I've been there, and I've taken him on. And I will take him on in the debate and defeat him.

GEORGE STEPHANOPOULOS: Governor Romney. (APPLAUSE)

MITT ROMNEY: I know Newt Gingrich. And Newt Gingrich is a friend of mine. But, he and I are not clones, I promise. (LAUGH) That-- that is not the case. So this Newt Gingrich thing, we gotta get that out of our mind altogether-- Newt and Romney thing, sorry. Let-- let me say this about-- about health care. One, I didn't send a team of anybody to meet with Barack Obama. I wish he'd have given me a call. I wish when he was putting together his health care plan, he'd have had the courtesy and-- and perhaps the judgment to say, "Let me-- let me talk to a governor. Let's talk to somebody who's dealt with a real problem that-- that understands this topic," and get on the phone.

I'd have said (BACKGROUND VOICE), "Mr. President, you're going down a very, very bad path. Do not continue going down that path because what you're gonna do is you're gonna raise taxes on the American people. You're gonna cut Medicare. Let's not forget, only one president has ever cut Medicare for seniors in this country, and it's Barack Obama. We're gonna remind him of that time and time again.

And finally, the plan we put in place in Massachusetts, it deals with the 8% of our people who didn't have insurance. The 92% of people who did have insurance, nothing changes for them. If I'm President of the United States, we're gonna get rid of ObamaCare and return, under our constitution, the 10th Amendment, the responsibility and care of health care to the people in the states.

GEORGE STEPHANOPOULOS: I wanna bring Governor Perry-- (APPLAUSE) you've heard this argument, I wonder which side you come down on.

RICK PERRY: Yeah, well, I-- I'm-- I'm stunned, 'cause-- the fact of the matter is, you know, Michele kinda hit the nail on the head when we talked about the individual mandate. Both of these gentlemen have been for the-- individual mandate. And I'm even more stunned, Mitt, that you said you wished you could've talked to Obama and said-- "You're goin' down the wrong path," because that is exactly the path that you've taken Massachusetts. The Beacon Hill study itself said that there's been 18,000 jobs lost because of that individual mandate.

The study continued to say that there've been over \$8 billion of additional cost. I wish you coulda had the conversation with the people of Massachusetts a long time before that phone call would've been with-- the-- President Obama, 'cause the fact of the matter is, you're for individual mandate. And you can get up and stand-- up and talk about, you know, "I'm against it now. And I'm gonna-- rescind ObamaCare. I'm gonna repeal ObamaCare." But the record is very clear. You and Newt were for individual mandates. And that is the problem. And the question is then, "Who can stand on the stage, look Obama in the eye, and say, 'ObamaCare is an abomination for this country,?'" And I'm gonna do that. And I can take that fight to him and win that fight.

DIANE SAWYER: Governor Romney, (INAUDIBLE). (APPLAUSE)

MITT ROMNEY: A good deal of what you said was right. Some was wrong. Speaker Gingrich said that he was for a federal individual mandate. That's something I've always opposed. What we did in our state was designed by the people in our state for the needs of our state. You believe in the 10th Amendment. I believe in the 10th Amendment. The people of Massachusetts favor our plan three to one. They don't like it, they can get rid of it. (COUGH) That's the great thing about (COUGH) a democracy, where individuals under the 10th Amendment have the power to craft their own solutions.

By the way, the-- the problem with President Obama's plan is it does three things we didn't in my opinion, among others. I understand we disagree on this. But among others, one, it raises taxes by \$500 billion. We (NOISE) didn't raise taxes. Two, it cuts Medicare by \$500 billion. We didn't do that, either. And three, it doesn't just deal with the people that don't have insurance. It's a 2,000-page bill that takes over health care for all the American people. It is wrong for health care. It's wrong for the American people. It's unconstitutional. And I'm absolutely adamantly opposed to ObamaCare.

And if I'm the President of the United States, I will return to the people and the states the power they have under the constitution and they can craft the solutions they think are best for them. And my view-- you had a mandate in your state. You mandate that girls at 12 years old had to get a vaccination for-- for a sexually-transmitted disease. So it's not like we have this big difference on mandates. We had different things we mandated over. I-- I wanted to give people health insurance. You want to get young girls-- a vaccine. There are differences.

DIANE SAWYER: Governor, if we could ask Speaker Gingrich to respond.

NEWT GINGRICH: Yeah, I-- I just wanna make one point that's historical. (CLEARS THROAT) In 1993, in fighting HillaryCare, virtually every conservative saw the mandate as a less-dangerous future than what Hillary was trying to do. The Heritage Foundation was a major advocate of it. After HillaryCare disappeared it became more and more obvious that mandates have all sorts of problems built into them. People gradually tried to find other techniques. I frankly was floundering, trying to find a way to make sure that people who could afford it were paying their hospital bills while still leaving an out so libertarians to not buy insurance. And that's what we're wrestling with. It's now clear that the mandate, I think, is clearly unconstitutional. But, it started as a conservative effort to stop HillaryCare in the 1990s.

RICK PERRY: I'm-- I'm-- (THROAT CLEARING) I'm listenin' to you, Mitt, and I'm hearin' you say all the right things. But I read your first book and it said in there that your mandate in Massachusetts which should be the model for the country. And I know it came out of-- of the-- the reprint of the book. But, you know, I'm just sayin', you were for individual mandates, my friend.

MITT ROMNEY: You know what? You've raised that before, Rick. And-- you're simply wrong.

RICK PERRY: It-- it-- it was true then. (CHUCKLE) It's true now.

MITT ROMNEY: That-- now, this-- Rick, I'll-- I'll tell you what. (CHUCKLE) 10,000 bucks-- (APPLAUSE) \$10,000 bet?

RICK PERRY: I'm not in the bettin' business, but, okay.

MITT ROMNEY: Oh, I-- I'll--

RICK PERRY: I'll show you the-- I'll-- I'll-- I'll show you the book.

MITT ROMNEY: I wrote-- I've got the book. And--

RICK PERRY: And we'll show-- (LAUGH)

MITT ROMNEY: And I-- and I-- and I wrote the book. And I haven't-- and chapter seven is a section called The Massachusetts Model. And I say as close as I can quote, I say, "In my view, each state should be able to-- to fashion their own program for the specific needs of their distinct citizens." And then I go on to talk about the states being the laboratories of democracy. And we could learn from one another. I have not said, in that book, first edition or the latest edition, anything about our plan being a national mo-- model imposed on the nation.

The right course for America, and I said this durin' the debates the last time around, I'll say it now and time again, is to let individual states-- this is a remarkable nation. This idea of federalism is so extraordinary. Let states craft their own solutions. Don't have ObamaCare put on us by the federal government.

MICHELE BACHMANN: George and Diane, can I just say something? This is such an important issue. We have one shot to get rid of ObamaCare, that's it. It is 2012. Do we honestly believe that two men who've just stood on this stage and defended RomneyCare when it was put in place in Massachusetts and the individual mandate when he proposed it in 1993, are they honestly going to get rid of it in 2012?

MITT ROMNEY/NEWT GINGRICH: Yes.

MICHELE BACHMANN: This is going to be a very-- (LAUGH) but, I don't think so. (CHEERING) It's gonna be a very heavy lift.

GEORGE STEPHANOPOULOS: I gotta get Senator Santorum in here.

MICHELE BACHMANN: It's gonna be a very heavy lift.

GEORGE STEPHANOPOULOS: Senator.

RICK SANTORUM: This is not about what you say at a debate or what you say in a campaign when you're talking to audiences that you wanna get-- that you-- that you know what you wanna hear. Back in 1994 when they would-- I was running for the United States Senate and I did not support an individual mandate and I was a conservative, I supported something called Medical Savings Accounts that I drafted with John Kasich when I was in the House because I believe in bottom-up solving the problems in America, not top-down government solutions.

That's what I learned-- I actually learned it, some of it, in listening to some of your GOPAC tapes. But, you've strayed on that issue, as you have on others. The record is important. But what the question was about a consistent conservative, well, you can't talk about whether someone's consistent unless you look at their record. And I'd agree with Michele. I mean, I think Michele has been consistent in-- as-- as a consistent conservative. But, she's been fighting and losing. I fought and won. I was in the United States Senate and I fought and-- and passed Welfare Reform. It-- I was the principal author when I was in the United States House and was-- and-- and managed the bill on the floor of the United States Senate.

I was the-- leader on-- on pro-life issues and pro-family issues. And I fought those issues and endured tough debates and won. I went out and fought on na-- national security issues, conservative things like putting sanctions on Iran. And again, the consistent track record of being there in good times and in bad, and I think you heard the difference-- you're not gonna hear them talk about all the positions I took and flip-flopped on. I was there. I led. And I won.

And if you're lookin' for someone who can be a consistent conservative, and there's others on this platform, but who can lead the fight, win the issues, and plus, win in states that are important for us to win elections like Pennsylvania and--

GEORGE STEPHANOPOULOS: I-- I-- I'm tryin' to be-- we've tried to-- I'll-- I'll-- I'll risk using the word, we've tried to be liberal with the time. But, the time (LAUGH)-- (UNINTEL)close as we can. We-- and we are running up against a commercial break, but it did invoke you kinda swimming backwards, so 30 seconds to respond.

MICHELE BACHMANN: Well, you know, I think the important thing to know is that you fight and that you lead. And I led when I-- I was-- when I was in the United States Congress, we were in the minority. Nancy Pelosi wasn't interested in my pro-- pro-- pro-- growth policy on health care. But, I didn't sit on my hands. I saw what was happening to this country. Our country was going to lose because of socialized medicine.

And so I did everything I could, including bringing and leading 40,000 people to the Capitol to get the attention of the-- of the Congress to get rid of ObamaCare. As President of the United States, my proven consistent record will be that I will take on every special interest. I will take on K Street. And I will pre-lobby. And I'll make sure that I help elect 13 more Republican U.S. Senators so we have 60 senators in the Senate, a full complement in the House. And I won't rest until we repeal ObamaCare. You can take it to the bank.

RICK SANTORUM: But, if I can-- if I can res-- if I can respond to that, because she referenced that-- she referenced there (BACKGROUND VOICE) are differences between the two of us, I was in the minority in the House of Representatives, too. And along with Jim Nussle from here in Iowa, I-- we formed a-- a group called the Gang of Seven and we won. We exposed the House banking scandal. We overturned a huge scandal. We-- we sent the-- eventually sent the Chairman of the Ways and Means Committee, Dan Rostenkowski ended up in jail, because, no, we didn't just fight. But we fight and we figured out a way to win, even in the minority.

DIANE SAWYER: And we wanna thank all of you. And again, these are the rules that you set up. We wanna be fair. And we wanna hear everything you have to say. These issues are so important. But, it really does help if you stick to the rules that were agreed on. And we appreciate that. And if-- we could, when we come back, we're gonna tackle some other very big issues, immigration, big questions about foreign policy, and also one about states and family values. And that will be when we come back. (MUSIC)

ANNOUNCER: You're watching live ABC News coverage of the Iowa Republican Party debate. (MUSIC)

(COMMERCIAL BREAK)

MITT ROMNEY: (MUSIC) The real difference, I believe, is our backgrounds. I spent my life in the private sector. I understand how the economy works. And I believe that for Americans to-- to say goodbye to

President Obama and elect a Republican, they need to have confidence that the person they're electing knows how to make this economy work again and create jobs for the American middle class.

GEORGE STEPHANOPOULOS: Your response?

NEWT GINGRICH: (CLEARS THROAT) Just a second. We had four allegations. Do I get four responses?

GEORGE STEPHANOPOULOS: Take your time. (THROAT CLEARING) (CHUCKLE)

NEWT GINGRICH: Okay. Let's-- let's start with the last one. Let's be candid. The only reason you didn't become a career politician is you lost to Teddy Kennedy in 1994. (BOOS)

MITT ROMNEY: Now-- now wait a second, now wait a second. That's-- that was-- that was--

GEORGE STEPHANOPOULOS: That was-- you'll-- you'll get another response, go ahead.

NEWT GINGRICH: Do-- do I get to go ahead and continue?

MICHELE BACHMANN: You want a difference, Michele Bachmann is a proven conservative. It's not Newt Romney.

MALE VOICE: You threw-- you threw a lot out there. (APPLAUSE)

ANNOUNCER: Back live from Des Moines, Iowa (INAUDIBLE).

(OFF-MIC CONVERSATION)

ANNOUNCER: Live from Drake University in Des Moines, Iowa, once again, Diane Sawyer and George Stephanopoulos.

GEORGE STEPHANOPOULOS: We are back. It has been a rocking debate so far. And we want to get to another issue that you all talked about extensively in this campaign, and that is values, family, and faith. Governor Romney and Governor Perry, you both made it a feature of ads you ran in Iowa this week, which leads to this question from our partners at the Des Moines Register. And we're gonna show it up on the screen. "Should voters consider marital fidelity in making their choices for president?" And-- and Governor Perry, in South Carolina this week you said this is an important issue. Why?

RICK PERRY: Well-- it-- I said that-- not only did I make a vow to my wife, but I made a vow to God. And-- that's pretty heavy liftin' in my book. When I make a vow to God-- then-- I would suggest to you that's-- even stronger than a handshake in Texas. (APPLAUSE)

GEORGE STEPHANOPOULOS: The question is-- is about its relevance to the presidential race. So, let me just follow up quickly. Do you think a candidate who breaks his marital vows is more likely to break faith with voters?

RICK PERRY: Well, you know, I-- I think the voters are wise enough to figure that one out. I've always kind of been of the opinion that-- if you cheat on your wife, you'll cheat on your business partner. So-- I think that-- issue of fidelity is-- important. I mean, it's-- it-- it's a characteristic of which people look at-- individuals, whether it's in their business lives or whether it's in their personal lives, or whether it's pickin' someone that-- served-- in public office for them.

Individuals who have been-- fidelit-- in-- in fidelity with-- with their spouse-- I think that sends a very powerful message. If you will cheat on your wife, if you will cheat on your spouse, then why wouldn't you cheat on your business partner or why wouldn't you cheat on anybody for that matter?

GEORGE STEPHANOPOULOS: Senator Santorum, you ran this week, last Sunday, and you-- summed up your position of character counts. You said this is relevant as well.

RICK SANTORUM: I-- I think character issues do count. And I think-- all-- all of-- all of your record-- personal as well as political record is there-- for the public to look at. I would not say it's a disqualifier. I wouldn't go that far. I think people make mistakes and-- you are held accountable to those mistakes and-- the public can listen to-- the circumstances and-- and make their decision.

But certainly, it's a factor. And it-- and it should be a factor. You're electing a leader. You're electing someone that trust is everything, and particularly in this election. This election, the people of this-- of Iowa-- I hear this all the time. Who can we trust? And I-- I go out and talk about my record. I talk about the fact that I've been married 21 years and have seven children.

I talk about the fact that I'm-- I have a record of consistent-- and-- and conservative politics. I talk about-- you know, my past. I think that's important, and for the people to go and determine whether they're trustworthy enough to earn their support.

GEORGE STEPHANOPOULOS: Congressman Paul, what's your view on this?

RON PAUL: You know, I think character is, obviously-- very important. I-- I don't think it should be necessary to have to talk about it. I think it should show through in the way we live. And I think it should show through in-- in a marriage. And I happen to have been married for 54 years and family person. But, I don't think we should have to talk about it. But, you know what? (UNINTEL) is-- every bit as important. It-- if your marriage vows are important, what about our oath of office? That's what really gets to me.

That's where you're really on the line as a public figure. And that's where I think a lot of people come up real short. Because there's many times that I have been forced to Congress because I take my oath very seriously. I am up sometimes, believe it or not, voting all by myself (CHUCKLE) thinking that, "Why aren't there people paying att-- why don't they read Article One, Section Eight?" You know, if-- if we took that oath of office seriously in Washington, we'd get rid of 80% of the government.

The budget would be balanced. We'd have sound money. And we would have prosperity. And we wouldn't be the policemen of the world. We wouldn't have a Federal Reserve System, and we wouldn't be invading the privacy of every single individual in this country with bills like the Patriot Act. We'd have a free society and a prosperous society. (APPLAUSE)

GEORGE STEPHANOPOULOS: Governor Romney, you-- you chose to make your family and your faith-- the feature of your first ad here in Iowa this week. Why?

MITT ROMNEY: Well, actually-- the president, President Obama's PAC-- came out with an ad attacking me-- and said that I'm-- I'm not a person of core values, I'm not-- I don't have a core. And we said-- you know in my prior campaigns I've come out with ads that show who I am and why I've gotten in this race. And that relates to my family and my kids. I'm really concerned about America. I think the issue people have to concentrate on is-- is, "Who can lead America to a place where we-- we don't become a Greece or an Italy?"

Because, frankly, that's the path we're on. That's where we're going. Who can make sure that America's values, our merit-based society, continues to be the-- the hallmark of what allows our economy to create jobs? Who can make sure that it's good to be middle class in America again? Who can make sure that America is the job-creating engine it once w-- once was? Who can make sure that the kids going to school know that when they get outta school, they're gonna have a job waiting for them that meets the-- the-- the kinda skills that they've created?

I-- I believe I'm that person. And-- and part of my motivation for doing those things is I love this country, I love the values of this country, a-- and I wanna make sure that-- that my kids and my grandkids, and I have quite

a few of them, 16, that they have an America that's as prosperous as the America that I've enjoyed and just as free.

GEORGE STEPHANOPOULOS: I wanna get-- Congressman-- Congresswoman Bachmann and then Speaker Gingrich, you wrap this up.

MICHELE BACHMANN: Well, the founders spoke about this. And the question was asked, "What is it that we need to have in the president?" And they wrote in the Federalist Papers. They didn't look at wealth. They didn't look at education. They didn't look at position. (COUGH) They looked at just one issue. And it was, "What's the measure of a man? Or, what's the measure of a woman, in our case, for being the next president of the United States. Will they keep their word? Will they be a man or woman of integrity?" That's what they cared about.

That was more important than anything else. And I think-- here in Iowa, that's what I've seen. That is also what people care about. Who are you, really? What is your center? What's your core? What's your world view? What drives you? And so people want to know, "What's your faith?" I'm-- I'm a Christian. I'm-- I'm unashamed and unapologetic about that. I have a strong faith. I made a proclamation of my faith in Christ when I was 16. And I don't mind if people ask me those questions or ask me about my husband or our family. I'm happy to talk about that, because after all, people (COUGH) need to take the measure of the man or the measure of the woman when they make that decision.

GEORGE STEPHANOPOULOS: Speaker Gingrich, what do voters need to know about this issue from your perspective?

NEWT GINGRICH: Well, (CLEARS THROAT) first of all, I think it is a real issue. And people have to look at the person whom they're gonna loan the presidency. And they have the-- they have the right to ask every single question. They have to have a feeling that this is a person that they can trust with the level of power we give to the presidency. And I think it's a very, very important issue. And I think people have to render judgment. In my case, I've said up-front openly I've made mistakes at times. I've had to go to God for forgiveness. I've had to seek reconciliation. But I'm also a 68-year-old grandfather. And I think people have to measure who I am now and whether I'm a person they can trust. And all I can tell you is that, you know, I am-- delighted at the way people have been willing to look at who I am, to look at what my record has been, and the amount of support we're getting from the American people and from all across the State of Iowa, the number of people who have supported-- the candidacy of real change and a record of real change.

DIANE SAWYER: And I'd like to turn now, if we can, to the issue of immigration. And so many people talk about it in their living room, talk about it around their dinner tables at night-- if I can. And can we just do one thing for the interest of time? Can we stipulate that every single person on this stage tonight has said the number one thing to do is secure the borders, secure the borders, secure the borders, secure the borders. You may have slightly different prescriptions to do it. But, we stipulate that, that that's what you all want to do first.

I'd like to turn, now, the question, the 11 million undocumented people in this country. And Speaker Gingrich, I'm gonna come back to you because you have talked about citizen review boards to review individual cases, that treated them in individual basis. You-- you've-- you mentioned the fact that someone who's been here 25 years, served the community, should get special consideration under this board. How many years is the threshold for your-- is it five years-- has served the community under the criteria that you've set out before, five years also a candidate?

NEWT GINGRICH: I think, first of all, that anybody you would apply to a-- the citizen review board idea came out of a selective service model. It was used as draft boards in World War II. We relied on the local citizens to render judgment about who oughta be deferred, who oughta be drafted. Did they have local knowledge? That's the starting point.

Second, I started wi-- with-- with cases that I think are very hard to-- to argue about. Someone who's been here 25 years, somebody who has been a good local citizen, may well belong to your church, has children and grandchildren in the United States, and I will just say flatly, I do not believe the people of the United States are gonna send the police in to rip that kinda person out and ship them outta this country, (COUGH) particularly because those are precisely the people that end up in churches as sanctuaries.

And I think we oughta be honest about that. I think most of the workers who are here who have no ties to us should go home immediately. I think we should make deportation dramatically easier. This is, I think frankly we oughta make English the official language of government. And we oughta have an effective guest worker program with very severe penalties for those employers who hire people illegally.

DIANE SAWYER: But, the Pew Center for Hispanic Center, as you know, has said that maybe 3.5 million people could come under the criteria that you laid out.

NEWT GINGRICH: I-- I don't think there's 3.5 million people who've been here 25 years.

DIANE SAWYER: But they're talking about people who have been here 15 years. 15 years.

NEWT GINGRICH: Well, I wasn't. They were. You used a number that doesn't relate to my proposal.

DIANE SAWYER: But, under the criteria that you have set out, do you have a threshold on the number of people you would consider before the review board?

NEWT GINGRICH: Well, I-- that's why you have the citizen review panel. The per-- the person has to have been here 25 years, have genuine ties to the community, be a good citizen, and have an American family sponsor them. And they still don't get citizenship. This is not amnesty. They get residency. And they pay a penalty in order to get residency.

DIANE SAWYER: Okay, I'm gonna turn it to k-- to Governor Romney because we heard Speaker Gingrich say we're not gonna round people up and deport them. And I think at one point-- you said something similar in a meeting at Bloomberg that-- that they're not going to be tracking everybody down and moving them out. And yet, to our colleague David Muir-- wanna try to clarify something. You said, "You seem to indicate that people should go back home to their country." And in some cases it may mean as much as five years if they get at the back of the line or more. Are you saying-- how many people should be sent back home to their countries? Should they be tracked down to establish who they are, sent back home to their country?

MITT ROMNEY: I-- I believe that any time that we start talking about a-- a form of amnesty, whether it's technically amnesty or not, when we start talking about how people have been able to come here and stay illegally for some period of time, that they're gonna be able to stay here permanently and become a permanent resident of the United States with-- with rights to our education system, our health care system, and so forth, we will then create another magnet that draws people into our country illegally.

So, the right course for us is to, once again, talk about what you described. Secure the border. Once we do that, we can start talking about the 11 million or whatever number that may be that are in the country illegally. My own view is those 11-- 11 million people should register the fact that they're here in the country. They should be given some transition period of time to allow them to-- settle their affairs and then return home and get in the-- in line at the back of the line with everybody else that wants to come here.

Don't forget, when we talk about-- about-- the difficulty of people going home, there are millions of people who-- many of whom have relatives here in this country who are in line, who want to come here. I want to bring people into this country who have skill, experience, family here who want to draw them in. I do not want to do something. (NOISE) I do not want to do something which encourages another wave of illegal immigration. So, from my view-- viewpoint, the key-- the key measure is this: No favoritism for permanent residency or citizenship for those that have come here illegally.

DIANE SAWYER: So, you've said all 11 million. If I could Governor Perry-- there is a case or there are a number of these cases of-- of people who have signed up for the military, the U.S. military, who have been undocumented but nonetheless go and sign up. What should happen with them?

GOVERNOR RICK PERRY: Well, let me-- address the issue that you asked from the start, and obviously securing that border is the-- is the key. And any of these conversations that we're having now are nothing more than intellectual-- discussions until you secure that border.

But if this country would simply enforce the laws that are already on the book, you think about all of the laws that we have that are already out there, laws that clearly say-- that-- that, "Here are punishments," and, "Here's what will happen." If this country would simply enforce the laws that we have on the book-- I will tell you one thing: As the president of the United States, you will not see me sending my Justice Department to sue states like Arizona that are havin' to sovereign rights, I think, put in jeopardy by our Justice Department.

You will not see a catch and release program like this administration has today th-- where people who are caught who are illegally in this country, and because they haven't been (RUSTLING) caught in a violent situation, they're released. Released into the general population. That's the problem that we've got in this country.

I would suggest to you we spend time with the laws that we've got on the book being enforced, we'll have a substantial smaller number of people of which we're gonna have to make decisions about at that particular point in time. And then we can have a legitimate conversation about immigration reform.

GEORGE STEPHANOPOULOS: I wanna change subjects now because-- (APPLAUSE) foreign policy was-- Speaker Gingrich caused something of a stir overnight in the Middle East with comments he made in interview with the Jewish channel in which he called the Palestinians an invented people. And-- I just wondered-- G-- Congressman Paul, if I can start with you: Do you agree with that characterization, that the Palestinians are an invented people?

CONGRESSMAN RON PAUL: N-- no, I don't agree with that. And that's just stirrin' up trouble. And I-- I believe in a non-interventionist foreign policy. I don't think we should get in the middle of these squabbles. But to go out of our way and say that so-and-so is not a real people? Technically and historically, yes-- you know, under the Ottoman Empire, the Palestinians didn't have a state, but neither did Israel have a state then too.

But this is how we get involved in so many messes. And I think it just fails on the side of-- practicing a little bit of diplomacy, getting ourselves (LAUGH) into trouble mentioning things that are unnecessary. The people in those regions should be dealing with these problems; we shouldn't be dealing with these things.

But-- historically, it-- it-- you know, under the Ottoman Empire, that i-- that is-- technically-- correct. But to make these decisions in deciding what the settlement's going to be should be the people that are involved. This idea that we can be the policemen of the world and settle all these disputes, I mean, soon we'll have to quit because we're flat out broke. But we-- we cannot continue to get into these issues like this and-- and-- and-- and getting ourselves into more trouble.

GEORGE STEPHANOPOULOS: Speaker Gingrich, as I've said, this has caused quite a reaction in-- in the Middle East. The chief Palestinian negotiator, Sa-- Saeb Erekat, said, "Mark my words: These statements of Gingrich will be the ammunition and weapons of the bin Ladens and the extremists for a long, long time."

SPEAKER NEWT GINGRICH: How would he know the difference? Look from historic, George, simply. Is-- is what I said factually correct? Yes. Is it historically true? Yes. Are we in a situation where every day, rockets are fired into Israel while the United States, the current administration, tries to pressure the Israelis into a peace process?

Hamas does not admit the-- the right of Israel to exist, and says publicly, "Not a single Jew will remain." The Palestinian Authority ambassador to India said last month, "There is no difference between Fatah and Hamas. We both agree Israel has no right to exist."

Somebody oughta have the courage to tell the truth: These people are terrorists. They teach terrorism in their schools. They have textbooks that say, "If there are 13 Jews and nine Jews are killed, how many Jews are left?" We pay for those textbooks through our aid money. It's fundamentally-- time for somebody to have the guts to stand up and say, "Enough lying about the Middle East."

GEORGE STEPHANOPOULOS: Governor Romney, (APPLAUSE) you just heard the Speaker say he was just telling the truth. Do you take any issue with that characterization of the Palestinians as an invented people?

GOVERNOR MITT ROMNEY: I-- I happen to agree with-- with most of what the speaker said, except by going down and saying the Palestinians are an invented people. That I think was a mistake on the speaker's part. I-- I think-- you-- you-- I think the speaker would probably suggest that as well. I-- I don't think we want to--

(SPEAKER NEWT GINGRICH: UNINTEL)

GOVERNOR MITT ROMNEY: Maybe not. I-- (LAUGHTER) I think we're very wise to stand with our friends, Israel, and not get out ahead of them. This president decided he was gonna try and negotiate for Israel by sayin', "Let's go back to the '67 borders." That's not what Israel wanted to h-- hear.

They-- Israel does not want us to make it more difficult for them to sit down with the Palestinians. Ultimately, the Palestinians and the Israelis are gonna have to agree on how they're gonna settle the-- the differences between them. And the United States--

GOVERNOR MITT ROMNEY: --and the-- and the United States of America should not jump ahead of Bibi Netanyahu and say something that makes it more difficult for him to-- to do his job. My view is this: We stand with the Israeli people. We link arms with them. If we disagree with them, like this president has time and time again, we don't do it in public like he's done it, we do it in private.

And we let the Israeli leadership describe what they believe the right course is going forward. We don't negotiate for the Israeli people. We stand with the Israeli people, stand with our friends, and make it very clear: We are gonna t-- we're gonna tell the truth, but we're not gonna throw incendiary words into a-- a place which is-- a boiling pot when our friends the Israelis would probably say, "What in the world are you doin'?"

GEORGE STEPHANOPOULOS: So there you have it, Mr. Speaker. He says this is gonna make life more difficult for the Israelis.

SPEAKER NEWT GINGRICH: The Israelis are getting rocketed every day. The-- we're not making life more difficult. The Obama administration's making life more difficult. The fact is, the Palestinian claim to a right of return is based on a historically false story. Somebody oughta have the courage to go all the way back to the 1921 League of Nations mandate for a Jewish homeland, point out the context in which Israel came into existence, and "Palestinian" did not become a common term until after 1977. This is a propaganda war in which our side refuses to engage. And we refuse to tell the truth when the other side lies. And you're not gonna win the long run if you're afraid to stand firm and stand for the truth.

GOVERNOR MITT ROMNEY: Of course you s-- of course you stand firm, and stand for the truth. But you don't speak for Israel.

SPEAKER NEWT GINGRICH: I didn't.

GOVERNOR MITT ROMNEY: If-- if-- if-- if Bibi Netanyahu wants to say what you said, let him say it. But our ally, b-- the-- the people of Israel, should be able to take their own positions and not have us negotiate for them.

DIANE SAWYER: I want to turn, if I can, to--

SPEAKER NEWT GINGRICH: But can-- can I just say one last thing? Because I didn't speak for the people of Israel. I spoke as a historian who's looked at the world stage for a very long time. I've known Bibi since 1984. I feel quite confident an amazing number of Israelis found it nice to have an American tell the truth about the war they are in the middle of and the casualties they're taking and the people who surround them who say, "You do not have the right to exist, and we want to destroy you."

GOVERNOR MITT ROMNEY: I-- I've known-- I've-- (APPLAUSE) I've also known Bibi Netanyahu for a long time. We worked together at-- at Boston Consulting Group. And the last thing Bibi Netanyahu needs to have is not just a person who's an historian, but somebody who is also running for president of the United States, stand up and say things that create extraordinary tumult in-- in his neighborhood.

DIANE SAWYER: Congresswoman--

GOVERNOR MITT ROMNEY: And I'm president of the United States, I will exercise sobriety, care, stability. And make sure that in a setting like this, anything I say that can affect a place with-- with rockets going in, with people dying, I don't do anything that would harm that-- that process.

And therefore, before I made a statement of that nature, I'd get on the phone to my friend Bibi Netanyahu and say, "Would it help if I said this? What would you like me to do? Let's work together, because we're partners." I'm not a bomb thrower, rhetorically or literally.

DIANE SAWYER: Under the rules, we need-- your response. (APPLAUSE)

SPEAKER NEWT GINGRICH: I think sometimes it is helpful to have a president of the United States with the courage to tell the truth, just as was Ronald Reagan who went around his entire national security apparatus to call the Soviet Union an evil empire and who overruled his entire State Department in order to say, "Mr. Gorbachev, tear down this wall." Reagan believed the power of truth restated the world and reframed the world. I am a Reaganite, I'm proud to be a Reaganite. I will tell the truth, even if it's at the risk of causing some confusion sometimes with the timid.

GOVERNOR MITT ROMNEY: I think it's important (APPLAUSE)--

GEORGE STEPHANOPOULOS: Who's got the better of this argument, Congresswoman Bachmann? Who's got the better of this argument?

CONGRESSWOMAN MICHELE BACHMANN: Who has the better of this argument?

GEORGE STEPHANOPOULOS: Yeah. (LAUGHTER)

CONGRESSWOMAN MICHELE BACHMANN: In 1974, I went to Israel for the first time and I worked on a kibbutz for the summer. And I saw a brand new nation that had begun in 1948 and was making its way into the modernization that we know today. They're a first world nation. I was able to return as a member of Congress multiple times, and I also met with Fayad in Ramallah in the very room that Arafat used as his conference room. When I was in there, I-- I had asked Fayad about the issue that we were very concerned about, and that's how the Palestinians teach their children to hate the Jews and call them pigs and swine and descendants from Hades.

CONGRESSWOMAN MICHELE BACHMANN: And I have asked him about this very important issues, because how do you find peace when you continue to teach your children hatred? And asked Fayad about this issue, and he said, "Oh, tha-- we don't do that anymore. Our textbooks aren't filled with that."

And I said, "Oh really?" I pulled out a manila envelope that I'd brought with me, and I pulled out the pages that I'd photocopied out of current books that were being used that clearly showed that. And he said, "Oh, but these are old textbooks." And he said-- I said, "Really? Well, then why don't you send me the new textbooks that no longer say that and compare them with the old?" And I checked my mailbox today; he still hasn't me those textbooks. That's what needs to change.

DIANE SAWYER: Senator Santorum, let me put to you George's question. Who's got the better of the argument?

SENATOR RICK SANTORUM: Well, I-- I think you have to speak the truth-- but you have to do so with prudence. I mean, it's-- it's a combination. Th-- and, you know, I-- I-- I sat there and I listened to both of 'em; I thought they both had-- made excellent points.

But we're in a real-life situation. This isn't an academic exercise. We've got-- we have a-- we have an ally, and the policy of this country should be to stand shoulder to shoulder with our ally. And-- we-- we didn't have an ally in the Soviet Union. The only allies we had were sitting in gulags, and they desperately needed to hear the truth. And Ronald Reagan provided that truth.

GEORGE STEPHANOPOULOS: --with prudence, would that be saying (NOISE) Palestinians are invented or not?

SENATOR RICK SANTORUM: If I can finish my s-- comment, I'll get to that, George. (LAUGHTER) That-- that we-- we have an ally here that we have to work closely with. And I think Mitt's point was-- was the correct one. We need to be working with the Israelis to find out, you know what? Is this a wise thing for us to do, to step forward and to engage this issue? Maybe it is.

My guess is, at this point in time, it's not. Not that we shouldn't tell the truth, but we should be talking to our allies. It's their fight. We are to be their ally, we're to be-- supporting them. And I'm-- I-- I've been out here very publicly-- that the Israelis have the right to determine what happens in their land. And all of Israel, including the quote-- you know, West Bank, is Israeli land. And we need to work with them as to the solution that works best for our ally.

GOVERNOR RICK PERRY: --just say that I think this is a minor issue-- that the media is blowing-- way out of proportion. We have a president of the United States who has put the most muddled foreign policy in place that is causing the problems in the Middle East. Whether it goes back to two thousand and-- and-- nine when we had an opportunity to impact Iran, whether it has been the way that-- he stood back in Egypt and did not try to negotiate people who would come in that w-- could work with us, and now we have radical Islamists as the head of Egypt, whether it was leading from the rear, if you will, in-- in Libya.

The idea that this president now, with Iran getting one of our predator drones in their possession, and he had two opportunities-- well, he didn't have two opportunities, he had two choices-- actually, he had three. And he chose the worst.

And those two opportunities he had was to either retrieve that drone, or to destroy it, and he did the worst of the three and he did absolutely nothing. And the Russians and the Chinese will have our highly technical equipment now. This president is the problem, not something that Newt Gingrich said. (APPLAUSE)

DIANE SAWYER: We have to take a break right now, and I just want to say that we have a partner in all of this, which of course is Yahoo. I want to put up a question which we want to address when we come back about the struggles of the middle class in this country. And we have a question on Yahoo about the last time

those of you had a personal financial strain that forced you to cut back on a necessity, as so many people in the middle class say they do. What were the consequences you fa-- you faced, and will you weigh in on that? And that's when we come back.

ANNOUNCER: Live from Drake University in Des Moines, Iowa, once again, Diane Sawyer and George Stephanopoulos.

DIANE SAWYER: And we welcome all of you back and, again, we thank the Republican candidates for president of the United States for debating here tonight. I'm gonna return to the Yahoo question, which brings the struggles of the middle class down to something personal for everyone who is behind a podium up there.

And here's what it said: "Many of us are forced to make cuts to continue necessities such as mortgage payments, groceries, transportation to work, and health care." And then the question continues, they want to know, "When is the last time you had a personal financial strain that forced you, not only to give up a luxury, but also to cut back on necessity? And what were the consequences you faced?" This is from Andrew in Texas. And I'd like to start, Governor Perry, with you.

GOVERNOR RICK PERRY: Well, obviously-- growin' up where I grew up-- there were some people that probably said-- as a matter of fact, I was on-- radio station here, WHO-- yesterday and-- and talked about my upbringing. And-- growin' up in a house that didn't have-- running water until I was five or six years old and-- and my mother-- sewin' my own clothes for me till I went off to college.

And-- the idea that-- luxury really wasn't in my lexicon. But as I grew and as I-- went off and flew in the United States Air Force and I came back home, and as a 27-year-old boy-- well, I was a m-- grown man by then-- but I didn't have anything-- I-- my social security-- has a zero in 1978. So I'm sure I was givin' up some things that other people would consider to be luxuries.

But the fact is-- I've never had a time in my life when I felt like that I gave anything up that I didn't have everything I needed. And-- I know there are people that are-- that are suffering in America today, and that's the reason we need to get this country back working and having people so that they can have a job. And the policies that I've laid out, and the record that I've had in the State of Texas for the last decade, clearly gives that record to the people of this country.

DIANE SAWYER: Again, we just want to remind you that, when the red comes up, you-- the rules that were agreed on here. I'll do the two governors; Governor Romney grew up in very different circumstances. What about this question?

GOVERNOR MITT ROMNEY: I didn't grow up poor. And if somebody is looking for someone who's grown up with that background, I'm-- I'm not the person. But I-- but I grew up with a dad who'd been poor, and my dad wanted to make sure I understood the lessons of hard work. And my mom and dad wanted to make sure that I understood the principles that made America the greatest nation on earth.

And so they made sure we had jobs as we were growing up. They made sure we didn't spend money foolishly. And they made sure that I had-- a care and concern for other people. I was able to serve my church overseas, and to-- to meet people there that had very difficult circumstances in their life. I also spent time in this country, serving as a pastor in my-- in my church, and again, having the occasion to work with people that were really struggling. I saw marriages under great stress.

You see, when-- when people lose jobs, marriages get strained, people's health gets affected-- people become depressed. And-- and I'm in this race, not-- not because I grew up without means, but because I understand what it takes to get America working again. And I love this country enormously and understand the principles and understand the specifics that it takes to get America creating jobs again. That's why I'm in the race.

DIANE SAWYER: And Congressman Paul, what does this question evoke? How much does it matter to have personal experience?

CONGRESSMAN RON PAUL: Well-- I feel very fortunate because-- although I was raised in-- in a system that-- in a family that was rather poor, but we-- (LAUGH) I didn't even know it. You know, it was durin' the Depression and World War II, and we didn't have very much, and I worked my way through college, and that was a natural instinct because that's what you were supposed to do. But-- I-- I-- I finally-- did a little bit better in medical school because I had my wife work our way through cool-- (LAUGH) medical school. (LAUGHTER) So that worked out a little bit better.

But middle class is suffering, but not only because we bale out the rich and dump on the poor and they lose their jobs and they lose their houses, but there's a characteristic about monetary policy. When a country destroys its currency, it transfers wealth from the middle class to the wealthy, and this is what you're seeing today: the elimination of the middle class. And going to get a lot worse unless we address the subject overspending, over-borrowing, and printing too much money, and understanding the business cycle.

DIANE SAWYER: Senator Santorum. (APPLAUSE)

SENATOR RICK SANTORUM: I c-- I can say that I grew up in a very modest home and was very blessed to have-- all my basic needs met. And one of the most basic needs and the most important one that I've learned was that I was blessed to have a mother and a father. That was the most important gift that I was given, that I had two parents who were together, who loved me, who supported me and made me feel safe. And made the-- the-- the little things that no one would consider luxuries today feel like luxuries because I had that sense of security.

Unfortunately, America, we see the family continuing to break down. And with that, the economic status of those families. Single-parent households in America now have poverty levels approaching 40%. So-- you not only have the lack of security and stability in so many cases, because moms are doin' heroic work tryin' to hold things together, but it's hard.

And so what we can do as a federal government, we can do more importantly as the leader of this country, to try to promote this institution of marriage. Try to promote the family and try to nurture this environment that we have to-- to make sure that families are elevated and supported and fathers and mothers are there to take care of their families and-- and-- and-- and be there for their children. That's the most important luxury, is a mom and a dad.

DIANE SAWYER: And Congresswoman Bachmann, someone said recently that troubled banks got a bailout, troubled homeowners got evicted. Your response on this question and the struggle for the middle class.

CONGRESSWOMAN MICHELE BACHMANN: Well, I opposed the \$700 bailout for Wall Street because Wall Street rolled the dice and they made some very foolish decisions. They were only too happy to pocket profits when times were good, but when times went south and things got sour then they decided to socialize their losses. And the-- American taxpayer was only too good to bail them out.

There's people on this stage that-- supported that bailout; I didn't. Behind closed doors, I took on the Treasury secretary, Hank Paulson; I took on my own president because I knew this was going to be a very bad deal.

You'd asked the question about luxuries and where we come from. I was born here in Iowa to a middle-class family, but my family went through a tragedy that millions of families go through: My folks got divorced. And when it happened, my mom found herself a single mom who'd been a full-time homemaker, she had four kids. We went to below poverty overnight. And when I was 13, I had to start getting a job to help out the family.

I know what the-- it's like for single moms to struggle. And throughout most of our marriage, we're still coupon clippers today. We still go to consignment stores today. We get what that feels like. And I think it's important for the next president of the United States to be in touch with what real people struggle with across the country, and I have.

GEORGE STEPHANOPOULOS: Speaker Gingrich? (APPLAUSE)

SPEAKER NEWT GINGRICH: Well, let me say first of all, the-- that-- when I was young, we lived-- in an apartment above a gas station on the square in Holmestown (PH), Pennsylvania. I had relatives who were steel workers, others who were delivery men, some who worked in department stores. My dad was in the Army and we'd moved around, and he lived on the pay of a junior officer. By the time-- it was fairly frugal, but you-- you didn't feel desperate.

Today, I've had several relatives in the last three years who've been out of work, who've had to go through very difficult times. My wife Callista runs Gingrich Productions as a company. It's a very small company, does basically movies and books and things like that. We have to meet a payroll. We have to find markets. We have to find-- you know-- d-- well, do-- do everything that small businesses go through. And I know how difficult this economy is at a practical level if you're a small business.

GEORGE STEPHANOPOULOS: I wanna stick with Yahoo because as you-- we said at the start, we're getting real-time feedback from our Yahoo audience. Over 12,000 people have already weighed in on Yahoo and ABCNews.com. An-- and this is directed at-- at Speaker Gingrich and-- and-- and Governor Romney, because more than 72% say right now they want to hear more from you about your past support for health care mandates.

That's something that they're still not fully satisfied with what they've heard-- (NOISE) from you. And-- and Speaker Gingrich-- I mean, Governor Romney, let me begin with you because-- you were clear. You've said you've always been against a federal mandate; you supported it in the State of Massachusetts. Where there has been some ambiguity, at least in the past, is whether you think that other states should try the mandate. Back in 2007, you said that you thought it would be good for most states to try it; now you say you wouldn't encourage other states to try. Can you explain that?

GOVERNOR MITT ROMNEY: States can do whatever the heck they want to do; that's the great thing about-- (APPLAUSE) about our system. I-- I think there's a good deal that we did that people can look at and find as a model, that could--

GEORGE STEPHANOPOULOS: The mandate?

GOVERNOR MITT ROMNEY: --help other state-- if some-- if they want to, sure. They could try what they think is best. I-- that's-- it's up to other states to try what works for them. Some will like that; some will think it's a terrible idea. We had this idea of exchanges where people could buy insurance-- from companies, private companies-- we have no government insurance, by the way, in our state. It's all-- other than the federal Medicare/Medic-- Medicaid programs. It's all private pay. So people can learn from one another.

But-- but my-- (LAUGH) my plan-- was designed for our state, and other states should have the right to create plans that work for them. And if they come up with something better than we did, then we can learn from them. But the idea of a federal government or a federal mandate, as you see with Obamacare, flies in the face of the Constitution, violates the tenth amendment. I think the Supreme Court will strike it down. If they don't, I will.

GEORGE STEPHANOPOULOS: Speaker Gingrich-- Congresswoman Bachmann pointed out that as-- as late as May of this year, you supported some form of the mandate when everyone else had-- had come out against it. What finally tipped you over and convinced you that it was unconstitutional?

SPEAKER NEWT GINGRICH: Well, I think first of all for the federal government to do it is unconstitutional because it means the Congress-- the Congress, which could compel you to purchase this item, could compel you to purchase any item. And so the question of freedom would be d-- would be missed. And any (MIC NOISE) majority could then decide to make you do virtually anything. I think that's part of why you're seeing a dramatic shift back towards limiting the federal government and towards imposing the tenth amendment as a very serious barrier.

I-- I've been working on health issues since 1974. And I've been t-- and-- and I tried to find a way to break out of where we are, because the fact is the whole third-party payment model, whether public or private, has grown more and more expensive, more and more difficult to sustain. And helped found the Center for Health Transformation that-- for that reason, wrote a book called Saving Lives and Saving Money back in 2002.

We need to fundamentally rethink the entire health system to move back towards a doctor-patient relationship, and back toward something like what Rick Santorum talked about with health savings accounts where people are directly engaged in their own health and in taking care of themselves to a much greater degree than they are in the current insurance system.

DIANE SAWYER: If I can switch to this question, and-- and it is about health care, because a number of people-- in fact, I was just at a pharmacy here-- I-- have a cough. But I was (LAUGH) at the pharmacy here in Iowa, and the pharmacists were talking about a big-- driver of health care costs. And they specifically mentioned habits, unhealthy habits that we all need to learn to be better on at a young age. They talked about obesity, they talked about exercise. If I can ask you, Congressman Paul: Anything government should do on these fronts?

CONGRESSMAN RON PAUL: No, essentially not, but they have to be-- a referee. If people are doing things that hurt other people, yes. But if you embark on instituting a society where government protects you from yourself, you're in big trouble, and that's what they're doing. (APPLAUSE)

I think-- I think what we've had here is a demonstration of-- why should we have a candidate that's gonna have to explain themselves? 70% of the people want further explanations on what your positions are. So I think that it is endless. But you talk about the-- the Obamacare using force, but that's all government is, is force.

I mean, do you have a choice about paying Medicare taxes? So there's not a whole of different-- you're forced to buy insurance. That's one step further. But you have to stop with force. Once government uses force to mold behavior or mold the economy, they've overstepped the bounds and they've violated the whole concept of our revolution and our Constitution. (APPLAUSE)

GEORGE STEPHANOPOULOS: We-- we are running short on time. I just want to ask quickly, does anyone disagree with the first part of Congressman Paul's answer there, where he said the government really shouldn't be getting involved in these broader issues of behavior?

GOVERNOR RICK PERRY: Listen, I happen to think that the states-- that's their call, not the federal government. The states should be able to make decisions on whether they-- Terry, you probably have some programs here-- in Iowa to get--

(MALE VOICE: UNINTEL)

GOVERNOR RICK PERRY: There you go. (LAUGHTER) (APPLAUSE) So-- it-- it-- it should be their call. But listen, this goes back, and-- and-- and Congressman Paul and I, you know, we disagree from time to time. But the real issues that we have in this country are that people are sick of Washington, D.C. They're sick of the money that they're seeing spent, they're sick of the fraud and the corruption that they're seeing.

They're sick of seeing their-- their kids' futures mortgaged because we've got a Washington, D.C., that is out of touch with the country. It's the reason, when I talk about my overhauling Washington plan, and I've gotten a pretty good response across the country when I talk about goin' to a part-time Congress. Cut their pay in half, let 'em spend half the time in Washington, D.C. Send 'em back home to have a regular job like the rest of the people in their districts, and work under the laws that they pass. That I will suggest to you, along with a balanced budget amendment to the United States Congress, will go a long way toward stoppin' a lot of the nonsense that we're seeing comin' out of Washington--

GEORGE STEPHANOPOULOS: --state in the nation, and we will return to the healthiest state in the nation in just a minute.

ANNOUNCER: (MUSIC) You're watching live ABC News coverage of the Iowa Republican Party debate.

ANNOUNCER: Live from Drake University in Des Moines, Iowa. Once again, Diane Sawyer and George Stephanopoulos.

DIANE SAWYER: And George and I were just talking about the fact, the question we get so often is, why can't people who disagree show respect for each other, and can we all work together, even people who disagree, to move the country forward? And so--

GEORGE STEPHANOPOULOS: So we're-- in form of closing, still we just want each of you, you're running against each other. But in these last few minutes, and just think of a minute where we will not run over to commercial, (LAUGH) tell us the one thing you've learned from someone else, one of your challengers, on stage. Senator Santorum?

RICK SANTORUM: Well, I'll-- I'll go back to-- you know, the comment I made earlier. I mean, I-- when I was first running for office-- you know, Newt Gingrich was the guy that-- who's-- who's tapes I've listened to as a young man-- and tryin' to-- at 30 years old, deciding to run for Congress. He laid out-- a vision for conservative governance that-- that I-- adopted and-- and ran with in a very, very tough Congressional district outside of suburban Pittsburgh, so tough that no one gave me a chance of winnin' it.

Fact, election night the Wall Street Journal called the Republican National Committee to find out the name of the guy that won. And they didn't even know my name at the RNC. (LAUGHTER) That's a true story. And-- and you don't get a lotta true stories. But that's a true story. And-- and so, you know-- I-- I came out of the blue as a conservative.

Think that's, again, the-- the thing that distinguishes me. I-- I've run as a conservative in a 60% Democratic district and won in a 70% Democratic district and won in the State of Pennsylvania with almost a million more Republicans than Democrats and won. I defeated an incumbent and-- and won again. And-- in a year that George Bush lost the election by five, I won by six. And-- and I stuck by the conservative principles that Newt outlined in the-- in the late '80s. And-- and it's always served me well. I've been a consistent conservative.

GEORGE STEPHANOPOULOS: Governor Perry?

RICK PERRY: I'd say-- Congressman Paul got me really intrigued with the whole-- the federal reserve. And I've spent a substantial amount of time reading about and Currency Wars, the book by James Rickards that-- but Congressman Paul is-- is-- is the individual in the stage that got me most interested in-- in a subject that I found to be quite interesting and at the root of a lotta the problems that we have. And I thank you for that. But the one thing that I found-- outside of-- of these fine-- individuals on this stage is that the people of this country, the people of this country really want to get America back on track.

And Ri-- Congressman Keane, whether it's somebody like you and-- and your Idea Act that-- that we talked about the other day-- there are really good men and women in this country that wanna get this country back headed down a track. And they understand, Michele, just as you've said, that this election is about the future

of this country. One of the most important elections, if not the most important election, and we gotta get it right.

DIANE SAWYER: Over to you, Governor Romney. (APPLAUSE)

MITT ROMNEY: I-- I always find-- the principle of leadership to be most interesting. And-- and as I look at the people on this stage, each exhibits different qualities of leadership. And they've each exercised leadership in different ways. Wha-- one of the about Ron Paul that always-- amazes me is when I come to a debate like this, the only signs I see are the Ron Paul people out there-- (LAUGHTER) in freezing. (APPLAUSE)

In freezing temperatures, they're always there. He ignites an enthusiasm with a number of people. That's very exciting to watch. In choosing a president, it-- it's the qualities of leadership that are gonna make the difference. Because our positions on issues are-- are-- are important, of course.

And I happen to think I've got the right positions on issues, of course. Or I wouldn't have 'em. But-- but fundamentally-- we know that down the road what's gonna de-- determine who is a great president or not is-- is their qualities of leadership in getting America back on track. And-- and-- and I believe-- right now-- and just as-- as Governor Perry just said, this is the time for real leadership because this country is going in a very dangerous direction. This is a time where America has got to return to principles that will keep us the hope of the earth and-- and the shining city on the hill. That light from that shining city has dimmed over the last three years. And I will help restore it. (APPLAUSE)

GEORGE STEPHANOPOULOS: Mister speaker.

NEWT GINGRICH: Well, I-- I wanna say two people, one on the stage and one not. Governor Terry Branstad is my role model. Get outta politics for a while doin' something else, be involved in health care, (LAUGHTER) come back when you're clearly too old, too experienced, too tied to the past, win the governorship decisively, do a great job. (CHEERS) (APPLAUSE)

And the-- the other-- I just wanna say two other people very briefly. Rick Perry got me engaged about three years ago on this whole tenth amendment in a big, serious way. And I think that he is-- he h-- he has helped ignite a fire that is gonna change America. And Rick Santorum's consistency and courage on Iran has been a hallmark of why, if we do survive, it will be in part because of people like Rick who've had the courage to te-- tell the truth about the Iranians for a long time. (APPLAUSE)

RON PAUL: Well, I have learned that you should never give up on your opposition. Because if you're persistent, (LAUGH) and you present your case, they will come your way. So Rick, I appreciate it. (LAUGHTER) Rick, I appreciate it. (UNINTEL) appreciate it. You're open to the federal reserve. That's wonderful. But I-- I work from the assumption that freedom brings people together.

And if you understand freedom, it's based on tolerance and nonviolence. So if it's tolerance, it should be bringing all kinds of people together and that's following our Constitution. And we shouldn't be fighting among ourselves. Because we shouldn't be fighting in Washington if we all take the same oath of office. Where does the fight come from? Somebody is messin' up somewhere. (LAUGHTER) So-- so I say that with persistence, I think that we can all prevail and come up with the right answers. (APPLAUSE)

(OFF-MIC CONVERSATION)

MICHELE BACHMANN: Well, I would agree with everything that's been said here tonight. But I would also add again, someone that I mentioned a little bit earlier and that was Herman Cain. Herman Cain, I think when he brought up the 999 plan, and that you can't have a debate without saying "999" in the debate, I think one thing that he showed us is the power of being very plain spoken.

And also reducing something to a very simple level so people get it. And people were very excited about that plan. Because they could understand what that meant. And I think that's a challenge for every one of us; 'cause a lotta times, you can end up sounding and talking like a big bureaucrat in Washington. People don't want that. They don't want Washington. They want outside of Washington. And rightfully so. That's why I think in this race, I'm-- I'm the proven consistent conservative and I'm gonna go with win-win-win rather than 999.

DIANE SAWYER: Well again, we are at the end of the (APPLAUSE) time agreed upon by all of you, the candidates. And we thank you so much and we thank the people of Iowa, 24 days the voting begins.

GEORGE STEPHANOPOULOS: That's the time for us. We're gonna be back with our political team for their independent analysis. We're hearing lots of opinions on Yahoo and Twitter and Facebook. We'll get to that in just a minute. (MUSIC)

ANNOUNCER: Much more to come as ABC's live coverage of the Iowa Republican Party Debate continues. (APPLAUSE)