

Hardball with Chris Matthews, January 13, 2006

<Guest: Wayne Downing, Viet Dinh, Richard Haass, Chuck Todd, Chris Cillizza>

CHRIS MATTHEWS, MSNBC ANCHOR: Iran vows to end cooperation with the U.N. nuclear watchdogs if the Security Council moves against it. Does anyone want American troops who already surround Iran on two sides, Iraq and Afghanistan, to invade? Let's play HARDBALL.

Good evening, I'm Chris Matthews. Iran says it's resuming its uranium enrichment program for nuclear power plants, and America and Europe don't like it. And after two-and-a-half years of talks and numerous incentives, European leaders have declared an end to negotiations with the Islamic country over its nuclear program.

The rhetoric on Iran is being ratcheted up. Today President Bush forcefully called for the Security Council to take up the matter.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Iran, armed with a nuclear weapon, poses a grave threat to the security of the world. And countries such as ours have an obligation to step up, working together, sending a common message to the Iranians, that it's -- their behavior, of trying to clandestinely develop a nuclear weapon or using the guise of a civilian nuclear weapon program to get the know-how to develop a nuclear weapon is unacceptable.

(END VIDEO CLIP)

MATTHEWS: Let's bring in NBC News chief foreign affairs correspondent Andrea Mitchell. How do we tell -- in a world order, how do we tell the Iranians they can't have a nuclear weapon? I mean, what grounds do we have for saying that?

ANDREA MITCHELL, NBC NEWS CHIEF FOREIGN AFFAIRS CORRESPONDENT: Well, they are signatories to the Nuclear Nonproliferation Treaty. Unlike some of the other countries that have gone nuclear or threatened to go nuclear, they have signed a treaty and said that they will not develop nuclear weapons.

So they say they are trying to enrich this uranium in order to create power plants, while even the Russians have said to them, OK, we'll enrich the uranium for you on our soil. But the Iranians feel, according to most analysts, surrounded by American forces in Afghanistan, in Iraq, and feel that they need to show that they can stand up to the rest of the world.

But the entire world is now united against them. The problem is that they're holding all the cards. They have got oil. China, India, other countries want their oil.

We all need their oil, because even though we don't import it, Chris, if they cut off their oil supplies or if someone tries to threaten them with sanctions, that's five plus percent of oil production around the world. That will affect all of our prices at the pump, so they really in the cat bird's seat.

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MATTHEWS: Well, is this a bluff on the part of the Europeans, that they're actually going to -- first of all, we saw last time in Iraq, they were willing to argue all the -- agree with us on all the principles involved with regard to Iraq, but when it came to action they were against it, except for Britain. Is this going to be the same situation here?

MITCHELL: I think this is a little bit more serious, except that once they get to the Security Council -- and there's still several steps to take -- they can argue and debate forever and China can always threaten to veto. So, you know, they can try to water down any kind of punishment or sanctions at that stage.

So -- and still you have reluctance on the part of Kofi Annan and the U.N.. They don't really want this in their laps, because it will clearly dominate the entire U.N. debate for the next year, up until the end of Kofi Annan's service. So he tried to unload it and shift it back to the International Atomic Energy Agency, a U.N. agency but safely over in Vienna.

He tried to do that last night and I have got to tell you, there was a storm from the Germans, the French, and the U.S. They called him into his own office and gave him a tongue lashing last night, for having gotten on the phone with the Iranian nuclear negotiator and told them that they could resume negotiations.

The bottom line from Europe and the United States is that there's no more room for negotiations with Iran, now that they have broken the seals on their equipment, and resumed nuclear research. They've crossed a red line and have to pay some penalty for it, unless they back down.

MATTHEWS: Let me ask you about American politics here, in this administration. Here's Dick Cheney, the vice president of the United States, in January of this year, not too long ago. Actually, this must be last year, one year ago, January 20th of 2005.

Here he says "given the fact that Iran has a stated policy that their objective is the destruction of Israel, the Israelis might well decide to act first and let the rest of the world worry about cleaning up the diplomatic mess afterwards."

Last night, Andrea, you made it clear there is no military option feasible for either us or the Israelis, because you can't pinpoint the targets of the nuclear reactors, et cetera. What's Cheney talking about?

MITCHELL: Well, that's what Dick Cheney said on Inauguration Day, on Don Imus' show on MSNBC. That was the big interview that Imus got last January. What's changed since is that it's very clear that that's pretty much a bluff, an Israeli bluff as well as an American bluff.

They were trying to back down the Iranians by saying, you know, we can let the Israelis come after you. The Israelis would have to come through American-controlled airspace. There's no way that Israel could do this on its own. And right now, of course, with a vacuum of leadership in Israel, they're not about to take on Iran.

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Nor do we have perfect intelligence -- or does Israel or anyone else -
- as to where this stuff is. So the Iranians are clearly working on
something illegally, underground. The inspections haven't work. They've
basically told the IAEA to get out of town and at this stage, no one knows
where their secret nuclear facilities are. So there's no way to go after
it.

MATTHEWS: Why is the president then talking this up so much? Why is
he out there beating the drum on this issue if there's nothing we can do
and everybody knows it?

MITCHELL: Well, in defense of the president, they are doing exactly
what a lot of people criticize them for not doing on Iraq. They're working
diplomatically, they're letting the Europeans take the lead.

Secretary Rice has spent the last year doing what Colin Powell had
wanted to do and got, you know, stopped. So she is working through the
Europeans and has reached agreement.

What you had here today was Angela Merkel, the new leader, the new
chancellor of Germany, a very impressive, smart woman, who really bonded
with George Bush, even though they disagreed on prisons and renditions and
Guantanamo, but certainly in agreement on Iran.

MATTHEWS: OK, it's great to have you on. Have a nice weekend.

MITCHELL: You, too.

MATTHEWS: Andrea Mitchell, chief foreign affairs correspondent for
NBC News.

Richard Haass was the State Department advisor, in fact, under
President Bush, and is currently the president of the Council on Foreign
Relations. Richard, thanks for coming on tonight.

I know I'm a bit scarred by too many guests coming on this show in the
days just after we invaded Iraq saying -- and many of them are
neoconservatives as they're called, very hard line people in the Middle
East saying they can't wait to move on to Iran or Syria.

Maybe I'm thinking Michael Ledeen and people like that, and Gaffney
and that whole crowd. And I'm sure I got some of them wrong here, but the
main point of the very hawkish people is let's get them all now. Is there
still a mentality in the foreign affairs community that we can go in and
actually take over Iran the way we did Iraq?

RICHARD HAASS, PRES. COUNCIL ON FOREIGN RELATIONS: There are some
people who think that. I think to do them justice, even though I disagree
with them quite clearly here, there are those who think that Iran is poised
on the precipice, Chris, of what you might call regime change.

And a lot of people or some people out there think that if the United
States only does a few things to help the Iranian opposition, that we can
bring about a change in government and something very different, no longer
Islamic, no longer supporting terrorism, no longer developing nuclear
weapons. I think that ...

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MATTHEWS: We heard that last night from Michael Rubin who got his degree over there, his Ph.D. over there in Iran, and he thinks that the average guy on the street over there -- at least the people he came in contact with -- were very much against this Mullah rule.

HAASS: Well, he may be right. The problem is that at least 30 to 40 percent of the Iranians do support the regime and, more important, they control probably 90 percent of the levers of power. The fact is, we cannot base U.S. policy on what I think is the hope or wish that we're going to see a change in government there.

As a result, we've got to deal with the reality you and Andrea were just discussing, which is essentially we seem to have a regime there that's pretty intent on developing at least the option for nuclear weapons, if not nuclear weapons themselves.

MATTHEWS: Ahmadinejad -- is he advantaged by the fact that we have troops on both his borders now? If you look at the map right now -- and I'm trying to focus on it tonight because nobody else seems to focus on it.

Here's a country, Iran, where you have U.S. soldiers in Iraq, lots of them, 160,000. You've got a whole bunch of soldiers still in Afghanistan. They're sitting right in the middle of what they must see as hostile forces. Does this give this guy a leg up in boosting up the excitement in his crowd?

HAASS: What gives him a leg up is two things. First, it's the other side of what you've just discussed. It's the fact that the United States does have troops in Afghanistan, does have troops in Iraq. Essentially, we've got very little left. We are tapped very thin, we are stretched. We have no credible threat to pose against Iran.

Secondly, and more important, he enjoys the fact that oil is at \$65 a barrel. Iran enjoys tremendous leverage. If oil were \$20 a barrel, this could play out very differently. But the fact that the United States is importing the amount of oil it is, essentially, the flip side of our lack of an energy strategy, Chris, is that our strategic options are much worse.

MATTHEWS: Why is the president out there saying out of nowhere that it's wrong to say that this war was about oil or Israel? I can see where the Israel part would be sensitive, but why is he denying that this was about oil?

I mean, rMD+IN_rMDNM_does anybody really think we would have gone into Iraq if it was down in the Congo or it was in Bolivia? It is oil that makes that such a sensitive area to us, isn't it?

HAASS: I think you've got -- on one level, you're right. It's the strategic background to everything we do in the Persian Gulf. But it is fair to say that oil was not -- how would I put it? It was not the thing that led the United States to pull the trigger.

The people who are arguing for this war were not basing it on access to oil. They were arguing it either on weapons of mass destruction, on the

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idea we would transform Iraq or transform the region politically. This was not a war about control of oil.

MATTHEWS: Even though there were promises made around the edges that we would get cheaper gas out of this?

HAASS: Well, some people thought that. But, again, Iraq, as you know now, is just producing less oil than it did before the war. No, this was never a war really about gaining control of oil supplies.

That is not--funny enough, it's always the left that talks about the economic motives to American foreign policy. It was the kind of thing the Marxists did for years. They were wrong then. They were wrong now. American foreign policy, for better or worse, tends to be motivated by ideas, not by things like oil.

MATTHEWS: Do you think that's true of Cheney?

HAASS: Very much. Again, I...

MATTHEWS: Really? I am thinking about the first President Bush and Jimmy Baker, who said the issue of going to war in Iraq the first time was jobs, jobs, jobs. I mean, he was right there saying it was about oil. These are guys from the oil patch. They are from Zapata Oil. The president--you've got a vice president from Halliburton.

You're telling me that this has nothing to do with oil? The fact that we are over there fighting these wars.

HAASS: The fact--no, again, I think you've got to discern between two levels. Yes, it's the backdrop to everything. You're right. You made a good point a minute ago.

The U.S. approach to the Middle East and the Persian Gulf would be fundamentally different if 90 percent of the world's oil were located in Brazil rather than in Iran and Iraq and the rest of it. But it's not what's causing the specific U.S. policies to turn out the way they did.

And you mentioned the previous President Bush. For him, it was not about oil. It really was about what he saw as the defining moment of the post-Cold War world.

He really thought quite sincerely, and I think he was right for that matter, that what the United States chose to do in Kuwait to force the Iraqis out, would set a pattern for how history was going to unfold after the end of the Cold War.

MATTHEWS: I remember the new world order.

Let me ask you finally a tough question. You're sitting next to the president of the United States right now, and he asks you what are our options with Iran. They're building a nuclear program. They will have a weapon in five or 10 years or five years even, I should say.

And what can we do to discourage them or encourage them to do this differently to make it more definitely a peaceful program?

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HAASS: I'd say there are very few good options at this point. We can try to put together a diplomatic package of incentives, in some ways what we are doing for the North Koreans, to see whether that would work.

Quite frankly, Chris, I'm skeptical. I don't think there's any serious sanctions package that will work at this point given where we are with oil price and supply.

I would say let's focus our energies either on developing a military option down the road, as difficult as that looks, or what policies do we need to have in place so we could perhaps deter or live with the Iranian nuclear weapon if and when one comes about.

MATTHEWS: Do you think the vice president, when he made the comment last year about Israel might attack them if they continue on this program of developing a nuclear weapon, that he's basically saying if you don't get your act together and stop this, we're going to unleash, as if we control Israel, but we are going to unleash our ally over there. They are going to nail you guys?

HAASS: I see that as a form of what you might call verbal deterrence, verbal gun boat diplomacy. It's a way of putting inside the head of the Iraqi decision-makers the idea that if they go down this path, they run some real risks. That's how I read that.

MATTHEWS: Is it real? Is it a real risk?

HAASS: It's a possibility. I think it really depends, and Andrea and you talked about, whether you ultimately come up with sufficient intelligence to give you a strike option. You do not have an invasion option. You do potentially have a strike option.

But, again, the Iranians have enormous options for retaliation in Iraq, in Afghanistan, with oil. We shouldn't kid ourselves that this is something that we could start and it would end there. They have a lot of starting places.

MATTHEWS: Do you think the upcoming Israeli elections, where you have three parties competing, including a centrist party, but with Bibi Netanyahu, a real hawk on the Likud party leadership.

Do you think the debate over there -- and I'm sure it's going to be heated about security not just the wall and everything else-- that might drive that country to the right on the issue of Iran and its nuclear program?

HAASS: Well, I think there will be consensus in Israel on this. Indeed, if you go back several years ago when the Israelis were coming to Washington they were not pushing the administration to think about Iraq.

To the contrary, they have had Iran on the brain for years. Israelis have understood for decades now that Iran is their serious strategic problem in the region.

MATTHEWS: And all the rest are tactical problems, right. Yes.

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HAASS: There will be consensus on this in the Israeli body politic.

MATTHEWS: Will it be for the military option, if necessary?

HAASS: The problem is whether you actually have the military option. And, I think, at the moment, at best it's a long shot.

MATTHEWS: OK. Thank you. It's great to have you. Richard Haass, president of the World Affairs Council.

HAASS: I'm actually Council on Foreign Relations.

MATTHEWS: Council on Foreign Relations. It's such a great group, how can I blow it?

Anyway, some breaking news from Capitol Hill right now where House Speaker Dennis Hastert is in talks with Representative Bob Ney of Ohio to try and push Ney out as chairman of the House Administration Committee.

Bob Ney is, of course, the representative one named in the Scanlon court papers. We will have much more on this story in just a few minutes.

And up next, we are hearing the first drum beats of war, but what's even good to talk about this. What are we talking about?

And later a closer look at Iran's new president, a man who loves beating the anti-Israeli drum. You're watching HARDBALL on MSNBC.

(COMMERCIAL BREAK)

MATTHEWS: Welcome back to HARDBALL.

Do we have any options against Iran if the security council fails to punish it?

Retired General Wayne Downing ought to know. He commanded the special operations task force during the first Gulf War. He later served as deputy national security adviser for combating terrorism under Condoleezza Rice, and he's now an NBC News military analyst.

General, bottom line, do you know, does anyone know if there's a nuclear option in dealing with the Iranian nuclear program?

GEN. WAYNE DOWNING (RET.), NBC NEWS MILITARY ANALYST: Well, Chris, certainly you know and I think the American people know that the military has contingency plans for everything. I mean, they plan for everything possible thing that you can think of.

So on the shelf there's probably five, 10 different plans on how you handle different things with Iran. Now, the question is do we have the capability today to do something like a ground invasion? I would say probably not.

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Can we -- you know, do we have the capability for air strikes and cruise missiles? Yes, we could probably put that together in a matter of hours.

But, Chris, one of the things that I think we have to do when we're talking about this problem with Iran is one, look at time. You know, how much time do we have? And you in the last segment said five to 10 years, and I think that's very accurate.

And the other thing is this is not an U.S. unilateral problem. This is not just the United States problem. This is a problem that we have some potential friends out there, some people we haven't worked with for a while.

And when you bring your friends together and people who are really concerned about this then you not only have diplomatic, economic type of actions that you might take, but then when you put a coalition together, then you may have some military options. So, yes it is possible but not this hour.

MATTHEWS: General, let me ask you about the dangers. You know, there was a big hyped up case against Iraq that they were going to build a nuclear weapon. They are going to somehow deliver it here on U.S. territory. That was, I think, oversold, putting it lightly.

But why would the Germans, who have been recalcitrant about going to war since World War II -- which I think is a pretty good deal overall -- and the French, who ally with them, why would they shift and take a more aggressive position here?

DOWNING: Well, I think everyone has a concern about Iran with a nuclear weapon. And we've seen the Europeans show concern.

MATTHEWS: Because? What is the likely target? Australia's not going to get hit by it. Israel's obvious -- they hate Israel. But what European countries fear attack by Iran with a nuclear weapon? Who fears it?

DOWNING: Chris, they're not necessarily going to attack a European country, but Iran with a nuclear weapon, the capability of doing something, like this firebrand president that they have, who makes the remarks like the holocaust did not happen, he says the kind of things that scares every Israeli down to their core. What we're afraid of is there is going to be some kind of a nuclear exchange. Israel, for example, gets up every day and reads the tea leaves. Every single day the Israeli leaders read the tea leaves. If they get up one day and say the tea leaves have been saying for a long time that we have to act, you never know that they might act.

But the thing that's scary --

MATTHEWS: Why would that be so bad? Why would that be horrendous? In other words, if you could avoid it, fine. But if you can't avoid it, you can't avoid it.

DOWNING: Let me tell you. Because you now have nations equipped with nuclear weapons that didn't have them 10 to 15 years ago. You have a nuclear-armed Pakistan. And Pakistan is one bullet away -- President

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Musharaf -- from perhaps having a radical Islamic regime take over that country -- you know, read: the Taliban with nuclear weapons.

You've got India with nuclear weapons. You've got Iran, Chris, who I don't think there's anything that we can do that's going to deter them from developing a nuclear weapon. Then you've got this A.Q. Khan thing, you've got this A.Q. Khan proliferation, and we don't know how far that thing went. We know what we know. But it's very, very frightening, what he has spread around the Islamic world.

With all this spread out, you could get some kind of a nuclear wildfire that might spread all over the world. And this is, I think, what we and some of the European countries are very concerned about.

Can we put this together? This is going to take diplomacy and statecraft of the highest order. But it's certainly something that has to be done.

MATTHEWS: But you wouldn't consider it a solution for the United States to take military action so that Israel doesn't have to?

DOWNING: Absolutely.

MATTHEWS: So the option we have is to try to avoid this from developing to the point where you've just described it. That's the goal.

DOWNING: That's exactly right.

MATTHEWS: And if it does reach that point, what do we do? What do we do if it does reach the point where they're about to mount a nuclear weapon, that they have -- they're about to have some big inauguration ceremony to show their nuclear weapon? What do we do then?

DOWNING: Chris, when do you think we're going to know that? Do you think the American intelligence services are going to be able to tell us that? I hope they can. Do you think that some American secretary of State, with the director of the CIA behind him, is going to go to the United Nations and make a case and say that they know this? I don't know.

But certainly I think we need a multilateral --

MATTHEWS: I just know that Israel is always promised a 10-1 -- I've always remembered Israel promising a 10 to 1 reaction to any attack on them, and that would be, God help Iran, if they ever attacked.

DOWNING: It would be devastating. And of course, I think Israel would probably preempt. But the problem --

MATTHEWS: Because they've got the Arrow system

DOWNING: That's right.

MATTHEWS: They have an ABM system we don't have, which is obviously a point defense, but supposedly pretty good.

Anyway, General, thank you very much. General Wayne Downing.

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Up next, who is Iran's new president. Let's talk about this character, Ahmadinejad. What a character. Let's listen to him. We have a great report from David Shuster coming up. But who is this new whack job head of Iran?

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(COMMERCIAL BREAK)

MATTHEWS: In trying to figure out how to deal with Iran, the Bush administration finds itself facing another unpredictable and controversial leader. Iran's president, Ahmadinejad, is a hardliner. Who is the guy? Let's find out right now from HARDBALL correspondent from David Shuster.

(BEGIN VIDEOTAPE)

DAVID SHUSTER, HARDBALL CORRESPONDENT (voice-over): Until three years ago, even most Iranians had never heard of Mahmoud Ahmadinejad. He was an obscure civil engineer with a doctorate degree who gave lectures on transportation, traffic and planning. In 2003 that helped him become Tehran's mayor. Now just six months after getting elected as Iran's president, Ahmadinejad is trafficking a confrontation over nuclear weapons.

(BEGIN VIDEO CLIP)

GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES: Because Iran armed with a nuclear weapon poses a grave threat to the security of the world.

(END VIDEO CLIP)

SHUSTER: Analysts say the aggressive posture of Iran's president should not come as a surprise. A week ago, when Israel's prime minister, Ariel Sharon, suffered a stroke and went into a coma, Ahmadinejad publicly asked for Sharon's death, declaring, "Hopefully the news that the criminal has joined his ancestors is final."

Two months ago, Ahmadinejad called the holocaust a myth, and before that he called for Israel to be wiped off the map.

(BEGIN VIDEO CLIP)

MICHAEL RUBIN, FMR. BUSH PENTAGON IRAN EXPERT: I think he truly believes what he's saying. That's what makes him very dangerous. He really does believe Israel should be wiped off the map, and I think he's playing to the hometown audience, more than an external audience.

(END VIDEO CLIP)

SHUSTER: Cries of "Death to Israel" do tend to make your country an international pariah. And even Iran's political and religious elite have occasionally distanced themselves from Ahmadinejad. Just months after Ahmadinejad kissed the hand of Iran's supreme religious leader, the Grand Ayatollah criticized the president's fiery call for Israel's destruction. Ahmadinejad then backpedaled, telling Iran's State News Agency that only political steps can solve the Israeli-Palestinian conflict.

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Analysts say the episode underscores this is a leader without a foreign policy background or much experience in the global spotlight.

Michael Rubin was a top Iran analyst for the Bush Pentagon.

MICHAEL RUBIN, FMR. BUSH PENTAGON IRAN EXPERT: While Ahmadinejad is a very smart person, there's an ideological and a religious component to his beliefs, which make his actions illogical from the Western standpoint, and which means that traditional diplomacy may not be able to work.

SHUSTER: Ahmadinejad was born 49 years ago near Tehran. As a son of a blacksmith, he attended Iran's University of Science and Technology. In 1979, Ahmadinejad was part of a student group that met with the Ayatollah Khomeini. Some of these students fueled the ayatollah's Islamic revolution.

And the revolution's passions against the United States led some activists to take Americans hostage at the U.S. Embassy. Ahmadinejad insists he was not there and several known hostage takers deny he was with them.

But controversy has always followed Ahmadinejad. Three years ago, as mayor of Tehran, the former revolutionary guard rolled back many of reforms put in place by moderates. It made Ahmadinejad an outcast to Iran's reformist president, Mohammad Khatami, who barred him from attending cabinet meetings.

But that only made the mayor more popular with religious conservatives, and they lined up behind his presidential bid. Ahmadinejad campaigned against corruption and extolled the virtues of a simple, modest, religious life. The life he was living.

And he spoke out against a relation with the United States pointing to U.S. policies in the Middle East and saying he would defend Iran's nuclear program.

(END VIDEOTAPE)

SHUSTER (on camera): Now just seven months into his presidency, Ahmadinejad has the attention of leaders around the world. Will this fiery former college professor actually pursue nuclear weapons or is the extreme rhetoric just raw meat for his Iranian revolutionary friends?

I'm David Shuster for HARDBALL in Washington.

MATTHEWS: Thank you David Shuster. Excellent pronunciation.

Up next, Speaker Hastert is trying to force Bob Ney of Ohio out of his chairmanship of the House Administration Committee. We'll get the latest from Capitol Hill. It's a hot moment on the Hill. They're cleaning house. You're watching HARDBALL on MSNBC.

(COMMERCIAL BREAK)

MATTHEWS: Welcome back to HARDBALL.

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Is there another casualty of the Abramoff scandal? House Speaker Dennis Hastert is in talks right now with Representative Bob Ney of Ohio to try and push Ney out as chairman of the House Administration Committee.

That committee is likely to handle at least part of any lobbying reform legislation, which is a problem because Congressman Ney is what most people expected, in fact, he is called representative one named in the indictment of Republican lobbyist Jack Abramoff.

NBC News's congressional correspondent Mike Viqueira is with us.

How can representative one, a man about to be nailed on violations involving lobbying and bribery, be chairman of a committee that's going to fix the system?

MIKE VIQUEIRA, NBC NEWS CONGRESSIONAL CORRESPONDENT: Well, Chris, I have just spoken with a source close to Ney, and I have also spoken with a source close to the speaker, both confirm that both men, Hastert and Bob Ney, have had talks about Ney stepping down.

Now, the Ney source says that, of course, Bob Ney is going to do what's best for the Republican conference, and if that includes stepping down, so be it.

The Hastert source says that because, as you mentioned, Ney might be handling some of these investigations into lobbying reform that does come under his bailiwick as chairman of the House Administration Committee. That makes things, to say the least, a little bit difficult.

The Ney camp not appreciating the way this has leaked out from the speaker's office on a Friday night. Ney incidentally happens to be in New Orleans, Louisiana, today conducting a field hearing as part of his function on another committee, the Financial Services Committee, on Katrina recovery.

But, as you said, he was named not, as you mentioned -- let me just correct one thing--in the Abramoff court documents. He was named in the Scanlon court documents.

Ney, of course, is accused of placing statements in the Congressional Record in support of a Jack Abramoff venture, the Sun Cruz Casino Line. They sailed out into international waters from Florida ports. People gambled. They came back.

Abramoff and an ally were trying to buy that from a man named Gus Boulis. He wouldn't sell it. Ney had a statement put in the Congressional Record backing the Abramoff effort to buy that Sun Cruz line. And then when Abramoff was ultimately successful, there is another Bob Ney statement put in the record.

Also, Ney's former chief of staff on the House Administration Committee, a man named Neil Volz, worked with Jack Abramoff, part of Team Abramoff, as it's called, at Preston Gates, at Greenberg Traurig. Volz recently quit his job just the day before yesterday at a third lobbying firm.

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So Ney, it looks like is on his way out, is being sacrificed, to say the least, in speaker's effort to right the ship as this scandal continues to unfold--Chris.

MATTHEWS: Are there any people speaking out for Ney? I mean, are there any Ney sayers out there?

VIQUEIRA: You know, Bob Ney, from his perch as chairman of the House Administration Committee, you know, whoever has that chairmanship is called the mayor of Capitol Hill.

They're in charge of the physical operation of the House, things like parking spaces, office spaces, equipment that goes into your office. Many of the perks and privileges of offices, what's left of them anyway since the last effort at reform some ten years ago.

Obviously, there is a new effort underway now. But in that position, sort of a vestige of the old position, he had a lot of backers. People would fear him because he had the power to directly affect their lives when they are hear on Capitol Hill.

But I have heard very few people speak up in support of Bob Ney right now. People, you know, I think it's fair to say are sort of running for the hills, looking to pass lobbying reform.

This leadership race that we've been talking about for the majority leader to replace Tom DeLay, both candidates, now three candidates, touting their credentials as reformers.

So I don't think too many people -- if Denny Hastert is going to pull the rug out from Bob Ney at this point, I think that's a pretty strong sign that there isn't a lot of support for him in the conference.

MATTHEWS: OK. Thank you very much, Mike Viqueira up on Capitol Hill.

VIQUEIRA: Sure.

MATTHEWS: Chuck Todd is editor and chief of "The Hotline" and Chris Cillizza is a political reporter for WashingtonPost.com.

Is this going to be a real house cleaning, Chuck? I mean, get rid of all the guys involved with Abramoff, including Ney, including even Roy Blunt, anybody who has taken any money from his clients.

CHUCK TODD, EDITOR-IN-CHIEF, "THE HOTLINE": No, I think it's going to be just this part. I think they're going to see if they can basically use DeLay and Ney, push them out of the way and see if that's enough.

If John Shadegg somehow actually won the majority leader, you know, the, quote, "complete outsider reformer," and he got elected. Then, yes, I'd start believing there's a complete house cleaning, but not in the way this is maneuvering. It's all about seeing if they can do the least amount of house cleaning.

MATTHEWS: Do you see this the same way?

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CHRIS CILLIZZA, POLITICAL REPORTER, WASHINGTONPOST.COM: I think Chuck's exactly right. I mean, I think what they're going to try and do is they're going to do as little as possible, throw that balloon out there and say, OK, Ney's out of here. Wait, wait. Is that good enough?

If it's not good enough, then they move onto the next step. But, you know, there's a reluctance there. I mean, while there are throw the bums out people in the caucus -- in the conference, rather -- it's not everybody by any means. And the people in power certainly aren't in the throws the bums out caucus. So they're -- you know, I mean, I think Chuck's right. It's they're waiting and seeing right now.

MATTHEWS: Because 90-some percent of members of Congress get reelected every time, so they can always take this cautious view.

TODD: It's not just that. It's "there but for the grace of God go I" mentality.

MATTHEWS: You mean sympathy.

TODD: Yes, I think there's a little bit of -- you know, look at a guy like Bob Ney. Bob Ney -- everybody's wondering how come this guy isn't retiring? Why is this guy doing this? Everybody's -- and then you talk to people that close to him, you're like that guy needs a job.

He can't find a job that's going to pay him \$150,000 a year outside of Congress right now, and he's got that one, so that's why he's running for reelection. That's why -- because he can't -- you know, who's going to hire the guy? It's not like he's going to cash in considering what his reputation has been ...

MATTHEWS: I've been impressed, over the years, working here in Washington, that even Congressmen who leave as sleazebags always seem to find a couple of trade associations

(CROSSTALK)

MATTHEWS: Well, yes. No, they always end up finding -- you know, I wouldn't call them -- well, maybe that's right. But they always seem to find some -- you know, the Harvesters Grill. I mean, anything. Like, I'm try to think of every name I've ever heard -- Asbestos Update. I mean, there's always some magazine or trade group that hires one of these guys.

CILLIZZA: Washington is like Major League Baseball. You know, Steve Howe is the ex-Yankee who got, you know, arrested eight times on cocaine, and they figured, hey, let's bring him back for that ninth time to see if he's clean. You know, there's always -- you always have a second, third, fourth, and fifth chance in Washington because there's a pretty short institution memory.

MATTHEWS: That's like Marge Shields (ph) always said who are baseball managers? Former fired baseball managers. That's why they keep hiring them back.

CILLIZZA: It's recycling.

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MATTHEWS: Let's ask you about this Jefferson case down in New Orleans. We had a smell of this back during the Katrina affair that the local Congressman was under the spotlight. Now, he clearly is. Jefferson a Democrat. Does this mess up the partisan fun the Democrats are having, to have one of their own nailed in what looks like a real classic bribery case?

TODD: I absolutely think it does. You should have seen Nancy Pelosi yesterday. She held one of her press avails. And to their credit, they always send out the full transcripts, so I'm not going to -- but she was asked Jefferson.

And she was saying, well, I don't know the facts of the case. Meanwhile, at the same time saying that John Doolittle should be investigated on the -- you know, a Republican California member ...

CILLIZZA: Richard Pombo.

TODD: Richard Pombo, that these guys need to be investigated by the House Ethics Committee tomorrow, you know?

MATTHEWS: What's the difference between the Democratic crooks and the Republican crooks?

TODD: Exactly. I mean, that's what is went wrong.

MATTHEWS: It is so, to me, important -- trying to figure out where corruption comes from. Congressmen, as a group are not creative people. They are regular people. Some of them are good people, bad people I guess, but they're regular. They're not very -- they're not entrepreneurs.

Some sleazeball comes in the middle of the night and has some plan on how to sell cell phones to Nigeria. I mean, no regular Congressman would ever figure out a gamut like that, so this guy -- Jefferson is in trouble for that. He wanted his seven percent.

So the sleazeball comes to you over drinks and roller (ph) night at the Democratic Club or some awful hangout, and he says I've got this weird thing. All I need is the OK of the authorization of the Foreign Affairs Committee, the African Subcommittee. Can you come over on me? And, you know, I want seven percent.

(CROSSTALK)

MATTHEWS: And it's out of "The Godfather" by the way, because it was -- that happened in "the Godfather." Remember that?

CILLIZZA: I think the funny thing too is when you talk about these twin skins, I think it's funny that Congressman Ney is down in New Orleans today on the business as usual tour, as I like to call it -- nothing to see here kind of thing -- because, you know, Bill Jefferson at the same time, we've got him wrapped up in this scandal.

I mean, I talked to a couple of staffers today on both sides who said, you know, we're -- the current betting is on who gets indicted first, Bob

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Ney or Bill Jefferson. You know, so I mean, we're really in a period of ...

MATTHEWS: Well, the Congressman is busy with work important to us all.

When we come back, Chuck Todd and Chris Cillizza.

And this Sunday on "Meet the Press," an exclusive interview with Mr. Paul Bremer who headed up that great reconstruction in Iraq after the war. You're watching HARDBALL only on MSNBC.

(COMMERCIAL BREAK)

MATTHEWS: We're back with Chuck Todd of "The Hotline" and Chris Cillizza, political reporter for washingtonpost.com. What came out of the Alito hearings? What did we learn about anything?

TODD: I think that the Democrats have a terrible group of spokespeople on the Judiciary Committee. I mean, they completely -- they wanted to find something to filibuster. It was clear they knew they weren't going to be able to defeat Alito, find anything to defeat Alito. They had four months to find it and they didn't find it.

But they were hoping to get him to say something that would give them the excuse to filibuster, because they wanted the Republicans to change the rules so they can say, hey look, see, the Republicans are changing the rules. Get the whole power thing, and they tried so hard that they overplayed their hand.

MATTHEWS: Did Teddy Kennedy do himself well this week? Teddy Kennedy, the one guy I want to talk about right now. Don't change the subject. Everybody's afraid of him. Tell me, did he have a bad week?

CILLIZZA: I think so. But does it matter in the long run? Probably not. Ted Kennedy is impenetrable in Massachusetts.

(CROSSTALK)

MATTHEWS: He's been part of a family that's heroic. But I thought he was nasty to that guy. I mean, I don't find anything compelling about Alito, but -- I don't know, calling him a racist because he's a member of some tired-ass, yesterday's moss bag, Princeton alumni group? That's all he's got on him?

TODD: Well, like ...

CILLIZZA: Bill Bradley was a member of that group.

(CROSSTALK)

MATTHEWS: Look, a 30-year public adult record and all you can nail him for is some club that he never went to?

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CILLIZZA: Like Chuck said, if Republicans could hand pick people two people in the Senate who they'd want to speak up on this for the Democratic side ...

(CROSSTALK)

MATTHEWS: What's the ...

CILLIZZA: Barbara Boxer ...

MATTHEWS: Oh, Barbara Boxer.

CILLIZZA: ... would certainly be very high up there, and as would Biden. So I talked to a senior Republican today -- this is interesting -- who says that they think this is a potential opportunity, that in some of these red states, where Democrats hold them -- Arkansas, North Dakota -- that they are contemplating -- now, this is in the contemplating stage, but thinking about going up and buying ads, saying here is your party. Do you agree or disagree?

Now, obviously it's in the planning stage, but it shows you how big a mistake Republicans think Democrats made week.

TODD: That minute Mrs. Alito shed a tear that's when the whole thing...

MATTHEWS: Wasn't that over?

TODD: Yes, it was done. Done.

MATTHEWS: And she did it because Lindsey Graham was spectacular in defending her husband. And he did it in a sense almost a sacramental way. He was just so passionate and nice, and maybe he was playing to the crowds, but, boy it worked. It worked with her.

TODD: Lindsey Graham, by the way, he become a senior statesman.

MATTHEWS: He's so good on TV, isn't he?

TODD: This was a moment for him. First of all, he made up with conservatives. All right. Remember, conservatives...

(CROSSTALK)

TODD: ...ticked off. But, you know, he became John Danforth. He became one of those guys this week.

MATTHEWS: You're so right.

Because he got above the sweat and crap and grittiness of this thing and said no, you know, there's something here called decency, and you treat a guy, unless you have got the goods on him, and they don't, you don't throw words around like racist or bigot or anything like that.

CILLIZZA: And I think if you sit down with Lindsey Graham--I did it a couple of months ago. If you sit down with him, he is a nice guy who can

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talk policy, but also understands politics. A lot of these guys in the Senate can do one or the other but not both. He's really impressive when you talk to him.

MATTHEWS: What is Joe Biden's problem? Because the press has been brutal to him this week.

CILLIZZA: I mean, look, you know, Joe Biden likes to talk. I don't think that's any secret to anybody out there. But when he gets on his, you know the concerned alumni of Princeton, and he's got the hat on.

It's grandstanding. It's too much. You know, it's like Biden plus five, and people mostly just want Biden or Biden minus five, you know.

MATTHEWS: You know, he's not like that when you sit with him, when you're with him. Like a lot of these guys are all about...

(CROSSTALK)

CILLIZZA: I think he felt the expectations on him. You know, he's made no secret of the fact that he's interested in running for president. He was very prominent during abort hearings.

MATTHEWS: Unfortunately, it didn't help this week. It didn't help.

TODD: No, we could look back on this month and say why didn't he ever take off for '08.

MATTHEWS: I think it was a whole week of TV exposure, 40, 50 hours, you don't get that in your lifetime many times.

Anyway, thank you Chuck. It's like being in the Miss America contest. Thank you very much, Chuck Todd and Chris Cillizza.

Up next, safeguarding America. Where's the balance between keeping the country safe and protecting civil liberties? That's an old American problem. We'll talk to one of the key authors of the Patriot Act.

And check out Hardblogger, our political blog web site, to find out how Judge Alito beat back the Democrats. And you can also download podcasts of HARDBALL just go to our web site hardball.MSNBC.com.

(COMMERCIAL BREAK)

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MATTHEWS: After 9/11, the Patriot Act was created to protect our country against terrorist acts. Viet Dinh, now a law professor at Georgetown University played a key role in developing the Patriot Act while working in the Bush administration. He is here tonight to tell us why we still need it.

I know this is this a controversial issue. You know it is in the suburbs, wherever people read their papers and think about civil liberties. Why do we still need it?

VIET DINH, FMR. BUSH ASST. ATTORNEY GENERAL: There`s no question that we need it. Even the most ardent objectors, the Democrats in the U.S. Senate, which they have threatened a filibuster and actually they have succeeded filibustering before the Christmas break, agreed to extend it, not end it.

And so everybody recognizes that the threat of terrorism continues. And the men and women on the ground need the best tools they have in order to prevent another terrorist attack on American homeland, which they have done successfully for the last four years.

And so the question, as Congress comes back, is not whether they are going to reauthorize it but under what conditions they will do so. And I think they will do so in an expeditious manner.

MATTHEWS: Well, let`s imagine that zero being a society which is totally chaotic and you are totally free, a total libertarian society, no rules. And 10 being a fascist state or an economy`s dictatorship, right? How much on that scale does this act move us from a free chaotic society toward a more dictatorship?

DINH: I actually think that scale is a little bit of a false scale because a chaotic society cannot be free because you and I would be fighting each other all the time. And I cannot pursue my own end and you cannot pursue your own end.

This is liberty within order, order that protects liberty. I think that what the USA Patriot Act and all law enforcement activity does is try to protect our country, its foundation of law and order, at times when that security is missing in our world because of terrorists and because of criminals.

MATTHEWS: When do you believe that a person moves into the risky territory? For example, if I`m a member of an Islamic fundamentalist group and my views are very anti-western. I`m up in Newark or somewhere and my attitude is I`ve gotten here one generation away, and I`m very tough on America even though for some reason I`m here.

What point does it become fair game for the U.S. government to monitor that person? Is it going to a mosque where they are screaming against us?

DINH: A free speech obviously is protected in our country. I think that the point in which you start inciting the violence. You start seeking to kill Americans and kill foreigners and people who don`t agree with you, that`s the point at which point it becomes criminal.

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With respect to public places whereby you are speaking in public places and to a wider variety of audience I see nothing wrong with the government also attending that not only to protect the rights of your listeners but also protect your right to also free speech and make sure that it doesn't cross into incitement of violence or inciting terrorism.

MATTHEWS: How far would you allow the NSA to go in monitoring political movements here in the states?

DINH: I think the NSA does not have a role within the United States in monitoring political movements. That is a task for the FBI in investigation actual crimes. The NSA traditionally has not engaged in domestic surveillance.

Even in the new revelations, a lot of the smoke that's been coming out in the last month or so neglect the fact that the president and the government has said and up to this point I think we have no evidence to the contrary, that these conversations that were being surveilled originated or ended in a foreign location.

And so it's not clearly domestic communications. It's not about domestic political activity. But deals with al Qaeda activity.

So I think it's very good, by the way, that the attorney general today agreed to brief Congress and attend a public hearing in order to give more justification, more explanation and perhaps more detail about the program so that, we, the public can make a judgment as to whether or not it is consistent with our constitutional values.

MATTHEWS: Your judgment, will Alito be more right wing than Sandra Day O'Connor, you clerked for?

DINH: You know, it's very hard to take one member out of a nine member body and substitute another person in and say this person will move the court one way or the other.

I think we have to decide how the whole body will move, will evolve and other people will change their minds in the like. There's no question they are very similar in terms of integrity and case by case judgment in what remains.

MATTHEWS: OK. We got to go.

Viet Dinh, thank you professor. Thank you for joining us.

Right now, it is time for the "Abrams Report" with Dan.

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